

BANKTRACK



2018 annual report

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Foreword

It was not exactly the first time the world received a warning on the dire risks of full climate breakdown, but even for seasoned climate campaigners (and we count ourselves as such) the message of the UN Intergovernmental Panel on Climate Change (IPCC) came as a shock. If the world indeed wants to aim to limit the average global temperature rise to 1.5 degrees Celsius, as was agreed in Paris in 2015, we have only until 2030 to halve global greenhouse gas emissions. By 2050 latest emissions need to reach net zero. Yet on our current course we are on track for a disastrous three or even four degrees of warming by the end of the century, reaching tipping points which may push the world further into catastrophe.

2030. Eleven years away. Four years shorter than the entire period of BankTrack's existence: fifteen years in which we have tried everything within our power to make banks understand that they must stop financing the coal, oil and gas projects that are at the heart of the global climate crisis.

We have had some successes. We do see ever more banks excluding coal and even certain high impact oil and gas projects from their portfolio. But not even the most optimistic extrapolation of these encouraging policy shifts into the next eleven years gets us anywhere close to what the IPCC report dictates must happen: stop burning coal, oil and gas. Now.

For BankTrack, 2018 was first and foremost the year to drastically up our game on climate change. Together with allies around the world we launched our new flagship 'Fossil Banks, No Thanks!' campaign. Recognising we can no longer be satisfied with incremental and inadequate policy steps like quitting coal, we demand urgent and drastic action from our target banks, for example to immediately end financing for new fossil fuel projects, and rapidly phase out their financing of existing clients.

We have no illusions here. Our latest research has shown that, since the signing of the Paris Agreement, banks have poured at least US\$ 1.9 trillion into the fossil fuel sector, and it will take long and sustained pressure from many sides to force banks out. What gives us confidence that we will eventually succeed is that we are now part of a strong and exponentially growing global movement involving a wide range of actors, including this year a growing and inspiring movement of schoolchildren striking for our future.

Stopping banks from financing climate change is a central plank of our efforts to hold banks accountable for the impact of their finance, but not the only one. We also kept a close eye on the Equator Principles review process, instigated a year earlier by our 'Equator Banks, Act!'

campaign and still ongoing. Our messages to bankers here have also emphasized that the time for small incremental change is over, and that an end to new fossil fuel finance needs to be part of the outcome.

That same message we also conveyed to the group of banks that launched the draft Principles for Responsible Banking in November. Banks cannot be content with the modest goals and lenient timelines incorporated in these Principles. Urgency and high ambition are required!

Linked to all these developments, we also reported on the dire state of accountability in the banking sector, urging banks to get on with developing their own accountability mechanisms (including as part of the Equator Principles review), and setting out what these grievance mechanisms should look like in practice.

And last but not least, in October, we celebrated our 15th anniversary with a grandiose dance party in Nijmegen's old soup factory turned creative hotspot. We celebrated together with guests and allies from all over the world, who had come to our home town to attend our bi-annual Bank Campaigners Gathering, a three-day event where we exchange experiences, plot campaign strategies for the future and above all renew our commitment to one another to together continue to push banks forward, now and for the next fifteen years at least. The task is daunting, but our spirit is high.

Johan Frijns, Director



2018: Ten highlights

1

Calling for commitments at Principles for Responsible Banking launch in Paris. November saw UNEP launch the first draft Principles for Responsible Banking in Paris, with 28 banks signed up so far. We were there at the launch to point out that the Principles – under which banks promise to align their business strategies with the Paris Agreement and the Sustainable Development Goals – lack any specific, timed commitments to make sure that alignment actually happens. See [page 10](#).

2

Indigenous leaders meet Equator banks downtown. After BankTrack's 'Equator Banks, Act!' campaign in 2017 helped prompt an update to the Equator Principles (project finance guidelines followed by 96 banks), we made sure our presence was felt at the annual meeting of Principles signatories in Washington DC in October, convening a side-meeting between the Indigenous Women's Divestment Delegation, civil society activists and Equator banks. See [page 11](#).

3

'Fossil Banks, No Thanks!' Global Call launched. Climate change is running faster than we are, as UN Secretary-General António Guterres warned in Katowice recently, and avoiding climate breakdown requires a complete stop to new fossil fuel projects and a rapid shift to green energy. It's time for banks to get on board with this, and end their financing for fossil fuels. October saw BankTrack launch Fossil Banks, No Thanks!, fast becoming a global rallying cry for activists and concerned citizens everywhere. Stay tuned for more in 2019. See [page 14](#).

4

Report Card shows surge in finance for extreme fossil fuels. In March we were part of the coalition which released the ninth edition of the Fossil Fuel Finance Report Card, showing an alarming surge in finance for 'extreme' fossil fuels including tar sands, Arctic and ultra-deepwater oil, LNG export, and coal. Royal Bank of Canada, Toronto Dominion Bank and JPMorgan Chase passed the coal-heavy Chinese banks to become the biggest bankers of extreme fossil fuels. See [page 15](#).

5

New data on banks financing coal power expansion released at COP24. While the IPCC and the UN issued their latest stark warnings on the need for an accelerated phase-out of coal power, the global coal plant fleet is still expanding. At the UN Climate Summit in Katowice, Poland in December, BankTrack and Urgewald released updated data on the banks and investors supporting the frightening pipeline of new coal projects. The research revealed that the list of the largest lenders is led by Japanese banks Mizuho and Mitsubishi, with Citi, HSBC, Standard Chartered and ING joining them in the top 10. See [page 15](#).

6

Standard Chartered and RBS pass first coal tests, HSBC must try harder. 2018 saw some of the British banks finally get the message on coal. HSBC disappointed in April with a new policy that allowed continued finance for coal power projects in Bangladesh, Indonesia and Vietnam – some of its most important growth markets. RBS, Lloyds and Standard Chartered did better by stopping direct finance for new coal plants worldwide, with no exceptions. A [full-page NGO ad in FT Asia](#) helped make the case to Standard Chartered. See [page 16](#).

7

Kick-starting the debate on banks and grievance mechanisms. Banks to date have made precious little progress towards meeting their responsibilities to ensure communities can get justice from banks through grievance mechanisms. In July we released a briefing paper with Oxfam Australia to set out banks' responsibilities and examine what such mechanisms could look like in practice. We also held two webinars in September to promote the report. In November an Australian government body [ordered ANZ](#) to establish a grievance mechanism, and more look set to follow. See [page 17](#).

8

Tracking Dutch banks' human rights work. In August, making up for lost time, the Dutch Banking Sector Agreement on Human Rights published three reports at once: its first Annual Report and papers on Increasing Leverage and the cocoa value chain. These are the first substantial outputs since the agreement was signed in October 2016. BankTrack reviewed and analysed each of these reports in a series of articles on our website. Amid delays and mixed results, some progress has been made but much more needs to be done to deliver concrete improvements on the ground. See [page 18](#).

9

Campaigners' Gathering and 15th birthday. In the first week of October we held our second Campaigners' Gathering, welcoming over 50 campaigners from some 35 different organisations to Kleve in Germany to discuss strategies, learn from each other's experiences and make plans for driving the banking sector forward – and out of fossil fuels! At the end of the week we returned over the border to BankTrack's home town of Nijmegen to celebrate our 15th Birthday Party with music, stories and much dancing. See [page 19](#).

10

Judge dismisses case against BankTrack in full. In August 2017 Energy Transfer Partners, the company behind the Dakota Access Pipeline, served BankTrack, Greenpeace and others with a lawsuit which accusing us of directing acts of "radical ecoterrorism". In June 2018 a North Dakota district judge [threw the company's claim against us out of court](#), and in February 2019 the case against Greenpeace was similarly dismissed. A victory for common sense and a strong rebuke to the tactic of 'strategic lawsuits against public participation' (SLAPPs).

Profiles on the BankTrack website

Bank profiles

Total194

Updated in 2018134

Dodgy Deal profiles

Total232

Updated in 2018 56

Data as per Jan 8 2019

Part one: Tracking banks and Dodgy Deals

Tracking Dodgy Deals

BankTrack works together with civil society groups and communities to develop “Dodgy Deal” profiles, which set out the details of companies and projects which should have no place in the portfolio of responsibly operating banks, and yet are receiving or set to receive bank finance. A Dodgy Deal profile represents a campaign platform and a one-stop information source for campaigners and analysts on the details, risks and adverse impacts of the deal, as well as related news and resources.

Dodgy Deal profiles are typically written by BankTrack in collaboration with other campaign groups working on the deal, or written by other campaign groups with BankTrack providing editorial oversight. In this way, the Dodgy Deals database supports the campaign work of other groups. Each profile includes information on the banks and other financial institutions financing the deal, wherever this is available, and is linked to the profiles of each bank providing finance. This makes the database an ever-growing public record of bank involvement in financing damaging projects or companies – information that banks would rather not see in the public domain.

As of January 2019 the BankTrack website included 232 live Dodgy Deal profiles, of which 56 had been updated in the last year, in addition to 194 bank profiles which link banks to the Dodgy Deals they finance.

New Dodgy Deals in 2018

2018 saw the publication of 17 new Dodgy Deal profiles on the BankTrack website, including 14 projects and three companies. The projects profiled included four oil and gas pipelines, four coal power plants, a coal mine, a gas power plant, a hydroelectric dam, an inland waterway, a pulp mill, and the illegal Israeli settlements. The companies profiled were two Polish energy companies and a US oil pipeline.

New coal projects:

Emba Hunutlu coal power plant, Turkey A planned 1,320 MW project threatening the biodiversity of the Yumurtaalik area. [View profile.](#)

Nghi Son 2 coal power plant, Vietnam Expansion of the current Nghi Son coal power plant with 1,300 MW new capacity. [View profile.](#)

Tuzla 7 coal power plant, Bosnia and Herzegovina A new 450 MW unit planned to extend the current Tuzla coal power plant. [View profile.](#)

Thabametsi coal power plant, South Africa A planned 630MW coal-fired power plant in South Africa's Limpopo province, which will be one of the most emissions-intensive coal-fired power stations in the world. [View profile.](#)

Hambach open-cast coal mine, Germany Owned by Germany's energy giant RWE, this is the largest open-pit coal mine in Western Europe, measuring 8 by 10 kilometres and producing a massive 40 million tonnes of coal per year. Expansion threatens the nearby ancient Hambach forest. [View profile.](#)

New oil and gas projects:

Mozambique LNG, Mozambique An LNG project consisting of the extraction, liquefaction and transportation of gas from offshore fields off the coast of northern Mozambique. [View profile.](#)

Line 3 Pipeline Replacement Project, United States A planned oil pipeline which would traverse over 1,000 miles from Hardisty, Alberta, to Superior, Wisconsin and transport 760,000 barrels of crude oil from the Alberta tar sands each day. [View profile.](#)

Drax Repower Project, United Kingdom A proposed partial rebuilding of the existing Drax Power Station to run on gas instead of coal. Instead of converting to other forms of polluting power, Drax needs to be shut down and replaced with genuine renewable alternatives. [View profile.](#)

East African Crude Oil Pipeline, Uganda and Tanzania A planned 1,445 kilometer pipeline, which together with associated oil extraction is expected to cause large-scale displacement and risk protected environments throughout Uganda and Tanzania. [View profile.](#)

Atlantic Coast Pipeline, United States A planned 600-mile natural gas pipeline that would run from West Virginia through North Carolina in the United States, threatening severe environmental damage and Indigenous livelihoods. [View profile.](#)

Other new project profiles:

Batang Toru Dam, Indonesia A proposed hydroelectric dam in the fragile Batang Toru ecosystem of North Sumatra, endangering one of the rarest great apes in the world, the Tapanuli orangutan. [View profile.](#)

E40 Inland waterway, international A transnational project aimed at establishing a 2,000 km Black-to-Baltic-Sea inland waterway through Poland, Belarus and Ukraine. It is expected to endanger valuable natural areas in Poland, Belarus and Ukraine. [View profile.](#)

Portucel pulp mill, Mozambique A new pulp and biomass power generation plant expected to produce 1,500,000 tonnes of pulp per year, sourcing wood from eucalyptus plantations which will require the destruction of natural forest. [View profile.](#)

Illegal Israeli Settlements Israeli banks facilitate the expansion of the Israeli illegal settlements in several ways including through lending to support settlement construction and operating branches in the settlements. Many international banks are linked to these impacts via their exposure to Israeli banks. [View profile.](#)

New company profiles:

Kinder Morgan, United States One of America's biggest energy companies and the company behind the Trans Mountain Pipeline. [View profile.](#)

Energa Group, Poland Large Polish energy company generating 57% of its electricity from coal. Co-owner of the Ostrołęka C coal power plant. [View profile.](#)

Enea Group, Poland Owner and operator of several large coal power plants, including Ostrołęka C, and a coal mine. [View profile.](#)

Dodgy Deal campaigns in 2018

In 2018 BankTrack helped to wage campaigns focussed on the financiers of several projects with major adverse impacts on people and planet, including two major LNG projects and two very different but very contentious mining projects.

LNG projects in Texas and Mozambique

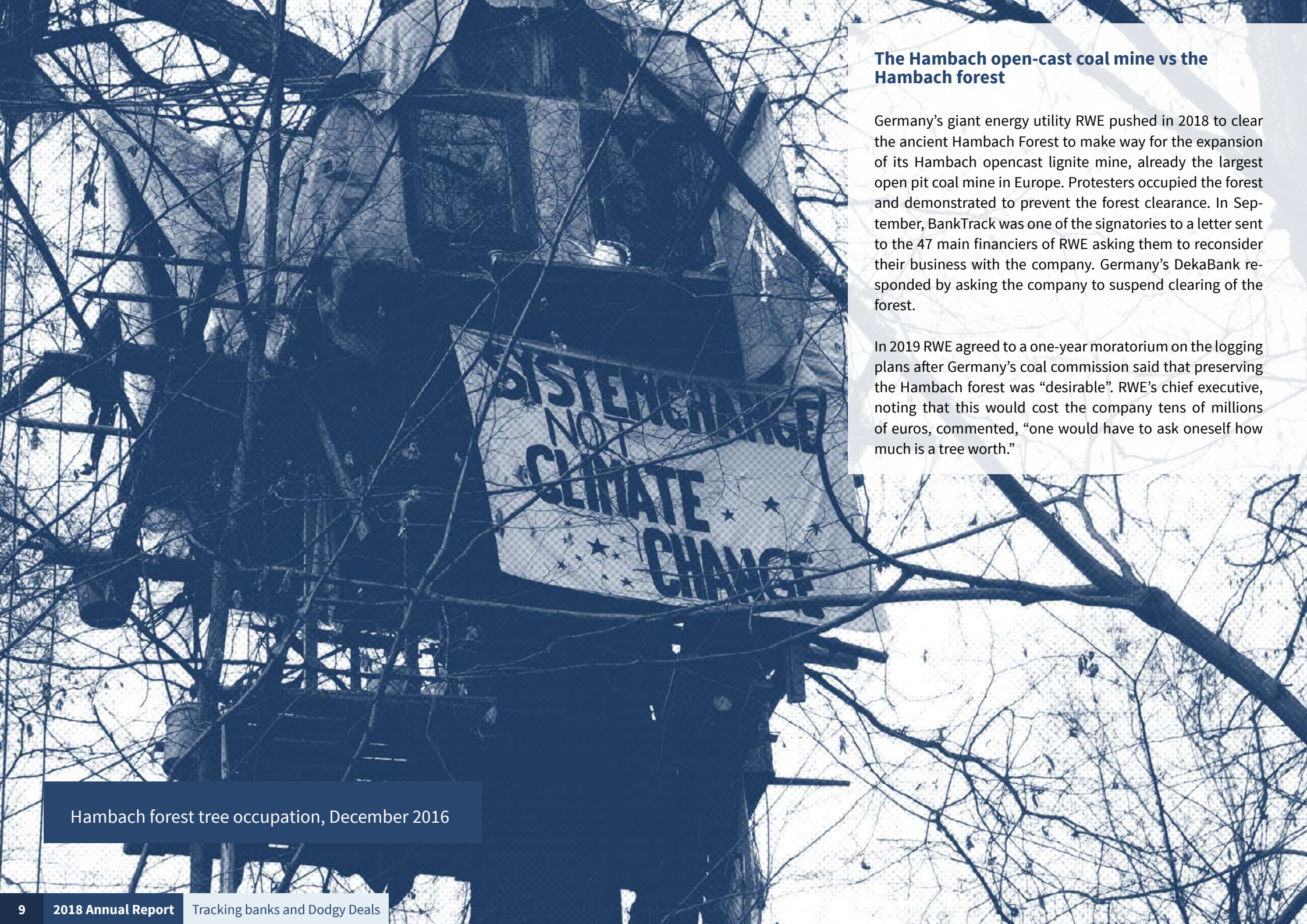
Several liquefied natural gas (LNG) terminals linked to French bank Société Générale became a focus for environmental and climate campaigners in 2018. BankTrack has supported a sustained campaign by Friends of the Earth France against Société Générale's role as financial advisor to NextDecade for its Rio Grande LNG terminal in the port of Brownsville, Texas. In July, we co-signed a letter with six other groups addressed to Société Générale's CEO urging the bank to withdraw from the project – a follow-up to a letter of December 2017. Friends of the Earth France has since had several meetings with the bank about Rio Grande.

Société Générale is also the financial advisor to Mozambique LNG, an Anadarko-led project located in Mozambique's Cabo Delgado region. After learning that Société Générale was conducting a roadshow to interest other banks in financing the project, BankTrack coordinated the delivery of letters to 32 likely participant banks in September to warn them of the project's severe climate, environmental, and social risks.

Solwara 1 deep sea mining project

Nautilus Minerals' embattled Solwara 1 project has the potential to become the world's first deep-sea mining project, if – as seems increasingly unlikely – it ever gets off the ground. The project would involve extraction of minerals from the seabed of the Bismarck Sea in the territorial waters of Papua New Guinea, at 1,600 meters depth. The project risks devastating impacts on the marine environment and the health, livelihoods and cultures of nearby coastal communities.

BankTrack worked with the Deep Sea Mining Campaign to develop a Dodgy Deal Profile for the project in 2016, and together in 2018 we wrote to 19 international banks exposed to the project, mainly through their finance for one of Nautilus' major shareholders, updating them on the developing financial risks associated with the project and urging them to raise these risks with Nautilus' shareholders and not to finance the project directly. We also urged the banks to develop policies excluding deep sea mining as a sector, based on the potentially irreversible losses of marine biodiversity which will likely result. In early 2019, ABN AMRO published a statement excluding finance for deep sea mining in international waters, a first for the sector.



The Hambach open-cast coal mine vs the Hambach forest

Germany's giant energy utility RWE pushed in 2018 to clear the ancient Hambach Forest to make way for the expansion of its Hambach opencast lignite mine, already the largest open pit coal mine in Europe. Protesters occupied the forest and demonstrated to prevent the forest clearance. In September, BankTrack was one of the signatories to a letter sent to the 47 main financiers of RWE asking them to reconsider their business with the company. Germany's DekaBank responded by asking the company to suspend clearing of the forest.

In 2019 RWE agreed to a one-year moratorium on the logging plans after Germany's coal commission said that preserving the Hambach forest was "desirable". RWE's chief executive, noting that this would cost the company tens of millions of euros, commented, "one would have to ask oneself how much is a tree worth."

Hambach forest tree occupation, December 2016

Tracking banking sector initiatives

Initiatives in the banking sector in the broad area of ‘sustainability’ seem to be growing in number, with 2018 seeing the launch of new Principles for Responsible Banking backed by the UN Environment Initiative’s Finance Initiative (UNEP-FI), an Equator Principles revision process which is expected to result in a new version of the Principles in 2019, and a multi-stakeholder process to draft OECD guidance on Responsible Business Conduct for general corporate lending, also expected to deliver in 2019.

This section focuses on these three initiatives. Other banking sector initiatives with a human rights focus, including the Dutch Banking Sector Agreement on Human Rights and the work of the Thun Group of Banks, are covered below in the [“Banks and Human Rights” section](#). There are numerous other initiatives impacting the banking sector on which BankTrack keeps a watching brief but is not actively working, including the Task Force on Financial Disclosures (TCFD) and the EU’s Sustainable Finance Action Plan. This reflects a decision in practice to focus our limited resources on initiatives coming from the banking sector or in which the banking sector is directly involved, rather than external and regulatory initiatives.

Principles for Responsible Banking: calling for commitments

In November, UNEP-FI launched the draft version of the new ‘Principles for Responsible Banking’ (PRBs). Modelled after the well-established ‘Principles for Responsible Investment’ (PRIs) they seek to commit adopting banks to align their business operations with the goals of the Paris Climate Agreement and the Sustainable Development Goals. While a laudable goal in itself, the draft version, endorsed by 45 banks as of early 2019, leave substantial discretion to future adopting banks as to how this alignment must take place.

At the day of the launch of the draft PRBs, BankTrack [published a press release](#) urging UNEP-FI to be more ambitious

with the final version, and we were present at the Paris launch event to ensure our message was heard by UNEP-FI and the bank signatories. We have convened a CSO working group that will seek to influence the drafting process. Together with this group, we want to ensure the final version of the PRBs, to be launched in September 2019, contains strong and concrete commitments from adopting banks in a range of areas including climate change, human rights, accountability and transparency, in comparison to the draft version of November 2018. We also intend to monitor further developments with the PRBs and bank level implementation.



BankTrack’s Lise Masson asking a question at the launch of the Principles for Responsible Banking in Paris, November 2018

Equator Principles: engaging for an EP4 that delivers for Indigenous people and the climate

In November 2017 the Equator Principles Association (EPA) announced a new revision process to the Equator Principles – partly in response to BankTrack’s ‘[Equator Banks, Act!](#)’ campaign, which called for an overhaul of the Equator Principles (EPs) to ensure it does not allow finance for projects which are a disaster for the world’s climate and for Indigenous peoples. The revision announcement was a significant campaign victory, but of course now we need to work hard to make sure that the resulting ‘EP4’ delivers for the climate and Indigenous peoples’ rights.

The Equator Principles (EPs) are a set of voluntary but binding commitments, adopted by 96 financial institutions in 37 countries, to determine, assess and manage environmental and social risks when financing large infrastructure projects. ‘Equator banks’, or Equator Principles Financial Institutions, essentially commit themselves to ensure that such projects at minimum meet the requirements included in the Performance Standards of the World Bank’s private sector arm, the International Finance Corporation (IFC). However, despite these standards, they continue to fund projects that trample the rights of affected people and contribute to climate breakdown.

We focussed in 2018 on engaging with the new revision process, as well as convening and mobilizing other groups to engage with it. In January we began by convening a group of CSOs to follow and engage with this revision, and then by organising a joint CSO call with the EPA to clarify their process for the revision. In particular we wanted to understand how the EPA would ensure robust stakeholder engagement,

including the involvement of Indigenous and other project-affected peoples.

In February we set out our high-level expectations of this process in an [open letter](#) to the EPA, signed by some 48 organisations, stressing the need for progress on the key areas of climate change, Indigenous rights, transparency and accountability. Following this, the EPA shared [further details on its process on a page on its website](#) in March and in a call with civil society groups in April. We felt this process left much to be desired, and suggested a number of improvements, including holding at least five regional consultation meetings – a suggestion that the EPA eventually adopted. Other problems with the process, including inadequate consultation with Indigenous peoples, have not been adequately addressed. BankTrack and several other organisations then joined the formal consultation process through individual and joint CSO calls held through May and June with the consultants ERM, hired to manage the process.

The most significant moment in the review process to date came in October with the annual meeting of the EPA. The date of the meeting was not publicly announced, and neither BankTrack nor other CSOs in our informal coalition were invited. Despite this, we helped ensure civil society voices were heard at the meeting by organizing our own meeting with the Equator banks outside of the official agenda, held at Friends of the Earth’s offices in Washington DC. This meeting brought activists, including Indigenous women leaders whose communities were affected by pipeline developments, together with representatives of around 15 Equator banks. Their powerful testimony was combined with protests held outside the official EPA meeting, and supported by a further [open letter](#) that set out our demands of the process in more detail. We will continue to lead civil society input in the consultation process in 2019 and work to ensure EP4 is as progressive as possible.

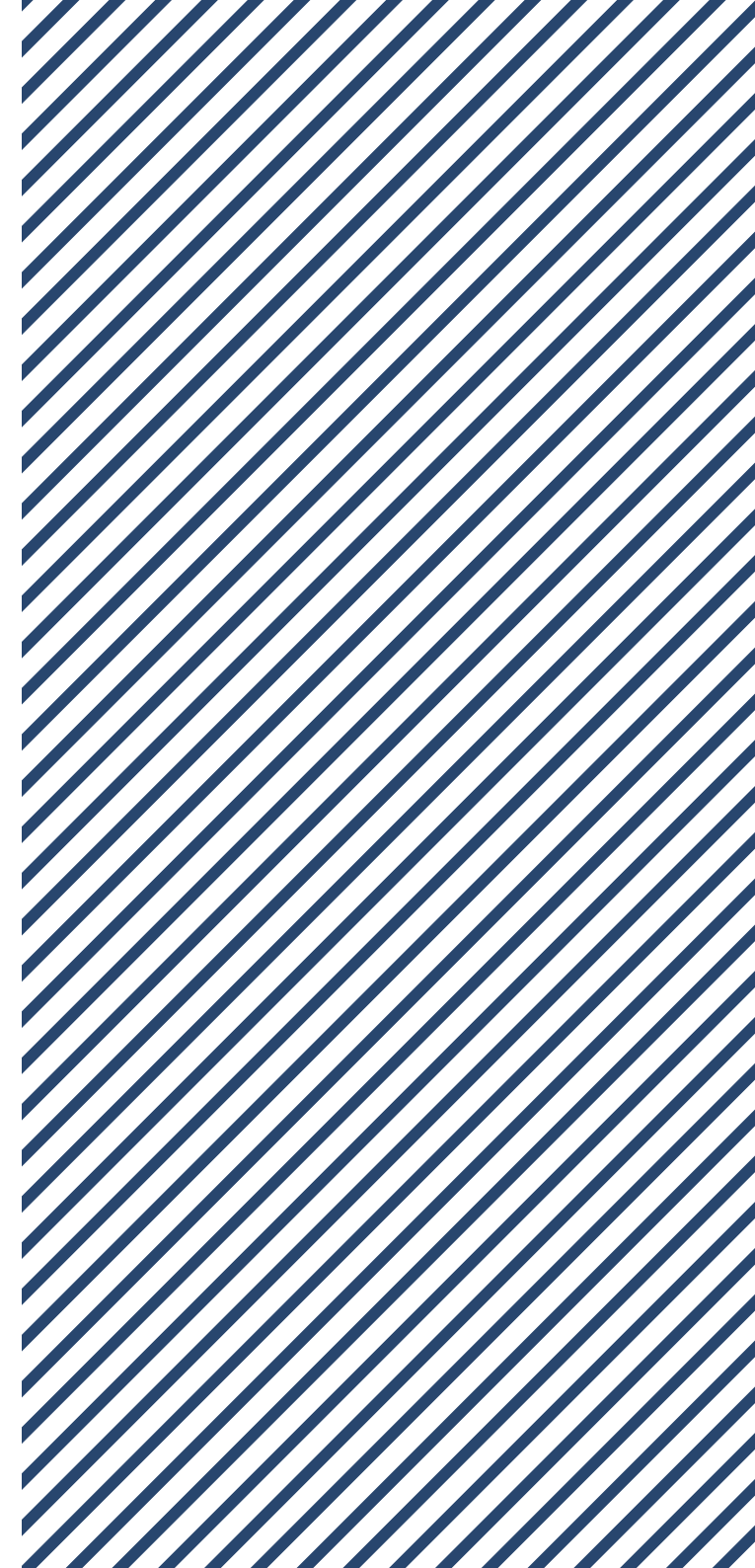


Indigenous women leaders and activists protest outside the annual meeting of the Equator Principles Association, October 2018.

OECD Responsible Business Conduct Project

The OECD's Proactive Agenda Project on Responsible Business Conduct (RBC) in the Finance Sector is a multi-stakeholder project which aims to 'elaborate practical and relevant approaches' for the finance sector to implement the OECD Guidelines for Multinational Enterprises. BankTrack has served as an Advisory Group member of the project since its initiation in 2015. We expect the project to be influential in setting expectations for how the finance sector should approach managing the human rights and environmental impacts of its finance.

After phase one of the project delivered a guidance document on [RBC for institutional investors](#) in March 2017, phase two of the project, considering RBC in corporate lending and underwriting services, began in October. In 2018 BankTrack provided comments on three subsequent drafts of this guidance document, participated in regular Advisory Group calls, and gave its view of the developing guidance at an 'Expert Working Session' held by the OECD in London in September. We have also been keen to ensure strong civil society involvement in this process, and nominated five other civil society groups to take part in the London meeting, helping ensure wider scrutiny of this document as it develops. The final guidance document is expected to be published in 2019, and 'phase three' of the project, looking at project finance, is expected to begin in parallel.



Part two: Campaigning

Banks, climate and energy

A team of more than 2,000 scientists confirmed our worst fears about climate change in October 2018 – but they also provided us with determination to achieve our goal of ending fossil fuel financing by private sector banks at an accelerated pace.

The UN's Intergovernmental Panel on Climate Change (IPCC) spelled out that if we are to stay at or below 1.5C then deep cuts to global greenhouse gas emissions must take place by 2030. Even an extra half a degree of warming puts millions more people at risk of flooding, doubles the risk of insect habitats being wiped out and would present staggering health and economic risks the world over. All of this on the back of a year which witnessed more frequent and more extreme weather events causing widespread destruction than have been seen since records began. This is the background against which we launched our flagship Fossil Banks, No Thanks! campaign this year.

Fossil Banks? No Thanks!

Coming just a week after the landmark UN IPCC report, our ‘Fossil Banks, No Thanks!’ campaign was launched in October with the support of 120 CSOs from more than 30 countries, including RAN, 350.org, Sierra Club and Friends of the Earth US. The campaign seeks to drive forward concrete climate action across the commercial banking sector, building on the initial successes of our campaign for banks to drop coal financing and extending this to what the science now clearly demands: a halt to financing all new fossil fuel projects, and a full phase-out of support for existing fossil fuel projects and companies on a timetable consistent with meeting the Paris climate agreement targets.

At the time of launch we sent notice to each of our 38 ‘core target banks’ setting out the urgent case for ending the fossil fuel era and pressing the banks to clarify their positions on climate change and fossil fuels by the time of the international climate summit COP24 in December, as a first step towards ending their finance for the industry.

Via the campaign’s central platform, fossilbanks.org, global engagement in the campaign grew so that by the end of the year 200 civil society organisations had supported our Global Call on banks to end their fossil fuel financing. During COP24 in Poland we organised a successful [Photo Action on social media](#). Twelve CSO supporters of Fossil Banks, No Thanks! from nine countries filled Twitter with photos as they sent direct messages to 17 fossil banks outside branches, headquarters as well as a sponsored sporting event.

Direct engagement with the banks on this crucial issue has, as we expected, required persistence. By the end of COP24 we received responses from 22 of our targets, mostly directing us to the same statements on climate change that we had previously found to be lacking in clarity. In our end-of-

year [assessment](#) of where these banks stand publicly, overall we found that only a few clearly acknowledged the connection between the fossil fuel industry and climate change.

Looking to the year ahead, and buoyed by the global interest in the campaign, we will continue to push banks to urgently strengthen their response to climate change by adopting policies which exclude finance for new fossil fuels, as well as providing phase-out plans for their existing financial ties with the industry. A key focus for the first half of 2019 will be organising interventions – both inside and outside venues – at banks’ annual shareholders’ meetings in coordination with Fossil Banks, No Thanks! partners from around the world.



Banking on Climate Change: Fossil Fuel Finance Report Card 2018

Published in March, the latest edition of the annual [Fossil Fuel Finance Report Card](#) – a joint publication by BankTrack, Honor the Earth, Indigenous Environmental Network, Oil Change International, Rainforest Action Network and the Sierra Club – assessed 36 of the world’s biggest banks and found that they had funneled \$115 billion into extreme fossil fuels in 2017, an increase of 11% from 2016. The single biggest driver of the increase in financing came from the tar sands sector, where financing grew by 111% from 2016 to 2017. This major hike in bank support for tar sands to nearly \$47 billion saw tar sands overtake coal power as the most heavily funded extreme energy sector.

At the same time, though, our analysis picked up that the 14 European banks under review collectively increased their coal financing by more than \$2 billion in 2017, with HSBC the worst performer. The report was covered in the [FT](#), [Guardian](#), [Bloomberg](#) and [Huffington Post](#). Commenting in The Guardian, BankTrack’s director Johan Frijns noted that “Europe’s top banks have got to stop their coal-focussed assault on the Paris agreement. It is now vital that they move to stamp out their financial support for companies developing new coal-fired power plants around the world.”



Who is financing the coal plant developers?

The second of our two major publications in 2018 shed light on the global problem of bank finance for companies still intent on building and operating new coal power plants – the Coal Plant Developers. In December, BankTrack and 26 NGO partners launched our research at a press conference inside the official COP24 summit in Katowice, Poland.

New [‘Dirty 30’ league tables](#) were presented showing the lending dominance of Japanese banks for coal plant developer companies and the stark concentration of Chinese bank underwriting support for these companies.

Since the signing of the Paris Climate Agreement in 2015, and the introduction of a range of steadily more ambitious coal finance restrictions at European banks, our analysis finds that among Europe’s top banks overall support for coal plant developers is on a downward trajectory – from \$24.5 billion in 2016 to \$16.8 billion in 2017 to \$14.9 billion in 2018. However, this level of financial support for the worst fossil fuel sector remains unacceptably high, meaning that pushing European banks to follow their colleagues in the insurance industry through the coal exit door remains high on the priority list for the Fossil Banks, No Thanks! campaign.

Heffa Schücking of urgewald and Greig Aitken of BankTrack launch new research at the UN Climate Summit in Katowice, Poland, December 2018.



Progress towards fossil fuel exclusion policies

Despite the urgency of the climate crisis, in 2018 there was no stampede by banks to clamp down on their fossil fuel financing via the policy route. A handful of banks, among them BBVA, KBC, Natixis and RBS, took steps to [rein in their tar sands financing](#), and Japan's big three banks, including [Mizuho](#), finally recognised the need to make policy moves on coal power financing. But these were 'baby steps' lacking in the necessary ambition for now to make a proper dent in the Japanese banks' dominance of coal power lending, as campaigners were quick to point out.

The most high-profile policy review processes of 2018 took place in London. Following a co-ordinated and intense short campaign conducted over the summer months by BankTrack, our partner Market Forces in Australia and NGO allies in the UK and south-east Asia, Standard Chartered was persuaded to [end its direct financing for coal power plants globally](#), without exception. This campaign success came off the back of the disappointment in April when HSBC announced it was ending its support for coal power plants, but with a huge caveat: a loophole in its new policy allows HSBC to finance (up to the end of 2023) new coal plants in Bangladesh, Indonesia and Vietnam, countries which rank in the top five globally in terms of planned coal power capacity. Barclays finally caught up in January 2019 when it announced its exclusion of project finance for coal plants worldwide.

ING complaint

In May 2017, BankTrack together with Greenpeace, Oxfam Novib and Friends of the Earth Netherlands filed a '[specific instance](#)' with the Dutch NCP against ING, stating that ING was in violation of the OECD guidelines for multinational corporations, specifically for lacking a policy to measure and set targets for reducing its financed emissions. The complaint was considered eligible and throughout 2018 we engaged with the Dutch OECD National Contact Point and ING on a dialogue aimed at clarifying ING's efforts to measure and reduce its financed emissions, including its newly adopted Terra approach. The case concluded in April 2019.

Here for good?

Standard Chartered is considering its position statement on coal.

In Vietnam, coal power means polluted air and water. Harvard University researchers estimate that by 2030, pollution from coal-fired power plants could result in 19,220 excess deaths in Vietnam every year.

Developing communities deserve better.
ASEAN needs a clean energy leader.

It's time to stop funding new coal. For good.

BANKTRACK GreenID IPSD MARKET FORCES Friends of the Earth

Photo: Children in Vinh Tân commune, Binh Thuan province. Standard Chartered is reportedly part of a banking syndicate for a proposed coal plant in this province. © CHANGE/Thieu Duyen

Full-page ad in FT Asia urging Standard Chartered to quit coal, 23 August 2018

Banks and Human Rights

Since the endorsement of the UN Guiding Principles on Business and Human Rights (UNGPs) by the UN Human Rights Council in 2011, BankTrack has campaigned for the full implementation of these Principles by the banking sector.

In 2018 we focussed on accountability and the need for effective grievance mechanisms, after previous research showed this was a significant gap in banks' implementation of the UNGPs. We published a key briefing paper on this topic in July, and held two webinars to discuss its findings in September. We also presented our work at the UN Forum on Business and Human Rights for the fifth time in seven years, and engaged extensively with the Dutch Banking Sector Agreement on Human Rights.

Towards effective grievance mechanisms

The UNGPs require that all businesses, including banks, establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted by their business activity. This requirement is key to accountability – such mechanisms are needed to ensure human rights impacts can be raised with businesses, so they can be addressed early and remediated.

However, banks have barely begun to develop grievance mechanisms: BankTrack's 2016 analysis of 45 large banks' policies and processes on human rights showed that none had effective mechanisms in place. Banks have even been reluctant to discuss the issue, with two papers by the Thun Group of banks (an informal grouping to discuss the implications of the UNGPs for the sector) conspicuously leaving out the principles relating to remediation and grievances.

Published together with Oxfam Australia, our briefing paper, [Developing Effective Grievance Mechanisms in the Banking Sector](#), aims to fill this gap in the existing literature on banks' human rights requirements, by setting out clearly banks' responsibilities regarding grievance mechanisms and how they can be met in practice, as well as addressing and countering banks' objections and misunderstandings.

As part of the research process for the briefing paper we held discussions with representatives of seven large private sector banks and received written input from a further four banks. We also consulted on the paper with several experts to ensure its conclusions were in line with the UN Guiding Principles.

Oxfam Australia held a Forum to launch the briefing paper in Melbourne in August, at a mixed group of banks, investors, civil society and trade unions, while BankTrack held two webinars in September to discuss the findings of the report, with over 90 registered attendees, including representatives of around 30 financial institutions. We also presented the report at the UN Forum on Business and Human Rights in Geneva in November, and our 'Equator Banks, Act!' campaign has lobbied the Equator Principles Association to develop its own accountability mechanism.

Following the report's launch, in November an Australian government body [ordered ANZ](#) to establish a grievance mechanism in response to an OECD Guidelines complaint, reinforcing the paper's recommendations and hopefully helping to spur the start of real accountability in the banking sector.

Developing Effective Grievance Mechanisms in the Banking Sector



BANKTRACK



Engaging with the Dutch Banking Sector Agreement

In 2018 BankTrack closely monitored the implementation of the Dutch Banking Sector Agreement on Human Rights ('the DBA'); a three-year agreement (ending in December 2019) between the Dutch banking sector, Government Ministries and civil society organisations to work towards better implementation of the UNGPs.

In August 2018 the DBA published its first three substantial outputs to date: its first Annual Report, together with two papers on 'Increasing Leverage' and on the human rights impacts of the cocoa sector. BankTrack published a [series of three articles](#) analysing each of these main outputs, urging improvements in the subsequent annual reports and calling for the Independent Monitoring Committee's report to be published in full in future years. BankTrack also provided input at the DBA's first public 'Stakeholder Meeting' in November, where we repeated this call, as well as at two bank round-table meetings on human rights, hosted by ABN AMRO in September and ING in November.

The Thun Group resists 'accuracy, robustness and legitimacy'

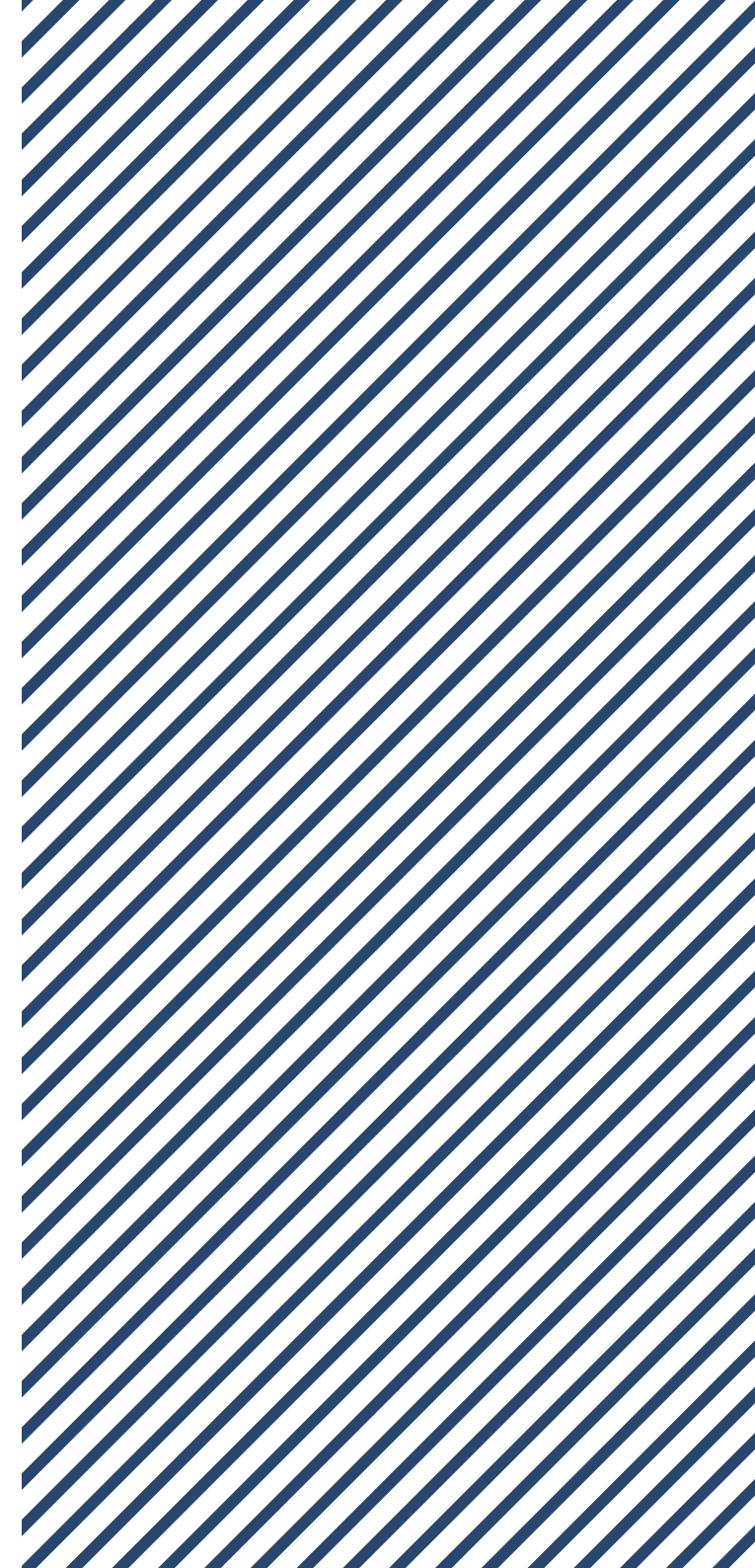
BankTrack engaged with the Thun Group, an informal group of banks concerned with human rights, extensively in 2017, after the Group published a controversial paper in January 2017. Following an extensive backlash from civil society and UN bodies on the banks' interpretation of the UNGPs, a revised version was published in December 2017.

In March 2018 BankTrack followed up our earlier engagement by responding to the revision in an [open letter, supported by 18 other CSOs and academics](#), urging the banks to make sure future discussion papers are developed on the basis of stakeholder consultation and review, as the UN Working Group on Business and Human Rights itself advised

was needed to ensure 'accuracy, robustness and legitimacy'. We also published an overview of the furor around the Thun Group's paper in a [Responsible Investor article](#). The banks' response was disappointing, failing to commit to any change of process. This casts doubt on whether further engagement with the Thun Group can be worthwhile, and as a result, our engagement with banks following this has focused on other forums (e.g. the OECD process, the Dutch initiative).

Investigating "customer confidentiality"

In 2017 BankTrack initiated a project on banks and customer confidentiality, to critically explore why banks often state they are unable to comment on specific client relationships, and how greater transparency can be achieved. Our plan to publish the briefing in mid-2018 faced delays due to competing commitments, and the briefing paper was published in March 2019.





Part three: Supporting civil society

Supporting civil society organisations (CSOs) and local communities in their advocacy towards banks is one of BankTrack's core strategies as a tracking, campaigning and CSO support organisation. We have an extensive set of tools in place to help CSOs that encounter banks in their advocacy work to achieve their goals in bank-focussed campaigning. Our toolbox includes training, campaign support and coordination, research, developing profiles and strengthening public outreach.

In March 2018 BankTrack launched a new Partner Engagement Form to streamline and improve its support requests. The form is a questionnaire on the website and gives BankTrack all the relevant information to decide the best way to cooperate and provide support. We received six separate support requests through the year via the form, and all in all we responded to 22 requests from civil society groups for support.

Campaign support

BankTrack supports various CSO campaigns by publishing and maintaining Dodgy Deal profiles. In 2018 we collaborated on Dodgy Deal campaigning with groups including Accountability Counsel (El Dorado International Airport), Frankfurt Zoological Society (E40 inland waterway), urgewald (RWE), Inclusive Development International (East African Crude Oil Pipeline), Friends of the Earth US (Batang Toru dam), Biofuel-watch (Drax repower), Deep Sea Mining Campaign (Solwara 1 Deep Sea Mining project) and Environmental Paper Network (Portucel, Est-For and Amazar pulp mills).

Coordinating and collaborating

BankTrack cannot change the banking sector alone, and collaborating with civil society organisations is an important strategy for us in increasing our own leverage over the banking sector. In 2018, as detailed elsewhere in this report, we built a core coalition of ten groups around the Fossil Banks, No Thanks! campaign and gathered the further support of over 200 organisations for the campaign's Call on Banks; we coordinated active civil society involvement in the Equator Principles revision process, including gathering 48 CSO signatures on a letter setting out our combined demands for the process; and 18 CSOs and academics joined our open letter to the Thun Group of banks. This collaboration contributes to wider information-sharing and joint strategizing among civil society.

Training

BankTrack provides campaigners with financial training. The BankTeach section of our website makes training courses available on topics including banks and coal, Finance for Campaigners (available in four languages), Human rights reporting and the Equator Principles. In April we gave a training presentation to 30 participants from the International Union for Conservation of Nature on financial literacy, and in September we gave a workshop on energy finance to around 25 attendees from the Asian People Movement on Debt and Development in Thailand.

Public outreach

We help campaigners spread the word about bank-focused campaign work using our website, social media channels and our targeted mailing list, and aim to be a 'one-stop shop' for news from civil society on bank campaigning. In 2018, we published 47 news items from other CSOs on our website and in our news digest, which reaches over 2,800 subscribers. This mailing list includes journalists, analysts, campaigners and bankers.

BankTrack outreach in numbers

Twitter

4,450 followers @BankTrack (up 700 in 2018)
672,000 'impressions' @BankTrack
550 followers @NoFossilBanks
Top tweet: 40,600 impressions.



Facebook

2,074 people like BankTrack's Facebook page (up 206 in 2018)

Email list

2,922 subscribers

Website

86,625 users

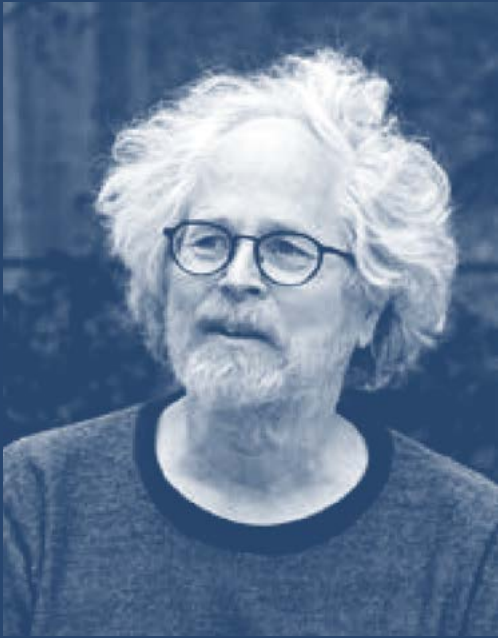
Involvement in other civil society initiatives

BankTrack is a partner of the Europe Beyond Coal campaign, and a member of OECDWatch. BankTrack staff also serve on several boards in a personal capacity: Johan Frijns serves as a board member of Forest Peoples' Programme; Yann Louvel serves as a board member of the Two Degrees Investing Initiative; and Ryan Brightwell serves as a board member of the Customer Union for Ethical Banking, a union for customers of the Co-operative Bank established by the Save Our Bank campaign.

Bank Campaigners Gathering

In October more than 50 people joined BankTrack's second Bank Campaigners Gathering. This time at a youth hostel in Kleve, Germany, just across the border from Nijmegen. This three-day event gave room for strategy and campaign meetings, workshops and presentations from groups from all corners of the earth in order to better align their activities and to cooperate. Generally considered as a spirited gathering it also served as a get together of minds alike to join forces in campaigning towards banks and their dodgy financing.





In memory of Roel van den Bosch

We lost a friend. In May 2018, our bookkeeper and above all good friend Roel van den Bosch passed away, after a struggle against cancer. For fifteen years, since the inception of BankTrack in 2003, Roel took care of our financial management, and later the production of our financial reports. Even when he was already severely ill, he helped produce the 2017 financial report, testimony of his unbroken spirit and continued dedication. Thanks for everything, Roel.

About BankTrack

BankTrack is the international tracking, campaigning and civil society support organisation focussed on private sector commercial banks and the activities they finance. We are an integral part of the global community of CSOs focussed on the financial sector, including multilateral and national development banks, export credit agencies, private and institutional investors.

Staff and board

The BankTrack team in 2018 consisted of:

- Claire Hamlett, Climate campaigner
- Lise Masson, Climate campaign coordinator
- Erik Janssen, Website coordinator
- Greig Aitken, Climate campaigner
- Johan Frijns, Director
- Naomi Geelen, Human rights campaign assistant
- Raymon van Vught, Financial manager & graphic designer
- Ryan Brightwell, Editor & researcher, human rights campaign coordinator
- Yann Louvel, Climate and energy campaign coordinator
- Daisy Termorshuizen, volunteer
- Anne de Jonghe, Equator Principles campaigner (left in 2018)
- Noortje Smeltink, volunteer (left in 2018)
- Ilse van Dijk, Volunteer (left in 2018)

BankTrack's **mission** is “to stop banks from financing harmful business activities; to promote a banking sector that respects human rights and contributes to just societies and a healthy planet; and to support fellow civil society organisations in their engagement with banks.”

BankTrack's board in 2018 consisted of:

- Chair: Michelle Chan
- Secretary: Michelle Medeiros
- Treasurer: Nina Roth
- Siddharth Akali
- Andreas Missbach

Financial summary

Income in 2018 (in euro)

Grants

European Climate Foundation 2017	33,996
European Climate Foundation 2018	22,847
The KR Foundation 2017	62,830
The KR Foundation 2018	45,077
The KR Foundation-urgewald	35,644
Olin Foundation	40,000
Oxfam Australia	15,200
Rockefeller Brothers Fund	29,528
The Tilia Fund	130,234

Total grants **415,357**

Interest on bank accounts	303
Partner contributions	6,341
Donations	10,438
Other	8

Total other income **17,090**

Total income 2018 **432,447**

Total income 2017 378,586

Expenditures in 2018 (in euro)

Staff	337,733
Secretariat	46,762
Work streams	35,810

Total Expenditures 2018 **420,305**

Total expenses 2017 386,017

Added to reserves **12,143**

Added to reserves 2017 -7,430

The full financial report for 2018 can be found on [our website](#).

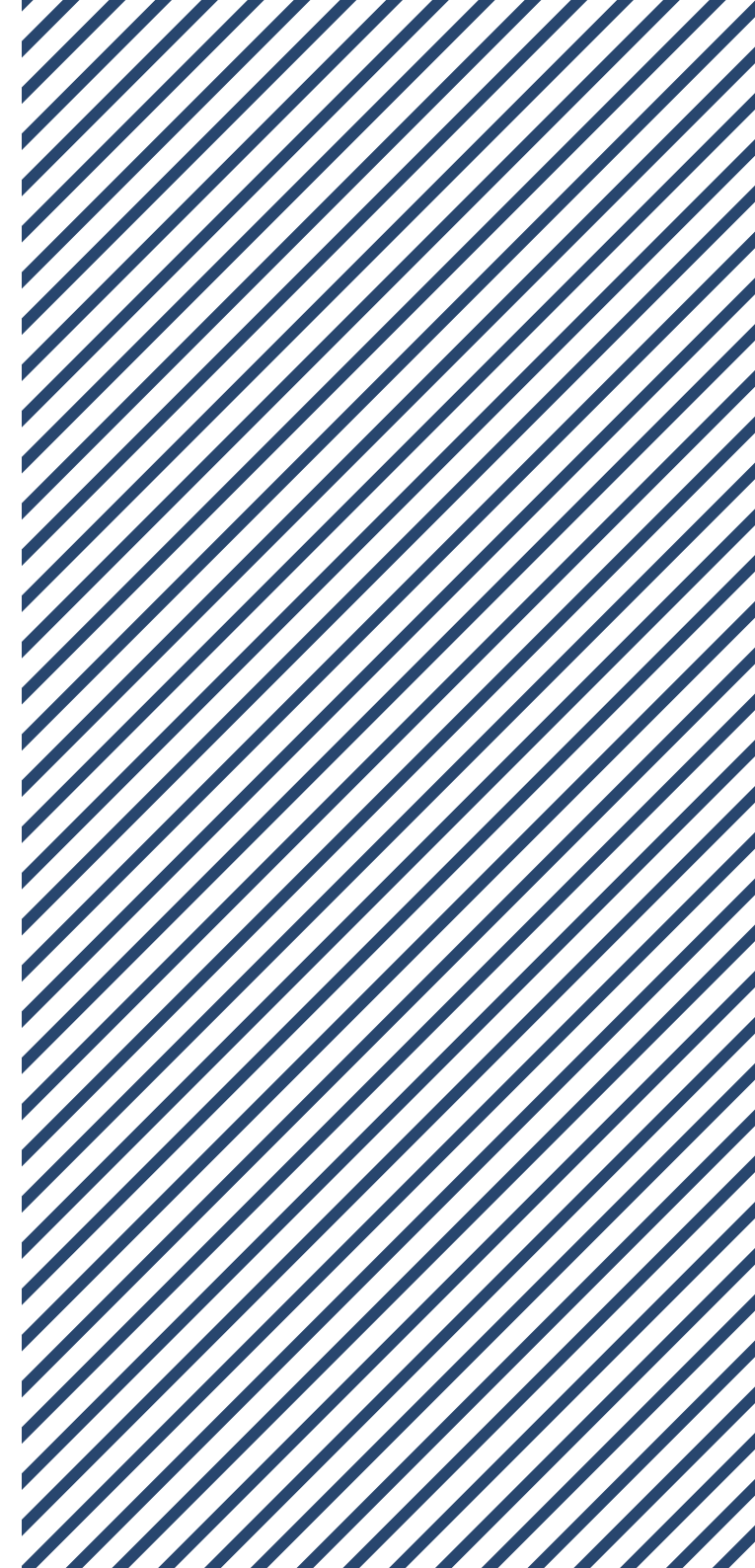


Image credits

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BankTrack

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