DEUTSCHE BANK: QUIT COAL!

This briefing is one in a series published by **BankTrack**, an international NGO that tracks banks and campaigns to transform their impact on people and planet, and is part of our Banks: Quit Coal! campaign. Visit **www.coalbanks.org** for extensive data and coverage of the banking sector's global coal financing. For any additional information or feedback, contact Bank-Track's Climate and Energy Campaign Coordinator Yann Louvel at: yann@banktrack.org

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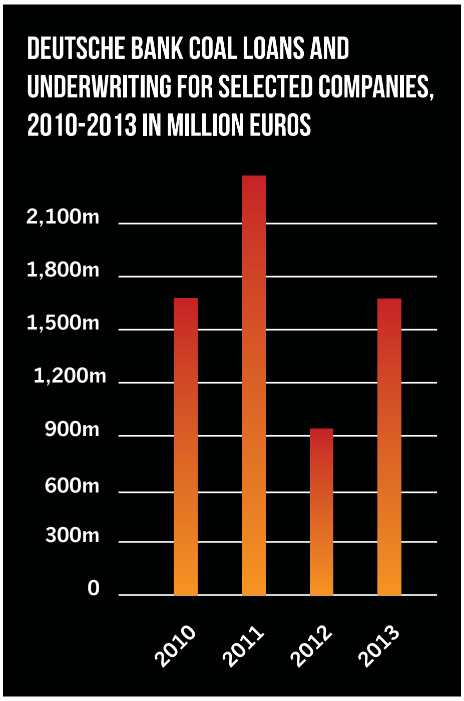
Mountaintop removal impacts on the Blair Mountain, West Virginia, USA. Photo courtesy of Paul Corbit Brown.

POLICY BLACK HOLE LEAVES DEUTSCHE BANK AS ONE OF BIG COAL'S LAST HOPES

Deutsche Bank may have announced last year that it had ruled out financing for the highly controversial coal terminal expansion project at Abbot Point in Australia a project that will, if realised, have devastating consequences for the Great Barrier Reef. But there are worrying signals that controversial coal investments and engagement with some of the sector's riskiest players continue to slip through cracks in its mining and power policies. The bank's up and down attachment to coal finance in recent years cannot disguise the fact that it remains a key coal player globally – even as warnings grow louder from the likes of HSBC that there is an increasing probability of fossil fuel companies becoming "economically non-viable", with the coal industry now widely reckoned to be in crisis.

BankTrack research into the global private banking sector's coal financing, covering project finance, share and bond issues, corporate loans and revolving credit facilities for coal mining and coal power companies alike, has revealed that between 2005 and March 2014 Deutsche Bank extended over €15 billion to the most climate-damaging fossil fuel sector.

With various major international banks – including in recent months PNC, Barclays and ING – now officially declaring that they are ending their support for mountaintop removal (MTR) coal mining, Deutsche Bank's limp excuses for continuing to bankroll major MTR players are now coming under renewed scrutiny and pressure. Without firm new commitments, this and the bank's other engagements with the industry are guaranteed to present high risks for its reputation and the world's climate.



PROFITING FROM AND FUELLING INDIA'S COAL MONSTER

Coal India, majority owned by the Indian government, is the world's second largest coal mining company by market capitalisation and produced 494 million tons of coal in its last fiscal year, accounting for over 80% of India's coal production.

This massive company has faced strong criticism from local communities, workers, and environmental groups for a string of environmental and human rights abuses. Deutsche Bank, along with various other major international banks, has been comfortable enough with this controversial company to involve itself in the organising of major share issues in recent years that have been vital to Coal India's increasingly desperate bid to expand its coal production.

Coal India's 90% reliance on open pit mines has involved significant clearance of forest areas, resulting in impacts on protected tribal groups and endangered species, including the tiger and the elephant.

The company also has a very poor worker safety record (it reported 52 fatalities in its mines in 2011), and faces allegations of use of child labour in its mines. Coal India's corporate governance record is also notably poor, with repeated legal violations that in 2012 alone resulted in several penalties and closure notices for over 50 mines.

Following an initial public offering in 2010 that involved the sale of 10% of Coal India's equity, an underwriting consortium involving Bank of America, Credit Suisse, Deutsche Bank and Goldman Sachs finally managed after two years of delay to sell an additional 10% of the company's shares – estimated book value of $1 billion – in January 2015. While Coal India attempted to portray the sale as a success, foreign investor interest was minimal amidst concerns about rising costs of production and the difficulty in expanding production while keeping operating costs low. Another government firm quietly purchased nearly half the offering to save face. The company has also been accused of misleading investors and the public about the extent of its extractable reserves. Deutsche Bank and others' profiting off the back of human rights abuses, corruption, forest destruction and yet more coal production flies in the face of aspirational claims about responsible, sustainable and climate-sensitive investing.

"SUPPORTING CLIMATE PROTECTION AND THE ENERGY TRANSITION" – DEUTSCHE BANK CORPORATE AND SOCIAL RESPONSIBILITY REPORT 2013

Miners at a Coal India mine in Singrauli, in the Indian state of Madhya Pradesh. © Joe Athialy of the Bank Information Center

MISSING COAL POLICIES RESULT IN A LOT OF HOT AIR

Deutsche Bank has specific policies covering its financing to coal mining and coal power projects and companies – one major problem, however, is that it doesn't make these policies public.

For coal and coal-fired power, on its website the bank instead lays out certain 'positions' and case studies as justifications for its approach to coal, all under a headline slogan that suggests it knows it is walking a very dubious tightrope: "Deutsche Bank supports a well-balanced overall energy mix that takes economics as well as ecology into account and is, at the same time, future-oriented."

The bank has an Environmental and Social Risk Framework that applies sector-specific assessment and due diligence processes across its coal mining and power portfolios. Yet its support for the coal industry is generally being maintained – and inevitably following from this are negative impacts for the global climate and local communities. Indeed in 2014, Deutsche Bank kept up its support for some of the world's largest coal power companies, including the likes of Engie (formerly GDF Suez), RWE and Vattenfall. Equally, its clients last year included the mega miners Glencore and BHP Billiton, two of the biggest players in the coal sector.

Other clients last year were the US mountaintop removal miners Alpha Natural Resources and Metinvest, and here we see another weakness resulting from one of the bank's 'statements': "Deutsche Bank does not provide direct financing for and is not directly involved in Mountain Top Removal, apart from providing credit support to reclamation bonds that are issued to guarantee financing for the reconstitution of disturbed land."

Deutsche Bank's attempt to distance itself from one of the most notorious coal extraction practices fails to disguise the fact that – in essence and practice – it is simply facilitating this environmental barbarism.

Deutsche Bank now needs to follow the example of a range of other international banks and simply extract itself from MTR altogether.

CLOSE OF BUSINESS FOR DEUTSCHE BANK'S MTR ATM

In March 2014, Alpha Natural Resources agreed to pay more than $227 million dollars in fines and penalties to settle US federal allegations that it illegally dumped large amounts of toxins into waterways in Pennsylvania and four other states, including in West Virginia, the unfortunate home of the company's mountaintop removal (MTR) coal extraction practices in the Appalachian mountains. In 2014, Alpha Natural Resources continued to receive financing from Deutsche Bank.

The Appalachians are among the oldest and most ecologically diverse mountains in the world. Thousands of species of plants and animals live there, many of which are found nowhere else in the world. Yet MTR mining involves blasting the tops off mountains in order to extract the coal inside and dumping toxic debris in adjacent valleys where it buries and pollutes rivers and streams. In 2013, the United Nations Working Group on Business and Human Rights visited MTR sites in West Virginia, and subsequently called for investigations into the reported violations of the right to health and water. Scientific studies show that MTR's legacy is widespread illness among the resident population, 4,000 'excess deaths' every year and families being forced off the land.

The reliance of MTR companies on banking finance has led some to refer to the banks as 'ATMs' for the companies engaged in this horrific practice, and international campaigns in recent years have led to some European banks finally pulling out of the MTR sector for good. As Paul Corbit Brown, from the Appalachian organisation Keepers of the Mountains, puts it: "Damage from MTR operations does not start at one million tons, but with the first one." Deutsche Bank continues to be implicated in this damage, but it could go some way to redeeming itself by now unequivocally closing its own MTR ATM – and doing so urgently.

DEUTSCHE BANK COAL COMMITMENTS

With coal finance levels remaining solid at Deutsche Bank, we really think it's about time that the bank:

- **Commits to end any new coal project finance and to decrease its general corporate coal financing, both for coal mining and coal power.**
- **Commits to living up to its responsibilities to communities around the world by refusing future business for coal companies and projects linked to human rights abuses.**
- **Takes BankTrack's Paris Pledge to quit coal.**

DEUTSCHE BANK, YOU ARE CORDIALLY INVITED ... TO TAKE THE PARIS PLEDGE AND QUIT COAL

The world over, responsible financiers concerned about climate change and focused on enhancing their support for clean energy projects and initiatives will be very much aware of the fast approaching UN Climate Summit in Paris, taking place at the end of this year.

This meeting, being billed by many as 'make-or-break', is aimed at deciding on an international follow up Treaty to the Kyoto Protocol, committing all countries in the world to emission reduction targets that will keep the global temperature rise within 2 degrees, the assumed threshold beyond which already ongoing climate change will become outright catastrophic for people and planet.

In the run-up to Paris, BankTrack – in collaboration with our civil society allies around the world – is launching the Paris Pledge campaign. The aim of this campaign is clear: to invite the world's private banks that are still investing in coal sector companies and projects to publicly pledge to terminate their financing for the coal industry. Here's why.

COAL: CLIMATE AND PUBLIC ENEMY NUMBER ONE

The continued exploration and burning of coal is a major threat to the climate. Coal is the single greatest source of man-made carbon dioxide emissions – 44% of all global emissions from fossil fuels come from coal. Since the year 2000, global coal production has grown by 69%, to a staggering 7.9 billion tons annually. The installed capacity of coal-fired power plants has grown 35% since the year 2000. We are clearly on the road to disaster if we do not manage to stop coal – and quickly.

THE ROLE OF BANKS

Private sector (commercial) banks continue to play a major role in bankrolling the coal industry. As BankTrack research (available at www.coalbanks.org) has revealed, total bank support for the coal sector amounted to at least $500 billion between 2005 and April 2014. To date, there is no sign of declining support from banks, with a clear upward trend and a +360% rise in these coal finance figures between 2005 and 2013.

WE, AND THE PLANET, ARE COUNTING ON YOU, DEUTSCHE BANK!

As a prominent 'coal bank', Deutsche Bank (you're currently number 10 in our Coal Bank rankings), we hereby invite you to consider and take the Paris Pledge prior to the Paris Climate. You'll be hearing from us – and thousands of others – again about this in the weeks and months ahead. All the best, BankTrack.

PARIS PLEDGE TEXT – FOR BANKS INVOLVED IN COAL FINANCING

In recognition of the grave threat to the world's' climate posed by ongoing mining and use of coal, as well as the urgent need to transition towards a low/no carbon economy, we hereby pledge to fully phase out its finance for coal mining and coal power.

This phase-out will cover all our banking activities and services, including lending, share and bond underwriting, asset management and advisory services, and will start with an immediate end to any new coal project finance. It will be accompanied by a shift in our energy lending towards the financing of energy efficiency and renewable energy.

We commit to publish a detailed 'coal phase-out plan' within six months after the Paris Summit, which will include a clear time path and targets for each of our products and services. We also commit to regularly and publicly report on the implementation of our coal phase-out plan.

Signed: **Deutsche Bank**?

COMING SOON, THE PARIS PLEDGE RESOURCE WEBSITE: DOTHEPARISPLEDGE.ORG