



Press Release

Groundbreaking Research Reveals the Financiers of the Coal Industry

Berlin, February 25th 2021

- **US investors hold 58% of institutional investments in the coal industry**
- **Commercial banks providing more money to the coal industry than in 2016**
- **Japanese banks are top lenders, Chinese banks top underwriters**

Today, Urgewald, Reclaim Finance, Rainforest Action Network, 350.org Japan and 25 further NGO partners published groundbreaking research on the financiers and investors behind the global coal industry. **“This is the first time anyone has attempted to analyze commercial banks’ and institutional investors’ exposure to the entire coal industry.** In past years, the scope of our financial research was limited to around 200 coal plant developers. Our new research, however, analyzes financial flows to all 934 companies on the Global Coal Exit List (GCEL)¹,” says Katrin Ganswindt, head of financial research at Urgewald.

Top Institutional Investors in the Coal Industry

In January 2021, 4,488 institutional investors held investments totaling **US\$ 1.03 trillion** in companies operating along the thermal coal value chain. Among the investors covered by the NGOs’ research are pension funds, mutual funds, asset managers, insurance companies, hedge funds, commercial banks, sovereign wealth funds and other types of institutional investors.

The world’s largest institutional investor in the coal industry is the US mutual fund company **Vanguard** with holdings of almost **US\$ 86 billion**. It is closely followed by **BlackRock**, which holds investments of over **US\$ 84 billion** in the coal industry. Together, these two investment giants account for **17% of institutional investments** in the global coal industry. Based on their size, BlackRock and Vanguard’s coal investments are in a class of their own, but they are also representative of a much bigger problem. US investors are the single largest provider of institutional investment to companies on the Global Coal Exit List. **With shares and bonds in value of US\$ 602 billion, US investors collectively account for 58% of institutional investments in the global coal industry.**

¹ The GCEL is a comprehensive database of companies operating along the thermal coal value chain. It is produced annually by Urgewald and can be viewed at: www.coalexit.org

“While many large EU investors have begun screening coal companies out of their portfolios, the vast majority of US investors have refused to adopt coal exit policies. Our research underscores how dire the consequences of this failure are,” says Katrin Ganswindt. “We welcome President Biden’s Executive Order to end public financing for fossil fuels abroad, but the new administration must also address the role of Wall Street as a huge driver of climate pollution around the world. Its massive investments in the coal industry are driving us ever deeper into a climate crisis,” comments Paddy McCully, Climate and Energy Program Director at Rainforest Action Network.



With holdings of US\$ 81 billion, investors from Japan account for the second highest share of institutional investments in the coal industry. Japan’s Government Pension Investment Fund alone holds bonds and shares in value of US\$ 29 billion in companies listed on the GCEL. **The third largest group are UK investors, whose collective holdings in the coal industry amount to US\$ 47 billion.** “While the UK government recently announced that it will end public financing for overseas fossil fuel projects in 2021, most UK institutional investors have not even begun to expel coal from their portfolios. Unless they do their homework soon, the UK-hosted COP 26 will become a big embarrassment for these institutions,” states Katrin Ganswindt.

The Biggest Lenders to the Coal Industry

Urgewald’s research identified **381 commercial banks** that provided loans totaling **US\$ 315 billion** to the coal industry over the past 2 years.² The top 3 lenders are the Japanese banks **Mizuho** (US\$ 22 billion), **Sumitomo Mitsui Banking Corporation** (US\$ 21 billion) and **Mitsubishi UFJ Financial Group** (US\$ 18 billion). The 4th and 5th largest lenders to the coal industry are **Citigroup** (US\$ 13.5 billion) and **Barclays** (US\$ 13.4 billion).

“The coal policies adopted by Japanese banks are among the weakest in the world. They only cover a small portion of banks’ lending and do not rule out corporate loans or underwriting for companies that are still building new coal plants in Japan, Vietnam, the Philippines and elsewhere. Japan’s banks must stop pouring fuel on the fire and finally adopt comprehensive coal exclusion policies,” says Eri Watanabe from 350.org Japan.

A regional breakdown of lenders from different countries shows that Japanese banks collectively provided US \$ 76 billion in loans to the coal industry between October 2018 and October 2020. Next in line are banks from the United States (US\$ 68 billion) and banks from the UK (US\$ 22 billion). **Commercial banks from these three countries alone accounted for 52% of total lending to companies on the Global Coal Exit List over the past two years.**

² Between October 1st 2018 and October 31st 2020.

The Biggest Underwriters of the Coal Industry

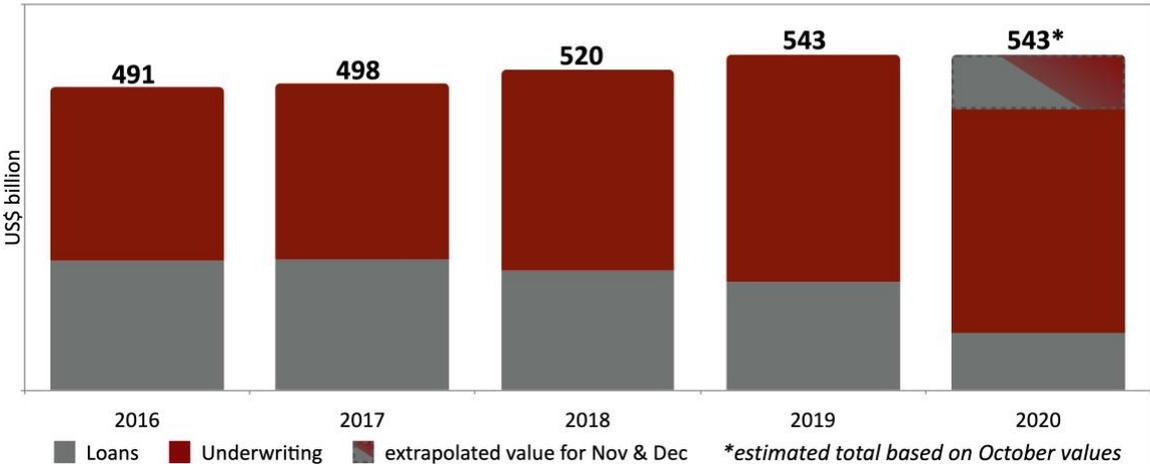
Over the same time period, **427** commercial banks channeled over **US\$ 808 billion** to companies on the Global Coal Exit List through underwriting.³ The world’s top 10 underwriters are all Chinese financial institutions. The big 5 are in descending order, the **Industrial and Commercial Bank of China** (US\$ 37 billion), the **China International Trust and Investment Corporation** (US\$ 32 billion), the **Shanghai Pudong Development Bank** (US\$ 28 billion), the **Bank of China** (US\$ 24 billion) and the **China Everbright Group** (US\$ 23.7 billion).

While Chinese banks account for less than 6% of total lending to the coal industry, they account for 58% of underwriting. Through their underwriting, Chinese banks channeled US\$ 467 billion to the coal industry over the past two years. Next in line are US banks (US\$ 104 billion), Japanese banks (US\$ 59 billion), Indian banks (US\$ 36 billion) and UK banks (US\$ 35 billion). **Together, banks from these 5 countries account for 87% of total underwriting for the coal industry.** The fundamental difference is that Chinese and Indian banks almost exclusively underwrite bond and share issues of coal companies from their respective countries, while US, Japanese and UK banks provide underwriting services to coal companies all over the world.

Commercial Banks’ Support for the Coal Industry has Increased since Paris

The NGOs’ research also examined the development of banks’ lending and underwriting for the coal industry since January 2016. While direct lending for coal companies spiked in 2017, subsequent years show a downward trend in lending volumes. Underwriting of coal industry shares and bonds, however, has grown steadily since 2016. The alarming result of this analysis is shown in the graph below: Commercial banks’ are channeling more money to the coal industry than in 2016, the year after the Paris Climate Agreement was signed.

Loans & underwriting of commercial banks for the coal industry since 2016



³ 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.

In 2016, banks provided US\$ 491 billion through lending and underwriting to companies listed on the GCEL. By 2019, this amount had grown to US\$ 543 billion, an increase of almost 11%. For 2020, the NGOs' dataset only covers the period between January 1st and October 31st, but a comparison with the first 10 months of the preceding years indicates that commercial banks' total support for the coal industry in 2020 was likely at least as high as in 2019. In spite of the COVID-19 pandemic, banks' lending and underwriting for the coal industry amounted to US\$ 456 billion in the first 10 months of 2020. This is US\$ 3 billion more than were provided during the same reference period (US\$ 453 billion between January 1st and October 31st) in 2019.

"These numbers provide a sobering reality check on bank's climate commitments," says Yann Louvel, policy analyst for the NGO Reclaim Finance. Reclaim Finance maintains an online "Coal Policy Tool" that tracks and ranks all coal policies announced by financial institutions. According to its tool, 88 commercial banks have now adopted a coal policy, but out of this total only 4 banks have adopted "robust" coal exclusion policies.

"The new financial data confirms the findings of our Coal Policy Tool: The vast majority of banks' coal policies have so many loopholes that their impact is almost meaningless," says Louvel. A case in point is Citigroup, which announced in April 2020 that it will phase out coal mining by 2030. "This policy has zero impact on Citigroup's enormous support for coal power producers and coal plant developers. And if you read the small print, the phase-out only applies to companies that generate at least 25% of their revenues from thermal coal mining, thus letting large diversified coal miners slip out of the net. Sadly, this kind of evasion is par for the course," explains Louvel.

What needs to be done?

Ending the era of coal means ending the era of coal finance and investment. But the time to accomplish this task is quickly running out. "Vague net zero announcements for 2050 - an entire generation into the future - are masking financial institutions' refusal to take decisive action now. The bulk of coal financing and investment must be ended before 2030. This is the decade that counts," says McCully. The NGOs' research shows that the bulk of coal investment, lending and underwriting can be traced to financial actors in a dozen countries. "If we do not move financial actors in the US, Japan, China, the UK and other key countries to exit coal soon, they will propel us into a future where the Paris climate goals are no longer within reach," warns Ganswindt.

"What we need are comprehensive, immediate coal exit policies. Insurers such as AXA, banks like Crédit Mutuel, UniCredit and Desjardins or asset managers like Ostrum⁴ have already shown what must be done by excluding most of the companies on the Global Coal Exit List from their portfolios. Now is the time for the finance industry to act. A speedy exit from coal finance and investment is not only do-able and desirable, it is a question of survival," says Louvel.

⁴ Ostrum is the asset manager of the French bank Natixis

Rankings of the top “Dirty Thirty” investors, lenders and underwriters to the coal industry are listed in the annex. Find more information and the full data here:

www.coalexit.org/finance-data

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Note on our Research

The research for this briefing was carried out by *Profundo*, a not-for-profit research company based in the Netherlands. Profundo used several financial databases including Bloomberg, Refinitiv Eikon and IJGlobal to compile the data for this project. These databases, however, only report syndicated loans, i.e. loans, which are provided by a group of banks to an individual company. These financial databases do not report bilateral loans, where a company borrows money from only one bank, rather than from a group of lenders. A significant portion of commercial banks’ lending, namely all bilateral loans to companies featured on the GCEL, is therefore not captured by our data.

Our data also has limitations on the investor side as many pension funds and insurers do not report on their holdings. While shareholding data is generally more complete, our research probably captures less than 1/3 of the bonds institutional investors hold in coal companies. It is therefore likely that the numbers for commercial banks’ lending to the coal industry and institutional investors’ bond holdings in the coal industry are significantly higher than our research shows.

Annex: Top 30 Rankings

	Top 30 Lenders (Oct 2018 - Oct 2020, US\$ mln)		
	Bank	Country	Loans
1	Mizuho Financial	Japan	22,244
2	SMBC Group	Japan	21,222
3	Mitsubishi UFJ Financial	Japan	17,929
4	Citigroup	United States	13,508
5	Barclays	United Kingdom	13,396
6	Bank of China	China	8,767
7	Bank of America	United States	8,471
8	JPMorgan Chase	United States	7,761
9	BNP Paribas	France	7,421
10	Wells Fargo	United States	6,266
11	US Bancorp	United States	5,365
12	Royal Bank of Canada	Canada	5,152

13	Commerzbank	Germany	5,061
14	Crédit Agricole	France	4,776
15	Toronto-Dominion Bank	Canada	4,418
16	Société Générale	France	4,240
17	UniCredit	Italy	4,110
18	Sumitomo Mitsui Trust	Japan	4,105
19	Credit Suisse	Switzerland	4,024
20	ING Group	Netherlands	3,882
21	Scotiabank	Canada	3,812
22	HSBC	United Kingdom	3,594
23	Santander	Spain	3,581
24	State Bank of India	India	3,566
25	PNC Financial Services	United States	3,337
26	Norinchukin Bank	Japan	3,139
27	KeyCorp	United States	3,090
28	Industrial and Commercial Bank of China	China	3,009
29	BMO Financial Group	Canada	2,977
30	Goldman Sachs	United States	2,971
	TOTAL		205,191

Top 30 Underwriters (Oct 2018 - Oct 2020, US\$ mln)			
	Bank	Country	Underwriting
1	Industrial and Commercial Bank of China	China	36,993
2	China International Trust and Investment Corp.	China	31,648
3	Shanghai Pudong Development Bank	China	27,778
4	Bank of China	China	24,263
5	China Everbright Group	China	23,764
6	Ping An Insurance Group	China	23,392
7	Agricultural Bank of China	China	22,787
8	China Construction Bank	China	22,488
9	Industrial Bank Company	China	20,931
10	China Merchants Group	China	20,780
11	Citigroup	United States	19,619
12	JPMorgan Chase	United States	18,588
13	Mitsubishi UFJ Financial	Japan	18,128
14	Mizuho Financial	Japan	17,254
15	Bank of America	United States	16,387
16	CSC Financial	China	15,686
17	Bank of Communications	China	14,907

18	Barclays	United Kingdom	14,487
19	Haitong Securities	China	14,409
20	Bank of Ningbo	China	13,787
21	China Minsheng Banking	China	13,505
22	HSBC	United Kingdom	11,597
23	SMBC Group	Japan	10,756
24	BNP Paribas	France	10,553
25	Hua Xia Bank	China	9,899
26	China Development Bank	China	9,814
27	Guotai Junan Securities	China	9,327
28	Goldman Sachs	United States	9,125
29	Morgan Stanley	United States	8,796
30	Bank of Shanghai	China	8,316
	TOTAL		519,765

Top 30 Investors (2021 January or most recent filing date, US\$ mln)					
	Investor	Country	Bonds	Shares	Total
1	Vanguard	United States	11,840	74,012	85,852
2	BlackRock	United States	4,692	79,663	84,355
3	Capital Group	United States	2,021	36,330	38,351
4	State Street	United States	1,366	31,138	32,505
5	Government Pension Investment Fund (GPIF)	Japan	3,003	26,080	29,083
6	T. Rowe Price	United States	1,099	14,337	15,436
7	Fidelity Investments	United States	3,679	11,179	14,857
8	Government Pension Fund Global	Norway	2,308	12,264	14,572
9	JPMorgan Chase	United States	2,351	11,881	14,232
10	TIAA	United States	6,877	6,952	13,829
11	National Pension Service	South Korea	7,809	3,614	11,423
12	Sumitomo Mitsui Trust	Japan	7	10,596	10,603
13	Geode Capital Holdings	United States		10,394	10,394

14	Sun Life Financial	Canada	1,655	8,735	10,391
15	State Farm	United States	4,855	4,023	8,877
16	Franklin Resources	United States	319	8,314	8,633
17	Wells Fargo	United States	537	7,832	8,368
18	Nomura	Japan	393	7,966	8,359
19	Mitsubishi UFJ Financial	Japan	88	8,164	8,253
20	Allianz	Germany	6,360	1,632	7,992
21	California Public Employees' Retirement System (CalPERS)	United States	1,684	6,306	7,989
22	Northern Trust	United States	50	7,845	7,895
23	Prudential Financial (US)	United States	4,907	2,892	7,799
24	Invesco	United States	1,073	6,695	7,768
25	Bank of New York Mellon	United States	439	7,261	7,701
26	Wellington Management	United States	1,951	5,629	7,580
27	Berkshire Hathaway	United States	551	6,751	7,302
28	Life Insurance Corporation of India	India		7,160	7,160
29	Legal & General	United Kingdom	330	6,825	7,155
30	AFP Capital	Chile	6,866	280	7,147
	TOTAL		79,110	432,749	511,859