

### EMBARGOED UNTIL 11:00 A.M. CET, DECEMBER 5, 2018 ###

## **COP24: New Research Reveals the Banks and Investors Financing the Expansion of the Global Coal Plant Fleet**

- **Japanese banks top lenders, Chinese banks top underwriters**
- **US companies biggest institutional investors in the coal plant pipeline**

*Katowice, December 5, 2018* While the latest IPCC and UN Emissions Gap reports both issue stark warnings on the need for an accelerated phase-out of coal power, the global coal plant fleet is still expanding. At today's press conference during the UN Climate Summit in Katowice, **Urgewald, BankTrack** and 26 NGO partners released new research identifying the banks and investors backing a frightening pipeline of new coal projects. **"In the 3 years since the Paris Climate Agreement was signed, coal-fired capacity has grown by over 92,000 MW, and coal plants totaling over 670,000 MW are still in the pipeline,"** warns Heffa Schuecking, director of the German NGO Urgewald.

According to the NGOs' data, the finance industry invested over **US\$ 478 billion** in the world's top 120 coal plant developers between January 2016 and September 2018. **"Unless banks and investors rapidly cut off their financial flows to coal plant developers, it will be impossible to come to grips with the climate crisis. We are already close to overshooting the 1.5°C limit and time is running out,"** says Greig Aitken, climate campaigner at BankTrack.

Urgewald and BankTrack's research examined lending, underwriting and institutional investments in the top 120 coal plant developers, which are responsible for over 68% of new coal-fired capacity in the pipeline.<sup>1</sup>

An overview of coal plant developers' top lenders and investors as well as charts showing the regional breakdown of financial support for these companies are provided in the **annex to this briefing**. You can see all research results and search for specific company, bank or investor results at [www.coalexit.org/finance-data](http://www.coalexit.org/finance-data)

### **Key Results:**

#### **Lenders to the Global Coal Plant Pipeline**

Since January 1<sup>st</sup> 2016, **235 commercial banks** provided over **US\$ 101 billion** in direct loans to the 120 top coal plant developers. The largest lenders to coal plant developers are the Japanese banks **Mizuho Financial** and **Mitsubishi UFJ Financial** with **US\$ 12.8 billion** and **US\$ 9.9 billion** respectively.

A regional breakdown of the data shows that from 2016 to September 2018 **30%** of lending to top coal plant developers was provided by Japanese banks. The prominent role of Japanese banks is easily explained, according to Kimiko Hirata from the Japanese NGO Kiko Network: **"Japan has the largest coal plant pipeline of any**

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<sup>1</sup> For a full list of these companies, see: [www.coalexit.org/database](http://www.coalexit.org/database)

**developed country and many Japanese companies are also champions of coal plant development overseas. Japanese banks are thus key drivers of coal expansion worldwide.”**

Heffa Schuecking says: “What is surprising is that **European banks** – many of which have adopted policies restricting coal – still **account for 25% of global lending to top coal plant developers.**”

Among the top 10 lenders to coal plant developers are **Citigroup** from the United States (US\$ 3.4 bn) and the European banks **HSBC** (US\$ 2.3 bn), **Standard Chartered** (US\$ 2.2 bn) and **ING** (US\$ 1.9 bn). The rankings of each bank are provided in the annex.

Greig Aitken from BankTrack comments: “**Although HSBC adopted a new coal policy in April of this year, it has explicitly left the door open for financing of new coal power plants in Vietnam, Indonesia and Bangladesh. The planned coal capacity additions in these three countries alone add up to over 103,000 MW – almost one sixth of the global coal plant pipeline.**”

Most lending to coal plant developers is in form of corporate loans, and this type of lending is often not addressed by bank policies. **Standard Chartered**, for example, adopted a new coal policy in 2018, which says: “We will not directly finance any new coal power plant projects”. Although the UK-based bank did not sign off any direct project financing deals for coal plants in either 2017 or 2018, its corporate lending to top coal plant developers in China, Indonesia, Japan and the Philippines jumped from US\$ 373 million in 2017 to **US\$ 1.18 billion** in the first three quarters of 2018.

Even the Dutch bank **ING**, whose 2017 policy commits the bank to phase out all financing of coal power companies by 2025, provided almost **US\$ 500 million** to coal plant developers through loans and underwriting in 2018.

**“These examples show that banks’ coal policies are still full of loopholes. If large banks do not shut the door on corporate loans and underwriting for coal plant developers soon, it will be impossible to achieve the Paris Climate Goals,”** says Schuecking.

## **Top Underwriters of the Global Coal Plant Pipeline**

Although Chinese banks only account for 12% of direct lending to coal plant developers, they are giants when it comes to underwriting the share and bond issues of these companies.

Since January 2016, 238 international banks have channeled over **US\$ 377 billion** to coal plant developers through underwriting.<sup>2</sup> The world’s top underwriter of coal plant developers is the **Industrial and Commercial Bank of China** with **US\$ 24.5 billion**, followed by the **China International Trust and Investment Corporation (CITIC)** with **US\$ 19 billion** and the **Bank of China** with **US\$ 18.2 billion**. Overall, Chinese banks account for almost **73% of underwriting** for coal plant developers. This figure reflects China’s dominant role in coal plant development. In addition to more than 259,000 MW of new capacity in China’s own coal plant pipeline, Chinese companies are also

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<sup>2</sup> Underwriting or investment banking refers to the process by which banks raise investment capital for companies by helping them market new shares or bonds. Banks usually purchase the newly issued bonds or shares and then re-sell them to other investors at a profit.

developing almost 60,000 MW of new coal power capacity abroad. And China's state-controlled banks play a central role in raising capital for this glut of new coal power, both at home and abroad.

Several US, European and Japanese banks that are prominent lenders to coal plant developers are also important underwriters. Among these are **Citigroup (US\$ 6 billion)**, **HSBC (US\$ 5.2 billion)** and **Mizuho Financial (US\$ 5.2 billion)**. Overall, **European banks** account for **7.5%**, **Japanese banks** for **5.2%** and **US banks** for **4.7%** of financial flows to coal plant developers through underwriting.

## Top Institutional Investors in the Global Coal Plant Pipeline

While banks play a central role in helping coal plant developers acquire capital through underwriting their share and bond issuances, the ultimate buyers of these securities are investors. For 2018, the NGOs' research identified **1206 institutional investors** with combined **holdings of US\$ 139 billion** in the top 120 coal plant developers.<sup>3</sup>

The world's largest investor in coal plant developers is the US-based investment giant **BlackRock**, which holds shares and bonds in value of **US\$ 11 billion** in 56 coal plant developers. The world's second-largest investor in coal plant developers is **Japan's Government Pension Investment Fund**, which holds investments of **US\$ 7.3 billion** in 41 coal plant developers. Next in line are **Malaysia's Khazanah Nasional (US\$ 6.7 billion)**, the US investment manager **Vanguard (US\$ 6.2 billion)** and **South Korea's National Pension Service (US\$ 4.5 billion)**.

**“Many of the global investors and banks named in our research profess to be responsible climate actors. But while governments are debating the future of our planet's climate in Katowice, the money flows of these investors are literally burning up our planet,”** says Heffa Schuecking.

US based investors hold the largest stakes in coal plant developers. In total, **US investors** account for **35%** of the institutional investments in coal plant developers. **European investors** account for **16%** and **Japanese investors** account for **14%**, while Chinese and Indian investors only account for respectively 6% and 7% of institutional investments in the bonds and shares of coal plant developers.

## Looking Forward

The news is not all bad, however. Some institutional investors have begun to act: In 2017 and 2018, three of the world's largest insurance companies – **AXA**, **Generali** and **Allianz** – adopted policies banning top coal plant developers from their portfolios. And just a few days ago, Norway's largest private asset manager, **Storebrand**, **announced a complete exit from all coal investments by 2026.**

**“The finance industry as a whole must replicate these policies,”** says Greig Aitken. **“It is shameful that large banks and investors are still partners in crime to companies whose business plans are a blueprint for triggering catastrophic climate change.”**

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<sup>3</sup> Among the institutional investors covered in this research are pension funds, insurance companies, mutual funds, asset management companies, commercial banks and sovereign wealth funds. It is likely that the investments of these institutions in coal plant developers are, in fact, significantly higher than indicated. Financial databases' coverage of bond holdings is often incomplete and many pension funds do not report their holdings.

## **Further Reading:**

View all research results on [www.coalexit.org/finance-data](http://www.coalexit.org/finance-data)

See our report “The 2018 Coal Plant Pipeline – A Global Tour”, which provides an overview of coal plant development in 54 countries: <https://bit.ly/2FX9Bpt>

## **Contacts:**

Moritz Schroeder, Communications Director, Urgewald:  
+49 176 64079965, Skype: schroeder.moritz, [moritz@urgewald.org](mailto:moritz@urgewald.org)

Greig Aitken, Climate Campaigner, BankTrack:  
+420 607084093, Skype: greigaitken, [greig@banktrack.org](mailto:greig@banktrack.org)

# ANNEX

## Dirty 30 Banks by Lending

Rank	Bank	Country	Loans (USD bn.)
1	Mizuho Financial	Japan	12.801
2	Mitsubishi UFJ Financial	Japan	9.905
3	China Construction Bank	China	4.663
4	Sumitomo Mitsui Financial Group	Japan	4.166
5	Bank Rakyat Indonesia	Indonesia	3.866
6	Bank of China	China	3.412
7	Citigroup	United States	3.378
8	HSBC	United Kingdom	2.260
9	Standard Chartered	United Kingdom	2.215
10	ING Group	Netherlands	1.940
11	Société Générale	France	1.890
12	BNP Paribas	France	1.641
13	Bank Mandiri	Indonesia	1.551
14	JPMorgan Chase	United States	1.500
15	Industrial and Commercial Bank of China	China	1.481
16	Goldman Sachs	United States	1.346
17	Deutsche Bank	Germany	1.209
18	Barclays	United Kingdom	1.165
19	Oversea-Chinese Banking Corporation	Singapore	1.132
20	BayernLB	Germany	1.082
21	ANZ	Australia	1.079
22	UniCredit	Italy	1.071
23	Bank Negara Indonesia	Indonesia	1.037
24	Yamaguchi Financial Group	Japan	1.031
25	DBS	Singapore	976
26	Commerzbank	Germany	960
27	Bank of Philippine Islands	Philippines	952
28	Crédit Agricole	France	952
29	Santander	Spain	917
30	Landesbank Hessen-Thüringen	Germany	914
<b>Total (USD bn.)</b>			<b>72.490</b>

## Dirty 30 Banks by Underwriting

Rank	Bank	Country	Underwriting (USD bn.)
1	Industrial and Commercial Bank of China	China	24.541
2	CITIC	China	19.011
3	Bank of China	China	18.182
4	Ping An Insurance Group	China	16.981
5	China Construction Bank	China	16.460
6	China Merchants Group	China	15.596
7	Agricultural Bank of China	China	14.519
8	Shanghai Pudong Development Bank	China	12.616
9	China Everbright Group	China	11.620
10	CSC Financial	China	10.476
11	Bank of Beijing	China	10.187
12	Industrial Bank Company	China	9.413
13	Bank of Communications	China	8.632
14	China Minsheng Banking	China	6.424
15	Guotai Junan Securities	China	6.091
16	Citigroup	United States	5.950
17	Mizuho Financial	Japan	5.189
18	HSBC	United Kingdom	5.157
19	GF Securities	China	5.148
20	Donghai Securities	China	5.064
21	Beijing Capital Group	China	4.824
22	Goldman Sachs	United States	4.761
23	Shenwan Hongyuan Group	China	4.725
24	UBS	Switzerland	4.446
25	Bank of Ningbo	China	4.338
26	Nomura	Japan	4.301
27	JPMorgan Chase	United States	3.974
28	Huatai United Securities	China	3.873
29	China Zheshang Bank	China	3.468
30	Mitsubishi UFJ Financial	Japan	3.286
<b>Total (USD bn.)</b>			<b>269.252</b>

## Dirty 30 Institutional Investors

Rank	Investor	Country	Total Investments (USD bn.)
1	BlackRock	United States	11.028
2	Government Pension Investment Fund	Japan	7.346
3	Khazanah Nasional	Malaysia	6.706
4	Vanguard	United States	6.207
5	National Pension Service	South Korea	4.458
6	Capital Group	United States	4.282
7	Life Insurance Corporation of India	India	3.937
8	Permodalan Nasional Berhad	Malaysia	3.642
9	Mitsubishi UFJ Financial	Japan	2.548
10	Employees Provident Fund	Malaysia	2.528
11	Mizuho Financial	Japan	2.048
12	Dimensional Fund Advisors	United States	1.872
13	Reservoir Capital	United States	1.721
14	ICICI Bank	India	1.624
15	JPMorgan Chase	United States	1.560
16	Fidelity Investments	United States	1.549
17	Nomura	Japan	1.499
18	T. Rowe Price	United States	1.441
19	Norwegian Government Pension Fund - Global	Norway	1.403
20	Prudential (UK)	United Kingdom	1.386
21	Citigroup	United States	1.283
22	Crédit Agricole	France	1.146
23	Sumitomo Mitsui Trust	Japan	1.102
24	KWAP Retirement Fund	Malaysia	1.086
25	Meiji Yasuda Life Insurance	Japan	1.068
26	Aditya Birla Group	India	1.044
27	Nippon Life Insurance	Japan	1.042
28	UBS	Switzerland	1.014
29	State Street	United States	993
30	Wellington Management	United States	962
<b>Total (USD bn.)</b>			<b>79.525</b>



