

# 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.<sup>1</sup>

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).

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<sup>1</sup> 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.

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.<sup>2</sup>

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).

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,

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<sup>2</sup> 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.

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](https://coalexit.org).**

#### **List of co-publishers:**

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<b>Top 30 Lenders (2017 - Q3 2019, in mln US\$)</b>		
<b>Banks</b>	<b>Country HQ</b>	<b>Loans</b>
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
<b>Total</b>		<b>104.527</b>

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

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

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