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GO FOSSIL FREE: BANKING



BREAK THE BOND BETWEEN YOUR PERSONAL FINANCES AND FOSSIL FUELS

COULD YOU ACCIDENTALLY BE FUNDING CLIMATE CHANGE?

Almost every one of us here in New Zealand has a 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 explore for and extract dirty fossil fuels. Any of the banks responsible for that finance are high street names 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 shape our future.

Bankrolling fossil fuels is risky business

In December 2015, world leaders committed to keeping global warming well below 2°C (and ideally below 1.5°C), the level that scientists agree we must not exceed if we're to avoid dangerous consequences. But here's the thing: financial analysts at the London-based Carbon Tracker Initiative have revealed that, to stay under this life-saving threshold, we can only burn 20% of the known coal, oil and gas reserves that fossil fuel companies already have on their books. **!** The other 80% needs to stay in the ground, or we risk causing the fragile system that sustains us to spin out of control.

(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."²

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.³ 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.

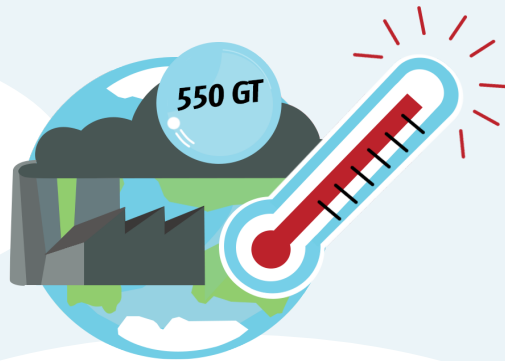
If not out of moral obligation, then banks should at least be responding to the very clear risks that climate change poses to our savings. But most of them aren't. And what's worse, every year, the fossil fuel industry spends millions more dollars lobbying governments for special privileges to explore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

Using your savings as a force for good

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.

It 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.

The fossil fuel divestment movement has been gaining momentum faster even than the apartheid campaign,⁴ 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.**

hundreds of universities, foundations, cities and religious institutions have already committed to divesting assets worth over \$3 trillion. Here in New Zealand, Victoria University of Wellington, the Tertiary Education Union, the City of Dunedin and the Anglican Church have all made the same pledge – and this is just the beginning.

“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" – THE "BIG FOUR" – GOOD RHETORIC MASKS IRRESPONSIBLE LENDING

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.⁵

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)
ANZ	\$13.5 Billion
Commonwealth Bank of Australia (parent company of ASB)	\$10.6 Billion
Heartland Bank	unconfirmed ⁶
Kiwibank	unconfirmed ⁷
National Australia Bank (parent company of BNZ)	\$8.86 Billion
Rabobank	None ⁸
SBS Bank	None ⁹
The Cooperative Bank	None ¹⁰
TSB Bank	None ¹¹
Westpac	\$6.33 Billion

Since 2008, Australia's "Big Four" banks – Westpac, Commonwealth (owner of ASB), NAB (owner of BNZ) and ANZ – have loaned around \$38.5 billion NZD (This was derived by adding up the individual investments of the four largest banks from the table. It is confirmed by Market Forces: <http://www.marketforces.org.au/campaigns/banks>) to new coal and gas projects in Australia alone.¹² All four banks were listed in the top 10 lenders to fossil fuels in Australia in 2015.¹³ This stands in stark contrast with numerous sustainability policies in which the banks claim to both be "responding to climate change"¹⁴ and "being a leader in sustainable business practices."¹⁵ ANZ, who have policies in place to "assess the potential environmental impact of our corporate

clients",¹⁶ have provided over \$1 billion (AUD) for coal ports and liquefied natural gas plants within the Great Barrier Reef World Heritage Area since 2008.¹⁷

Here in New Zealand, Westpac have been Here in New Zealand, Westpac have been bankrolling new coal mining projects in the Denniston Plateau at the same time that the company claims to be "committed to helping New Zealand transition to a low carbon economy."¹⁸

While ASB prides itself on being "proactive in measuring and reducing [its] own environmental footprint,"¹⁹ 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.

WHAT YOU CAN DO NOW

It's clear that the banks' rosy rhetoric still isn't matched by climate-smart investment strategies. But there are signs that customer pressure to take climate risk seriously is having an impact. Most recently, in response to the 2015 Climate Summit, Commonwealth Bank, NAB and Westpac all announced their commitment to keep global warming below 2°C.

They have yet to reveal any plans to shift away from their current practice of lending billions to new fossil fuel projects. But as customers like you continue to make the connection between climate leadership and responsible investment, it will become impossible for the banks to hide behind hollow statements.

Remember, most of the big banks pride themselves on their commitments to responsible lending and sustainability, but they simply don't see investing in fossil fuels as a significant enough reputation risk – yet. This picture is already 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. ²⁰

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

Our research revealed no data which indicates that The Cooperative Bank, SBS and TSB are currently providing finance to the fossil fuel industry. We have been unable to confirm

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.

whether our remaining New Zealand banks, KiwiBank and Heartland are fossil fuel free. Importantly, none of these banks currently have a (publicly-available) policy on investing in fossil fuels, which means there's no guarantee they won't make future loans or investments.

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

New Zealand has led the world before: we were the first to give women the vote and introduced old age pensions well before it was mainstreamed across Europe. Now is the moment for our banks to seize the opportunity to be leaders once again.

But they won't do it without pressure from customers.

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 New Zealand, ask them to publicly commit to being fossil free. And let them know that you're planning to ask all your friends and family to join the first bank that does.

You can use our online form to email your bank today:

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

And make sure to ask **the divestment question** every time you speak to your bank on the phone, in a branch or through a customer survey.

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



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



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



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Notes

1. Carbon Tracker Initiative, *Carbon Bubble*. Available from: <<http://www.carbontracker.org/report/carbon-bubble/>> [11 April 2015].
2. Shankleman, Jessica (2014) "Mark Carney: most fossil fuel reserves can't be burned" *The Guardian* Available from: <<http://www.theguardian.com/environment/2014/oct/13/mark-carney-fossil-fuel-reserves-burned-carbon-bubble>> [11 April 2015]
3. Carbon Tracker Initiative (2013) *Unburnable Carbon 2013: Wasted capital and stranded assets* Available from: <<http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2014/02/PB-unburnable-carbon-2013-wasted-capital-stranded-assets.pdf>> [11 April 2015]
4. 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 <<http://www.smithschool.ox.ac.uk/research-programmes/stranded-assets/SAP-divestment-report-final.pdf>> [11 April 2015]
5. 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. For more information on the methodology, see <http://www.marketforces.org.au/banks/compare/about>
6. Heartland Bank have around \$15m invested in mining but we have, as yet, been unable to confirm whether this includes fossil fuel extraction.
7. One of our members recently made us aware that KiwiBank are indirectly invested in fossil fuels through a savings fund. We are currently investigating. Please email us at 350@350.org.nz if you have more information.
8. "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: <http://www.marketforces.org.au/banks/compare>
9. Confirmed by SBS as of 11/02/2016
10. Confirmed by Co-Operative Bank 12/02/2016
11. Until recently, TSB provided services to Solid Energy. This relationship has now ended. For more information, see <http://www.scoop.co.nz/stories/BU1502/S00902/tsb-bank-writes-off-539-mln-solid-energy-debt.htm>
12. Go Fossil Free (2014) *Fossil Free Banks*. Available from <<http://gofossilfree.org.au/fossil-free-banks/>> [11 April 2015]
13. "Biggest Lenders to Fossil Fuels in 2015 Revealed". Market Forces. Available from: <<http://www.marketforces.org.au/2015lending>> [1 March 2016]
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15. Westpac (2014) *Westpac New Zealand Limited Sustainability Review*. Available from: <<http://www.westpac.co.nz/assets/Who-we-are/Sustainability-and-Community/2014/Westpac-NZ-2014-Sustainability-Review.pdf>> [11 April 2015]
16. ANZ, ANZ and climate change. Available from: <<http://www.anz.com/resources/2/9/29b493804f1d3eeaa59db558b54e5b8d/ANZ-Climate-Change.pdf?MOD=AJPERES>> [11 April 2015]
17. Maksay, Govind (2013) "ANZ awarded Australia's biggest lender to Great Barrier Reef-destroying coal and gas" *Market Forces*. Available from: <<http://www.marketforces.org.au/anz-awarded-australias-biggest-lender-to-great-barrier-reef-destroying-coal-and-gas/>> [11 April 2015]
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20. Carrington, Damian (2015) "Axa IM warns that companies linked to fossil fuels risk their reputations" *The Guardian*. Available from: <<http://www.theguardian.com/environment/2015/jan/15/axa-warns-companies-linked-fossil-fuel-risk-reputations>> [11 April 2015] <<http://www.theguardian.com/environment/2015/jan/15/axa-warns-companies-linked-fossil-fuel-risk-reputations>> [11 April 2015]

