

# ←350 AOTEAROA

## GO FOSSIL FREE: BANKING



### BREAK THE BOND BETWEEN YOUR PERSONAL FINANCES AND FOSSIL FUELS

#### COULD YOU ACCIDENTALLY BE FUNDING CLIMATE CHANGE?

Most New Zealanders have a personal bank account. And, whether we like it or not, that means we're probably bankrolling the oil, gas and coal companies who are polluting our atmosphere with carbon dioxide emissions.

These companies rely on finance to be able to explore for and extract dirty fossil fuels. Many of the institutions responsible for that finance are high street banks who are accountable to us, their customers. That may leave a bitter taste in your mouth. But here's the good news: this is *your money*, which means you also have a say in how the banks are shaping our future.

#### Bankrolling fossil fuels is risky business

World leaders have already recognised the need to limit global warming to 2°C, the level that scientists agree we must not exceed if we're to avoid dangerous consequences. But here's the thing: analysts at the respected Carbon Tracker Initiative have revealed that, to stay under this important threshold, we can only burn 20% of the known coal, oil and gas reserves that fossil fuel companies already have on their books.<sup>1</sup> The other 80% needs to stay in the ground. (See Info Graphic on next page.)

As the head of England's central bank, Mark Carney says, this means that, "the vast majority of reserves are unburnable."<sup>2</sup>

Numerous financial players including HSBC, Standard & Poor's and Citigroup have supported Carbon Tracker's findings, indicating that continuing to fund the fossil fuel industry could lead to serious *financial* consequences.<sup>3</sup> Billions of dollars of existing oil, gas and coal assets could become 'stranded' (worthless) when regulation comes into force. And that's bad news for our savings.

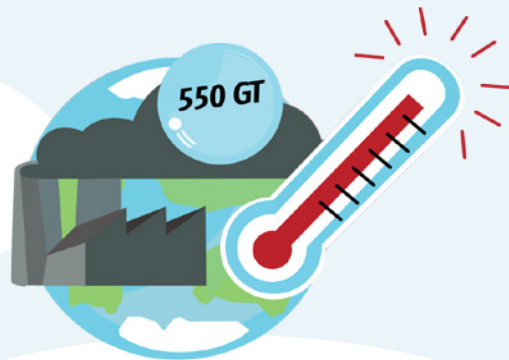
If not out of moral obligation, then banks should at least be responding to the very clear risks that climate change poses to our savings. But most of them aren't. And what's worse, every year, the fossil fuel industry spends millions more dollars lobbying governments for special privileges to explore for even *more* fossil fuels.

It's not a pleasant feeling, learning that your bank – the custodian of **your money** – is lending billions of dollars to projects that damage the environment and drive climate change. But the good news is that, by working together, we can change this.



# THE PROBLEM

To avoid dangerous climate change, we can only burn up to 550 gigatonnes of carbon emissions between now and 2050.



But the fossil fuel industry plans to burn 2860 gigatonnes.

That's like driving with a blood alcohol level five times the safe limit.



To make matters worse, the fossil fuel industry is exploring for more coal, oil and gas.



**IF THE FOSSIL FUEL INDUSTRY HAS ITS WAY,  
IT'S GAME OVER FOR THE PLANET  
AS WE KNOW IT.**



# USING YOUR SAVINGS AS A FORCE FOR GOOD

By withdrawing our money, or “divesting”, from the banks that are funding carbon pollution, we are removing the social license of companies that pollute our atmosphere and block political action on climate change. Instead, we can choose to move our money to banks that are 100% fossil fuel free, or at least free of the 200 largest fossil fuel companies on the planet.

**This has worked before and it’s working again.**

There have been a number of successful divestment campaigns in recent history, including those targeting violence in Darfur and tobacco advertising. The largest and most successful one helped to break the back of the South African Apartheid government and usher in an era of democracy and equality.

The fossil fuel divestment movement has been gaining momentum faster even than the apartheid campaign,<sup>4</sup> with diverse institutions like the **Rockefeller Brothers Foundation, the World Council of Churches and the British Medical Association pledging to ditch their shares in fossil fuel companies.**

Globally, hundreds of universities, foundations, cities and religious institutions have already divested. Here in New Zealand, both Victoria University and the Anglican Church made the same pledge in 2014. So far in 2015, the Tertiary Education Union, Christchurch City Holdings, and the Dunedin City Council have all committed to being fossil free.

**“It is important . . . that the University aligns its investment decisions with the results of its scientific research and its public stance on climate change.”  
Vice-Chancellor of Victoria University,  
Professor Grant Guilford.**

The divestment movement is gaining pace. And the banks are fully aware of it. But, financing fossil fuels hasn't yet begun to cost them their customers.

**TOGETHER WE CAN CHANGE THAT.**



# THE "BIG FOUR" – SUSTAINABILITY RHETORIC MASKS DIRTY INVESTMENT

## HOW MUCH MONEY DO OUR BANKS INVEST IN FOSSIL FUELS?

Together with Market Forces, we've analysed the fossil fuel lending practices of 10 of the public-facing banks based in New Zealand.<sup>5</sup>

Surprisingly, it is the banks that claim to be leading in sustainability who are actually most heavily invested in fossil fuels.

BANK	AMOUNT INVESTED IN COAL AND GAS (MILLIONS \$NZD)
<b>ANZ</b>	\$7,300m
<b>Commonwealth Bank of Australia</b> (parent company of ASB)	\$5,624m
<b>Heartland Bank</b>	None
<b>Kiwibank</b>	None
<b>National Australia Bank</b> (parent company of BNZ)	\$5,079m
<b>Rabobank</b> <sup>6</sup>	None
<b>SBS Bank</b>	None
<b>The Cooperative Bank</b>	None
<b>TSB Bank</b>	None <sup>7</sup>
<b>Westpac</b>	\$3,443m

Figures converted into New Zealand Dollar using the following rate: 0.924322 AUD Australian Dollars per NZD. Rate provided by XE.com on 4 June, 2015

Since 2008, Australia's "Big Four" banks – Westpac, Commonwealth (owner of ASB), NAB (owner of bnz) and ANZ – have loaned almost \$19 billion Australian dollars to new coal and gas projects in Australia alone.<sup>8</sup> This stands in stark contrast with the banks' sustainability policies in which they claim to be "responding to climate change"<sup>9</sup> and "a leader in sustainable business practices."<sup>10</sup> ANZ, who has policies in place to "assess the potential environmental impact of our corporate clients,"<sup>11</sup> has provided over \$1 billion for coal ports and liquefied natural gas plants within the Great Barrier Reef World Heritage Area since 2008.<sup>12</sup>

Here in New Zealand, Westpac have been bankrolling new coal mining projects in the Denniston Plateau at the same time as the company claims to be "committed to helping New Zealand transition to a low carbon economy."<sup>13</sup>

While ASB prides itself on being "proactive in measuring and reducing [its] own environmental footprint,"<sup>14</sup> parent company Commonwealth Bank has loaned over \$1.5 billion Australian dollars to coal and gas export ports along Australia's East Coast since 2008.<sup>15</sup>

# WHAT YOU CAN DO NOW

It's clear that the banks' rosy rhetoric is not matched by climate-smart investment strategies. But it doesn't have to be this way. Most of the big banks pride themselves on their commitments to responsible lending and sustainability. It's simply the case that they don't see investing in fossil fuels as a significant enough reputational risk – yet. Globally, that picture's changing. And, with your help, we can make it clear that Kiwi customers deserve fossil free banks.

**“Climate risk is becoming synonymous with reputation risk,” Luisa Florez, senior responsible investment analyst at Axa Investment Managers.<sup>16</sup>**

## NEW ZEALAND OWNED BANKS – POTENTIAL TO LEAD THE WAY ON RESPONSIBLE INVESTMENT

Our research revealed no data which links any of the New Zealand-owned banks to fossil fuel companies. Kiwibank, The Cooperative and Heartland have assured us that they are not currently investing in fossil fuels. While TSB have historically had some involvement with Solid Energy, they tell us they no longer invest in fossil fuel companies. SBS responded to a customer enquiry that they are locally-focused on mortgages for homes and small businesses, so do not invest in fossil fuels.

The picture is looking good for our New Zealand owned banks. However, **none of these banks have a (publicly-available) policy on climate risk yet, which means there's no guarantee they won't make future loans or investments.**

## DON'T FORGET TO SHARE

Remember that potentially losing a customer is one thing, but potentially losing a customer who can influence many more to do the same is even more worrying to the banks. So multiply the impact of your actions by **making your communications public**. Tweet about it or share it on Facebook. You can also write an article for your local paper or community newsletter, or simply tell your friends and family over the dinner table. By sharing your own experience, you have the power to give confidence to others to do the same, magnifying your impact.

## The door is open for New Zealand banks to show leadership by pledging not to finance the fossil fuel industry in future.

And, importantly, this wouldn't be out of character. New Zealand's bold leadership has shifted the meaning of possible many times before: we were the first to give women the vote and introduced the pension well before it was mainstreamed across Europe, not to mention taking a firm stand on nuclear testing. New Zealand has a reputation for showing leadership. Now is the moment for our banks to seize the opportunity to be a leader once again.

But they won't do it without pressure from customers. **And that's where you come in.**

## WHAT YOU CAN DO NOW

**If you bank with Westpac, ASB, ANZ or bnz,** let them know that they risk losing a customer if they keep funding fossil fuels. Let them know it's time to go fossil fuel-free.

**If you bank with The Cooperative Bank, KiwiBank** or one of the other banks not currently invested in fossil fuels, ask them to publicly commit to being fossil free. This public commitment is essential for the stigmatisation of the fossil fuel industry. This shows the industry that more and more banks and institutions are taking an active stand against fossil fuels.

**Or use our online tools to email your bank today:**

<http://350.org.nz/our-work/gofossilfree/fossil-free-banks/>

# KEEP UP TO DATE WITH OUR CAMPAIGNS

350 Aotearoa are planning a number of campaigns this year. Get involved and keep updated by **signing up** or following us on facebook and twitter.

 [www.350.org.nz](http://www.350.org.nz)

 <https://www.facebook.com/350aotearoa>

 <https://twitter.com/350nz>

 [350@350.org.nz](mailto:350@350.org.nz)

## Notes

- [Carbon Tracker Initiative, Carbon Bubble. \[11 April 2015\].](#)
- [Shankleman, Jessica \(2014\) "Mark Carney: most fossil fuel reserves can't be burned" The Guardian. \[11 April 2015\]](#)
- [Carbon Tracker Initiative \(2013\) Unburnable Carbon 2013: Wasted capital and stranded asset. \[11 April 2015\]](#)
- [Ansar, Atif, Ben Caldecott and James Tilbury Stranded assets and the fossil fuel divestment campaign: What does divestment mean for valuation of fossil fuel assets? Smith School of Enterprise and Environment. \[11 April 2015\]](#)
- [Our analysis of the largest four banks \(ANZ, ASB, bnz and Westpac\) is covered by their parent companies in Australia. This data has been compiled by Market Forces using finance industry databases.](#)
- ["Rabobank finances the sustainable development of the food & fibre industry and as a global Food & Agriculture bank, the fossil fuel industry is not relevant for us. As such, Rabobank Australia & New Zealand does not finance the primary production of fossil fuels and has communicated in a number of cases our concerns about exploring unconventional fuels such as CSG, Shale Gas and Tar Sands." Source.](#)
- [Until recently, TSB provided services to Solid Energy. But this relationship has now ended.](#)
- [Go Fossil Free \(2014\) Fossil Free Banks. \[11 April 2015\]](#)
- [ANZ and Climate Change. \[11 April 2015\]](#)
- [Westpac \(2014\) Westpac New Zealand Limited Sustainability Review. \[11 April 2015\]](#)
- [ANZ and Climate Change. \[11 April 2015\]](#)
- [Maksay, Govind \(2013\) "ANZ awarded Australia's biggest lender to Great Barrier Reef—destroying coal and gas. \[11 April 2015\]](#)
- [Westpac \(2014\) Westpac New Zealand Limited Sustainability Review. \[11 April 2015\]](#)
- [ASB \(2014\) Corporate Responsibility Report 2014. \[11 April 2015\]](#)
- [350.org Australia \(2014\) "One hundred customers divest from Commonwealth Bank." \[11 April 2015\]](#)
- [Carrington, Damian \(2015\) "Axa IM warns that companies linked to fossil fuels risk their reputations." The Guardian \[11 April 2015\]](#)

