

Banks and Investors Against Future: NGO Research Reveals Top Financiers of New Coal Power Development

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

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Urgewald, BankTrack and 30 partner NGOs publish new research identifying the top financiers and investors behind the expansion of the world's coal plant fleet. Following today's release of the data, Urgewald, BankTrack and further NGO partners will discuss findings and provide further insights at a panel discussion and a press conference at the UN Climate Summit on Saturday, Dec 7th at 11:30am and Monday, Dec 9th at 5:30pm.

“The UN Secretary General, the IPCC and climate scientists worldwide have time and again called for a speedy phase-out of coal-based energy production, but most financial institutions are still turning a deaf ear. Over the past 3 years, financial institutions have channeled **US\$ 745 billion** to companies planning new coal power plants,” says Heffa Schuecking, director of Urgewald. The NGOs' data covers both lending and underwriting between January 2017 and September 2019 for all 258 coal plant developers identified on Urgewald's Global Coal Exit List. Altogether, there are still over 1,000 new coal power stations or units in the pipeline. If built, these projects would add 570 GW to the global coal plant fleet, an increase of 28%.

“Most of the top banks providing loans or investment banking services to these companies acknowledge the risks of climate change, but their actions are a slap in the face to the Paris Climate Agreement,” says Greig Aitken, climate campaigner at BankTrack.

Top Lenders to Coal Plant Developers

Since January 2017, 307 commercial banks have provided **US\$ 159 billion in direct loans** to coal plant developers. The **top 3 lenders** are the Japanese banks **Mizuho** (US\$ 16.8 billion), **Mitsubishi UFJ Financial Group** (US\$ 14.6 billion) and the **Sumitomo Mitsui Banking Corporation** (US\$ 7.9 billion). The 4th and

5th largest lenders to coal plant developers are **Citigroup** (US\$ 5.7 billion) and **BNP Paribas** (US\$ 4.3 billion).

A regional breakdown of the data shows that **Japanese banks accounted for 32% of direct lending to coal plant developers since 2017**. As Shin Furuno from 350.org Japan says, “Japan’s top three banks are undermining the Paris Agreement and tarnishing their reputations as the world’s biggest lenders to coal plant developers. Global banks must align their portfolios with the Paris climate goals by ending finance for the coal sector altogether and actively funding the transition towards a zero carbon future.”

European banks are, however, not far behind. They **accounted for 26% of all bank loans to coal plant developers** since 2017. Greig Aitken from BankTrack comments: “This shows how insufficient the climate policies still are at the vast majority of banks. While leading European banks like BNP Paribas and Barclays rule out direct project financing for new coal plants, these institutions continue to provide corporate loans to companies that are pushing forward new coal plants.”

The same can be said of the Spanish bank Santander, one of the main sponsors of the 2019 UN Climate Summit in Madrid. Carlota Ruiz-Bautista, an environmental lawyer from Instituto Internacional de Derecho y Medio Ambiente (IIDMA), comments: “Santander claims it will not provide direct financing to new coal plants, but in 2018 and 2019 the bank made corporate loans totaling US\$ 655 million to PGE, Tauron and Energa, three companies that are planning to build 5.7 GW of new coal-fired capacity in Poland. In fact, the data shows that the bank has been increasing its coal developer financing year on year since 2017. The bank may be sponsoring the UN Climate Summit, but its lending is heaping coal on the fire.”

Top Underwriters of Coal Plant Developers

Since January 2017, 300 commercial banks have channeled over **US\$ 585 billion** to coal plant developers through underwriting.¹

¹ Underwriting or investment banking refers to the process by which banks raise investment capital for companies by issuing bonds or shares on their behalf and selling them to investors such as pension funds, insurance companies, mutual funds etc.

The world's top five underwriters of coal plant developers are all Chinese institutions. They are the **Industrial and Commercial Bank of China** (US\$ 33 billion), the **Ping An Insurance Group** (US\$ 27.4 billion), the **China International Trust and Investment Corporation** (US\$ 25.7 billion), the **Bank of China** (US\$ 24.1 billion) and the **Shanghai Pudong Development Bank** (US\$ 22.4 billion).

Although Chinese banks only account for 5% of direct lending to coal plant developers, they play an overwhelming role when it comes to underwriting. Since January 2017, Chinese banks accounted for 69% of underwriting for coal plant developers. This figure reflects China's dominant role in coal plant development. In addition to the 217 GW of new capacity in China's own coal plant pipeline, Chinese companies have plans to build 54 GW of new coal capacity abroad.

Several Japanese, US and UK banks are, however, also important underwriters of coal plant developers. Among these are **Mizuho** (US\$ 14.3 billion), **Mitsubishi UFJ Financial Group** (US\$ 12.6 billion), **Sumitomo Mitsui Banking Corporation** (US\$ 10.5 billion), **Citigroup** (US\$ 8.8 billion), **JP MorganChase** (US\$ 6.2 billion), **HSBC** (US\$ 6.2 billion) and **Standard Chartered** (US\$ 5.9 billion).

Top Institutional Investors in Coal Plant Developers

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 2019, the NGOs' research identified **1,922 institutional investors with combined holdings of US\$ 276 billion** in coal plant developers.²

The world's largest investor in coal plant developers is the US-based investment giant **BlackRock**, which holds bonds and shares in value of **US\$ 17.6 billion** in **86 coal plant developers**. Next in line are **Japan's Government Pension Investment Fund** (US\$ 17.4 billion) and the US investment managers **Vanguard** (US\$ 12.4 billion) and **Capital Group** (US\$ 9 billion).

² Among the institutional investors covered in this research are pension funds, insurance companies, mutual funds, asset management companies, sovereign wealth funds and asset management arms of banks. 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.

A regional analysis shows that **US investors account for 29% of institutional investments in the shares and bonds of coal plant developers**. Japanese investors account for 23%, Indian investors for 12% and European investors for 11.6% of institutional investments in coal plant developers. Out of the US\$ 32 billion, European investors hold in shares and bonds of coal plant developers, almost 30% are held by investors from the UK.

“The hypocrisy of investors like **BlackRock** is huge. Last April, the world’s largest asset manager published a new tool to help investors identify climate-related risks in their portfolio. Through its reckless investments in coal plant developers, BlackRock, however, plays a major role in fueling these risks,” comments Doug Norlen of Friends of the Earth US.

What Needs to be Done?

According to the 2018 IPCC Report, coal-based energy production must be reduced by 78% by 2030 if we want to keep the 1.5°C target within reach. And each new coal power plant is a further stumbling block towards achieving this goal. The UN Secretary General, Antonio Guterres, has therefore used each and every opportunity to make public appeals for “no new coal by 2020”.

Some financial institutions have begun to heed this call. In November 2019, the French insurance giant, **AXA**, announced that it will stop insuring or investing in companies that plan to build over 300 MW of new coal-fired power capacity or develop new coal mines. In June 2019, **Crédit Agricole** became the first commercial bank to announce a ban on financial services to companies planning new coal power plants, coal mines or coal transport infrastructure. All in all, European investors representing US\$ 7 trillion in assets have already adopted policies excluding investments in coal plant developers.

“These examples show what needs to be done,” says Schuecking. “Financial Institutions that continue channeling money to coal plant developers are actively working against the Paris Climate Goals and ruining our chances for a livable future.”

Rankings of the top “Dirty Thirty” lenders, underwriters and investors in coal plant developers are in the annex. Find more information and the full data on coalexit.org.

**Invitation for Side Event & Press Conference about
New Coal Finance Research: <https://t1p.de/dek9>**

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Top 30 Lenders (2017 - Q3 2019, in mln US\$)		
Banks	Country HQ	Loans
Mizuho Financial	Japan	16.804
Mitsubishi UFJ Financial	Japan	14.573
SMBC Group	Japan	7.975
Citigroup	United States	5.696
BNP Paribas	France	4.276
State Bank of India	India	4.224
Barclays	United Kingdom	3.476
Crédit Agricole	France	2.933
Standard Chartered	United Kingdom	2.684
Intesa Sanpaolo	Italy	2.610
UniCredit	Italy	2.593
Bank Mandiri	Indonesia	2.417
ING Group	Netherlands	2.357
Royal Bank of Scotland	United Kingdom	2.281
Bank of China	China	2.263
Danske Bank	Denmark	2.225
Nordea	Sweden	2.225
JPMorgan Chase	United States	2.120
Sumitomo Mitsui Trust	Japan	1.911
Société Générale	France	1.904
Norinchukin Bank	Japan	1.862
Bank Rakyat Indonesia	Indonesia	1.857
Skandinaviska Enskilda Banken	Sweden	1.803
HSBC	United Kingdom	1.772
Industrial and Commercial Bank of China	China	1.713
Oversea-Chinese Banking Corporation	Singapore	1.705
DBS	Singapore	1.680
Yamaguchi Financial Group	Japan	1.609
Goldman Sachs	United States	1.507
Bank Negara Indonesia	Indonesia	1.472
Total		104.527

Top 30 Underwriters (2017 - Q3 2019, in mln US\$)

Banks	Country HQ	Underwriting
Industrial and Commercial Bank of China	China	32.995
Ping An Insurance Group	China	27.391
CITIC	China	25.687
Bank of China	China	24.108
Shanghai Pudong Development Bank	China	22.353
China Construction Bank	China	22.011
Agricultural Bank of China	China	19.596
China Merchants Group	China	18.552
China Everbright Group	China	18.296
Industrial Bank Company	China	17.043
Mizuho Financial	Japan	14.259
Haitong Securities	China	13.764
CSC Financial	China	13.191
Mitsubishi UFJ Financial	Japan	12.643
Bank of Communications	China	12.189
SMBC Group	Japan	10.471
Guotai Junan Securities	China	9.778
Daiwa Securities	Japan	9.408
Nomura	Japan	9.169
Bank of Beijing	China	9.049
Citigroup	United States	8.848
China Minsheng Banking	China	8.672
Bank of Ningbo	China	7.930
GF Securities	China	7.921
China International Capital Corporation	China	7.828
ICICI Bank	India	6.754
Hua Xia Bank	China	6.554
JPMorgan Chase	United States	6.154
HSBC	United Kingdom	6.152
Standard Chartered	United Kingdom	5.882
TOTAL		414.647

Top 30 Investors (September 2019, in mln US\$)				
Investors	Country HQ	Bondholding	Shareholding	Total
BlackRock	United States	1.131	16.436	17.567
GPIF	Japan	3.370	14.029	17.399
Vanguard	United States	345	12.065	12.410
Capital Group	United States	181	8.859	9.040
BNDES	Brazil		8.312	8.312
Life Insurance Corporation of India	India		7.443	7.443
Sumitomo Mitsui Trust	Japan	8	7.321	7.328
Nomura	Japan	681	6.196	6.877
Mitsubishi UFJ Financial	Japan	37	6.360	6.397
KDB Financial Group	South Korea		5.559	5.559
Khazanah Nasional	Malaysia		4.608	4.608
Mizuho Financial	Japan	40	4.547	4.586
Housing Development Finance Corporation	India	1.702	2.499	4.201
L&T Employees Welfare Foundation	India		3.878	3.878
Norwegian Government Pension Fund - Global	Norway		3.763	3.763
ICICI Bank	India	1.132	2.562	3.694
Meiji Yasuda Life Insurance	Japan	6	3.612	3.618
Nippon Life Insurance	Japan	14	3.479	3.493
National Pension Service	South Korea		3.332	3.332
Permodalan Nasional Berhad	Malaysia		3.122	3.122
JPMorgan Chase	United States	356	2.696	3.052
Employees Provident Fund	Malaysia		2.892	2.892
Fidelity Investments	United States	780	2.010	2.790
Dimensional Fund Advisors	United States	3	2.761	2.763
Daiwa Securities	Japan	17	2.600	2.617
Aditya Birla Group	India	2.036	493	2.529
Tokio Marine Holdings	Japan	168	2.175	2.343
LIC Mutual Fund Asset Management	India	11	2.322	2.333
State Bank of India	India	1.153	1.017	2.170
Orbis Group	Bermuda	42	1.966	2.008
TOTAL		13.210	148.914	162.123