

# Defund Fossil Fuels

A European Guide



350



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# Introduction

**These are the companies and banks driving a new generation of fossil fuel infrastructure in Europe. This is how you can resist them - wherever you are.**

The climate justice movement in Europe has seen a resurgence in international coordination, solidarity and networking across borders since 2015. Many of the fossil fuel companies pushing new infrastructure projects operate in multiple countries, and crucially, are often financed by the same collection of private and public banks. The financial system is a key enabler in the supply chain of new fossil fuel projects - and many private banks also have retail branches in towns and cities all around Europe.

Despite the global commitment to limit global warming to 1.5 degrees under the 2015 Paris Agreement, these institutions continue to finance new coal and gas projects that will lock us into decades of future greenhouse gas emissions whilst crowding out much needed investment in renewables. This financial support takes the form of company ownership, project finance, corporate loans, underwriting and bonds.

Yet the recent past shows that public pressure can successfully shift the practices of major banking corporations. Since the 2008 financial crisis, grassroots Spanish housing groups successfully organised to stop thousands of eviction attempts by the banks and changed both public opinion and government policy in favour of greater protection for indebted tenants.<sup>1</sup> Campaigners in France have forced BNP Paribas to adopt new policies against financing fracked gas exports from the USA, oil from tar sands, arctic and deep water drilling and some coal.<sup>2</sup> ING bank in the Netherlands, Nordea bank in Scandinavia and a host of other financial institutions agreed to stop investing in the Dakota Access Pipeline across 2016-17 due to public pressure.<sup>3</sup> Barclays in the UK have also faced repeated protests at their high street branches for their ownership of UK fracking company Third Energy and other fossil fuel investments around the world. Barclays are now seeking to drop Third Energy from their portfolio.

Many of the institutions mentioned in this report attempt to obscure their role in the climate crisis by sponsoring UN negotiations and other green finance events. Yet beneath their public relations hype about new sustainability commitments, the majority of the world's leading commercial banks continue to funnel eye-watering sums into new fossil fuel projects.



# Key Fossil Fuel Battles in Europe

This report summarises financial data for companies involved in eight key fossil fuel projects (or groups of projects) across Europe. Research group Profundo analysed the loans and underwriting for the companies involved as well as the project-specific finance **between January 2012 and September 2017.**



## What is 'underwriting' anyway?

In investment banking, **underwriting** is the process of raising investment capital on behalf of a company - through issuing bonds or shares.

In insurance, **underwriting** means guaranteeing payment in case of a financial loss.

**Project finance** means loans and underwriting for a particular project such as a new pipeline.

**Corporate finance** means general loans to a company.

## Gas Projects

### TransAdriatic Pipeline, Italy

The proposed Trans Adriatic Pipeline (TAP) from Greece, Albania to Italy is part of the "Southern Gas Corridor" — a 3,500km chain of proposed mega-pipelines that would

pump 10 billion cubic metres of gas from Azerbaijan to Europe every year. This pipeline would destroy Europe's climate targets, increase energy dependence on oppressive political regimes and have unacceptable impacts on the communities on its path. In Melendugno, Southern Italy - residents and olive farmers have been resisting the pipeline. **Companies researched: BP, SOCAR, SNAM, Enagas, Fluxys, AXPO.**

### Groningen gasfields, Netherlands

Over 50 years of gas drilling by **Shell** and **Exxon Mobil** has caused many earthquakes in the local area damaging people's homes and local buildings. Thousands of people have been demonstrating for an end to the gas production. **Companies researched: Shell, Exxon Mobil.**

### STEP/ MidCat pipeline, Catalonia and South France

A proposed new 235km gas pipeline has received 'Project of Common Interest' status from the European Union and aims to double the amount of gas that can be piped across the Pyrenees mountains. **Companies researched: Enagas, GRTgaz,<sup>4</sup> TIGF (TIGF became Teréga in March 2018).**

### Göteborg LNG Terminal, Sweden

The proposal by Swedegas for a new Liquefied Natural Gas terminal to import gas would be contradictory to Sweden's plans

to go fossil free. **Companies researched: Enagas, Fluxys.**

## Fracking, UK

Having been banned and pushed back in many European countries, England is one of the last places where the shale gas industry is attempting to frack. Hundreds of community groups have sprung up to actively resist them. **Companies researched: Cuadrilla,<sup>5</sup> INEOS, Third Energy, Europa Oil & Gas.**

## Coal projects

### Poland

Despite high levels of air pollution for local communities and the climate impacts of coal, the Polish government remains determined to open new opencast mines and build 8 new coal-fired power units. **Companies researched: PGE, Energa, Enea, Kompania Węglowa.<sup>6</sup>**

### Czech Republic

In Northern Bohemia, campaigners are fighting the expansion of lignite coal mines near the town of Most which feed several power stations. These mines threaten nearby homes as well as producing high levels of pollution when the lignite coal is burned. **Companies researched: CEZ.**

### Germany

The Rhineland coal area is Europe's largest CO<sub>2</sub> emitter and Germany is the largest producer of lignite coal. Expansion of these huge opencast mines threatens to engulf entire villages and forests. **Companies researched: RWE.**

Based on previous lending and underwriting records, this broad analysis provides indicators as to which banks are likely to support the attempted build out of new fossil fuel infrastructure across Europe in the future. For projects such as the TAP pipeline from Greece to Italy, for example, our current knowledge (as of April

2018) is that the private banks have not yet been approached by the TAP consortium for project finance. Whilst noting that some major banks have changed some of their lending policies in light of the 2015 Paris Climate Agreement, the banks that have funded fossil fuel projects in the past are likely to be the same

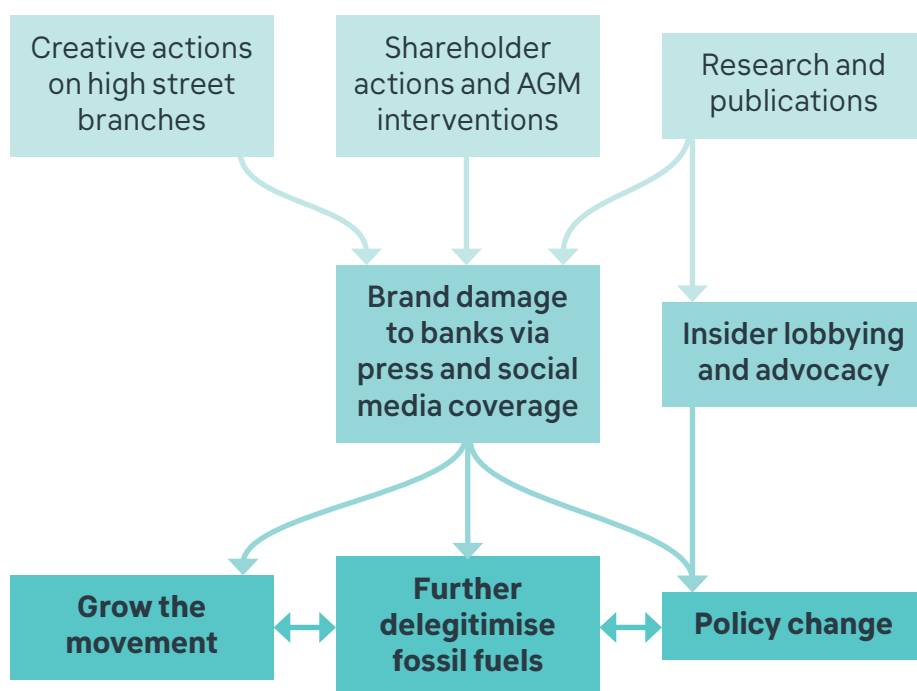
banks that are approached to finance new projects in the future. It is our hope that the data in this report will provide foundations for campaigners to start organising to disrupt the financial flows from the banks to new and existing fossil fuel developments.

## How we see change happening

Finance campaigning can take years of dedicated social movement pressure in order to shift the lending policies of major banks. Building on the expertise, experiences and momentum of the global divestment movement, defund campaigns can offer an additional strategy for fighting specific projects – whether that is the expansion of a coal mine or a proposed new Liquefied Natural Gas (LNG) terminal. By removing the financial support for new projects, fossil fuel companies can find it harder to

attract capital at profitable rates from banks elsewhere. In terms of social movement momentum, each victory along the way can inspire other groups, strengthen calls for a rapid and just transition away from fossil fuels and alter the political conditions of the next fight. A significant gamechanger is likely to be the World Bank announcement in December 2017 that it will no “will no longer finance upstream oil and gas” after 2019, building on a 2013 decision to end financing for coal.<sup>7</sup>

What are the tactics that will help us win? Disrupting business-as-usual at bank premises, backed up with strong press and social media campaigns and insider lobbying can create major public relations problems for banks – and erode their social licence to operate. Understanding the different stages of project finance can help organisers focus their campaigns during key periods when banks are being approached for finance.<sup>8</sup> We will need to both understand the tactics and strategies from previous victories and experiment with new ones in the future in order to mobilise most effectively.



## Connecting frontline resistance with distributed organising against the financiers

Most of the banks with the worst climate records also have retail branches in villages, towns and cities across the continent – and many are headquartered in European capitals. Bank campaigners have already used these branches for decentralised protests

in the past – allowing people who cannot travel to fossil fuel resistance sites to inflict brand damage on major banks in solidarity with those frontline struggles.

If we are ambitious and sufficiently well networked, there will be opportunities to continue to connect frontline resistance points with simultaneous, decentralised protests against particular banks. Picture a scenario where 400 people are physically opposing the construction of a new pipeline in one region of a country whilst creative protests by smaller groups take place at dozens of bank branches elsewhere. We have seen this model used with #DefundDAPL in 2016-17. (See page 9)

To do this, the climate justice movement will need to:

- **Collectively skill up on the fossil fuel companies and banks that threaten to lock us into decades of greenhouse gas emissions.**
- **Build networks with groups in multiple countries to target the relevant banks.**

## Demands

In order to prevent a global climate crisis, it is time that banks and other financial institutions stopped facilitating and profiting from polluting industries. Instead, they should enable the transition towards clean, affordable and democratic energy systems that meets the requirements of the 2015 Paris Agreement.

Rank	Bank	Loans	Underwriting	Total
1	Barclays	11,016	21,706	32,723
2	Deutsche Bank	5,134	24,018	29,153
3	HSBC	11,864	15,616	27,480
4	BNP Paribas	7,685	16,598	24,283
5	Société Générale	8,716	10,895	19,611
6	UniCredit	5,839	8,860	14,699
7	Crédit Agricole	5,827	8,616	14,442
8	UBS	3,469	8,392	11,861
9	Santander	4,595	6,247	10,842
10	Intesa Sanpaolo	4,717	5,578	10,295

**Top ten European financiers to companies planning the eight fossil fuel projects in this report (\$US millions).**

- **Develop intersectional demands that work across different institutions and government e.g water protection, indigenous rights, land rights, local democracy, air quality.**
- **Develop quick response capabilities to react to developments and escalations at frontline resistance points - with the**

### **required communications power behind it.**

Much of this work is already happening. With continued support, training and international links – the climate justice movement can create entry points for new organisers, shift the policies of major banks and continue the delegitimisation of the fossil fuel industry.

### **The banks mentioned in this report must:**

1. Stop providing project finance and financial services for new fossil fuel infrastructure or the expansion of existing fossil fuel infrastructure.
2. Stop lending or underwriting shares and bonds for companies aiming to build, expand or operate fossil fuel projects.
3. Stop any form of financing to fossil fuel companies who lack robust plans to transition away from fossil fuels



# The Data (Follow the Money)

This report is a snapshot in time (2012 - 2017) across a limited selection of projects and companies (see final page for details). It is not intended to display a full picture of the financial support that all fossil fuels are obtaining from the banks. It aims to provide a reference for organisers to start new campaigns (and strengthen existing ones) against the fossil fuel industry. Projects in the Global South remain outside the scope of this report - although here too European banks play

a key role in financing polluting industries that devastate lives and livelihoods in those countries.

This report focuses on fossil fuel extraction and fossil fuel transportation projects in Europe only. The data does not focus on points of consumption such as roads and aviation, nor does it look at agriculture or forestry issues. Whilst those areas of the climate justice fight are hugely important, they remain outside the scope of this report.

In the infographics that follow, we highlight three banks in particular to show their connections to fossil fuel companies around Europe.

**i** The figures do not relate to the costs of the individual fossil fuel projects. The figures represent the amount of finance agreed between each bank and the companies listed for 2012 - 2017 only.

Bank	Trans-Adriatic Pipeline (TAP)	Groningen Gas Fields	Midcat / STEP gas pipeline	Gothenburg LNG terminal	UK Fracking	Rhine-land Coal, Germany	Polish Coal	Czech Coal
Barclays	6,300	15,790	830	830	4,870	690		790
Deutsche Bank	6,070	12,120	250	250	50	970	640	420
HSBC	8,200	14,480	100	60	580	180	220	250
BNP Paribas	11,680	6,630	1,100	1,730		460	1,000	160
Société Générale	8,770	5,640	1,100	1,100		800	630	310
UniCredit	5,820		90	140		600	1,050	130
Crédit Agricole	4,970	2,700	510	1,220		450		
UBS	6,330	1,280			660	880	260	120
Santander	4,740	2,600	1,730	1,730	170	560	750	90
Intesa Sanpaolo	4,990	520	620	770		380		

Finance provided by European financiers to companies planning the eight fossil fuel projects in this report (US\$ millions)



\$1.1 billion for Fluxys and Enagas who are planning the Gothenburg Gas Terminal



\$5.6 billion for Shell and Exxon Mobil who are involved in Groningen Gas Fields



\$630 million for PGE, Enea, Energa and PGG in Polish coal



\$800 million for RWE in the Rhineland Coalfields



\$310 million for CEZ in Czech coal production



\$1.1 billion to companies now involved in Midcat gas pipeline



\$8.8 billion to companies now involved in TAP



Finance provided by Société Générale between 2012 - 2017 to the fossil fuel companies listed above.



\$1.73 billion for Fluxys and Enagas who are planning the Gothenburg Gas Terminal



UK Frackers: \$170 million to INEOS and Europa Oil & Gas.



\$750 million for PGE, Enea, Energa and PGG in Polish coal



\$2.6 billion for Shell and Exxon Mobil who are involved in Groningen Gas Fields



\$90 million for CEZ in Czech coal production



\$1.73 billion to companies now involved in Midcat gas pipeline



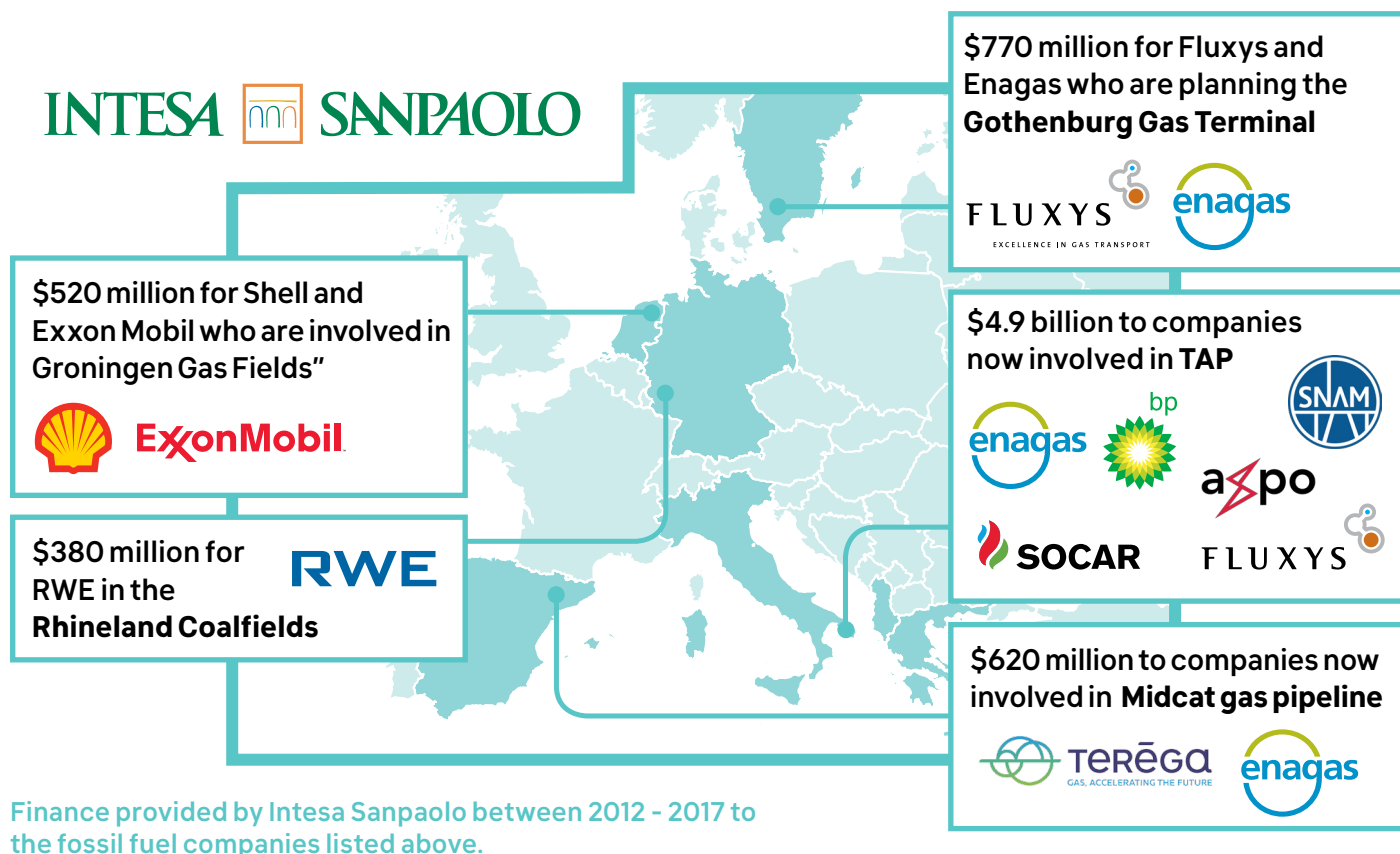
\$560 million for RWE in the Rhineland Coalfields



\$4.7 billion to companies now involved in TAP



Finance provided by Santander between 2012 - 2017 to the fossil fuel companies listed above.



## We've won before and we can win again

Three case studies of how to beat the banks:

### 1 BNP Paribas vs The Climate

Campaigners in France have achieved significant successes with regards to the financing of fossil fuels - whilst recognising that there is still a long way to go. Between 2015 - 2017 BNP Paribas, Société Générale, Crédit Agricole and Natixis adopted policies that exclude project finance for new coal mines and new coal plants worldwide, and restrict general financing for some coal mining and coal power companies.<sup>9</sup> Building on this success, campaigners took on BNP Paribas' financing of other unconventional fossil fuels. In October 2017, BNP Paribas became the first major European bank to rule out financing some tar sands and shale gas companies, related infrastructure projects for transport and export, as well as oil and gas projects in the Arctic region.<sup>10</sup>

The campaign against BNP Paribas by Les Amis de la Terre, BankTrack and other organisations successfully combined both insider lobbying and outsider pressure.

#### AGM interventions

Representatives from frontline communities such as Esto'k Gna tribe in the USA who are threatened by proposed new fracked gas export terminals spoke directly to BNP Paribas shareholders at the company AGM in May 2017.

#### Research and report writing

Crunching the data and providing the facts helped articulate the evidence base for action.



## Localised protests

Campaigners from several groups exposed BNP Paribas using creative protests inside local bank branches including the regular removal of bank branch furniture in 'les faucheurs des chaises' ('Chair requisitioning'). The actions highlighted the bank's role in facilitating tax avoidance for the rich which reduced the finance available for renewable energy. With all these actions well reported in the media, BNP Paribas name was dragged through the mud.

## Insider advocacy

Whilst piling on the pressure on the outside, campaigners would also sit down with BNP Paribas in their headquarters to present arguments using expert testimony. It was the

same organisation Les Amis de la Terre who applied both insider and outsider pressure - which counters the myth that campaigners should avoid disruptive protest if they want to be taken seriously by their adversaries.



**Protest outside BNP Paribas against their financing of fracked gas exports from the USA.**

## 2 #DefundDAPL

As part of the resistance to the \$3.8 billion Dakota Access PipeLine (DAPL), a 1,900 km project carrying oil across the Standing Rock Sioux reservation and six US states, indigenous leaders issued a call out for allies around the world to target the banks and financial institutions behind the main companies involved including Sunoco Logistics, Energy Transfer and Dakota Access LLC.

In response, campaigns were coordinated across the USA urging institutions and individuals to move their money out of the banks supporting DAPL such as Wells Fargo,



**Wells Fargo protest, November 2016.**

JPMorgan Chase and Citigroup. Defund DAPL activists teamed up with related campaigns against Wells Fargo's financing of payday loans, private prisons, and immigrant detention centres.<sup>11</sup> In February 2017, the city of Seattle voted to divest from Wells Fargo. Campaigners at Food & Water Watch produced infographics listing all the major financiers of DAPL.<sup>12</sup>

In Europe, Norwegian pension fund KLP sold \$58m worth of shares, following the lobbying by the Sami indigenous people living in the north of the country. Norwegian finance group DNB also sold its DAPL loan shares. In Sweden, students and Nordea customers were galvanised by images of police turning water cannon on protesters in freezing conditions at Standing Rock. They held lunchtime protests on weekdays to disrupt business-as-usual in Nordea bank branches across the country - as did campaigners in the Netherlands against ING<sup>13</sup> and ABN Amro. BayernLB in Germany, BNP Paribas in France and Intesa Sanpaolo in Italy all sold their financial stakes in response to public pressure including coordinated international days of action.<sup>14</sup> BBVA in Spain and Barclays in the UK were also targeted.

### 3 Spanish housing movements against the banks

Having heavily promoted mortgages in the run up to the financial crisis of 2008, Spanish banks then pursued a programme of evictions against tenants who fell into mortgage arrears during the recession. Spanish housing activists from the PAH (Platform for People Affected by Mortgages) successfully resisted some of these evictions both on the doorstep - but also by mounting escalating protests in bank branches. These included Santander, La Caixa, BBVA, Bankia, Caixa Catalunya, Popular and Sabadell.

Activists would support tenants in branch protests and refuse to leave until a new tenancy arrangement had been negotiated with the tenant. Senior bank officials would drive from company headquarters to the branches to negotiate with protesters. The PAH succeeded in effectively creating a new type of tenancy that does not exist anywhere

else in Europe : a social rent in bank-owned houses.

"With collective action, reality can be transformed to make possible what seemed impossible.....No speculation is tolerable when our lives are at stake."

Ada Colau, "How to Stop an Eviction." (2011)

#### Use of escalation tactics

Activists would always visit the bank branch with an affected tenant. A first visit where an affected tenant would attempt to negotiate with the bank, supported by 1 or 2 activists. A second visit, perhaps, a fortnight later would bring five people, sometimes in T-shirts. A subsequent visit would bring ten extra people. The next visit would bring 20 extra people, and so on - escalating the levels of disruption and pressure on the bank.



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Branch protest against Bankia , Madrid, 2015.



# Methodology

Financing to the following companies was researched for the period January 2012–September 2017:

Trans Adriatic Pipeline AG, BP PLC, Azerbaijan Respublikasi Dövlət Neft Şirkəti (SOCAR), SNAM SpA, Fluxys SA, Axpo Holding AG, RWE AG, Cuadrilla Resources Ltd, Third Energy Ltd, INEOS Group Ltd, Europa Oil and Gas (Holdings) plc, Enagas SA, Transport et Infrastructures Gaz France SA (TIGF),<sup>15</sup> GRTgaz SA, CEZ as, Polska Grupa Energetyczna (PGE), ENEA SA, ENERGA SA, Kompania Weglowa SA,<sup>16</sup> Royal Dutch Shell plc, Exxon Mobil Corporation, Swedegas AB,

Project financing for the following fossil fuel projects and developments were researched:

Trans Adriatic Pipeline (Italy), Rhineland coal (Germany), Fracking at Preston New Road, Lancashire (UK), Exploratory drilling, Ryedale, North Yorkshire (UK), Exploratory drilling in the Midlands (UK), Fracking at Leith Hill and Brockham (UK),

Midcat natural gas pipeline (Catalonia), ČSA lignite mine expansion (Horní Jiřetín, Czech Republic), Expansion of Prunéřov coal-fired power station (Czech Republic), New 1,000 MW coal-fired power unit at Ostrołęka power plant (Poland), New 500 MW coal-fired power unit in Turów (Poland), New coal-fired power plant near Bogdanka coal mine (Poland), Groningen gas field (Netherlands), Rotterdam port coal, oil & gas expansion (Netherlands), Gothenburg LNG terminal (Sweden).

Loans and bond- and share issuance underwriting were researched using Bloomberg and Thomson EIKON financial databases. Bond- and shareholdings were researched using Thomson EIKON, including input from the bond issuance underwriting research. Project finance was researched using IJGlobal and Trade Finance Analytics.

**To see detailed figures of the finance for the companies behind each of the fossil fuel projects head to [350.org/defund-fossilfuels-europe](https://350.org/defund-fossilfuels-europe)**

## References

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- 3 <https://www.theguardian.com/us-news/2017/mar/21/dakota-access-pipeline-ing-sells-stake-loan-standing-rock>
- 4 No financial information was found for GRTgaz.
- 5 No data was found for Cuadrilla Resources or Third Energy using the research methods.
- 6 In May 2016, Kompania Weglowa became Polska Grupa Górnicza (PGG).
- 7 [www.theguardian.com/business/2017/dec/12/uk-banks-join-multinationals-pledge-come-clean-climate-change-risks-mark-carney](http://www.theguardian.com/business/2017/dec/12/uk-banks-join-multinationals-pledge-come-clean-climate-change-risks-mark-carney)
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- 15 In March 2018, Transport Infrastructures Gaz France (TIGF) became Teréga
- 16 In May 2016, Kompania Weglowa became Polska Grupa Górnicza (PGG).

## **What next?**

This guide has highlighted the international banks that are financing new fossil fuel projects across Europe; projects that could lock us into decades of greenhouse gas emissions if they are allowed to continue. More in depth research into the financial model of each fossil fuel project will be needed to assist targeted campaigning.

As part of the wider ecology of civil society organisations pushing for climate justice in the financial sector, 350 hopes to support and connect grassroots groups looking to disrupt, de-legitimise, de-sponsor, divest and defund the fossil fuel industry. For more details on the projects and banks mentioned in this Guide and to find out about upcoming 'Defund' training events, webinars and mobilisations head to:

**[350.org/defund-fossilfuels-europe](https://350.org/defund-fossilfuels-europe)**