

# Action Cards Project – Initial Research

## 1. Overview

All banks are under pressure to go green. The main UK banks have put considerable effort into becoming environmentally friendly. All the major banks now have some form of environmental policy in which they address the emissions of their high-street branches and offices by energy efficiency measures, reducing paper and water wastage and so forth. In 2005 HSBC became the first major bank to become carbon neutral meaning its worldwide operations contributed zero net carbon dioxide into the atmosphere. Also Barclays, Lloyds and The Royal Bank of Scotland (RBS) are all committed to progressing towards carbon neutrality. RBS, for instance, is proud of using 100% green electricity in their operations in the UK and Ireland. Also the banks offer a variety of green product for their customers, such as HSBC's "green bank account" and Barclays' new green credit card called "Barclays Breathe".

Their efforts are positive and should without doubt be commended. However, these are only steps to the right direction. The biggest impacts that banks have on the environment do not result from their direct operations. Rather, they result from their lending and other financial activities. The independent Carbon Disclosure Project calculates that that 99 percent of the carbon footprint of large banks comes from funding environmentally unfriendly activities and companies. If this is not taken into consideration, the elephant in the room is missed.

Banks can either be investing in projects directly or financing companies on a more general level.

## 2. Project level

Project finance is where banks play a role in financing a large infrastructure project, such as construction of a dam. Banks are increasingly producing policy reports on how they will take environmental and social issues into account when financing large projects and most have signed up to initiatives for responsible project financing, such as the Equator Principles.

### 2.1 The Equator Principles<sup>1</sup>

The Equator Principles are a set of voluntary guidelines to help financial institutions assess and monitor the environmental and social impacts of large projects such as power plants and airports. They are based on World Bank guidelines and were originally conceived in October 2002. The EPs have become the global standard for project finance and have transformed the funding of major projects globally.

The Equator Principles' preamble states, "We will not provide loans directly to projects where the borrower will not or is unable to comply with our environmental and social policies and processes." The participating financial institutions proclaim

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<sup>1</sup> [www.equator-principles.com](http://www.equator-principles.com)

that “In adopting these principles, we seek to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices”

Under these, all projects of above US\$10M are to be categorized as A, B, or C, depending on whether such risks are high, middle, or low. A social and environmental assessment is undertaken for all Category A and B projects, to determine whether the project meets the standards of good practice published by the International Finance Corporation and local laws. A project will only be financed if the impacts can be considered to be acceptable and the client’s ability to manage them satisfactory. Barclays, HSBC, RBS and Lloyds have all signed up to the Equator Principles, committing themselves to subjecting all project finance applications over \$10m to an environmental and social risk rating. However, the principles are voluntary and each individual bank has their own internal policies and processes to implement the Equator Principle.

## 2.2 UK Banks compliance with the Equator Principles

### HSBC – Policies regulating project financing

- HSBC recognizes that “its most significant impact [on climate change] is the investment and lending decisions we make.”<sup>2</sup>
- Adopted the Equator Principles (EP) in 2003. A member of the Equator Principles Steering Committee and the leader of the Governance Working Group. In 2007, HSBC helped to develop the management structure for the Equator Principles and we are currently managing the policy development on governance.
- To assess and monitor environmental and social risks and to implement to Equator Principles, HSBC has published guidelines governing activities in certain sectors:
  - Mining and Metals sector risk policy<sup>3</sup>
  - Energy sector risk policy<sup>4</sup>
  - Chemicals industry sector guideline<sup>5</sup>
  - Freshwater infrastructure guideline<sup>6</sup>
  - Forest Land and Forest Products Sector Guideline<sup>7</sup>
- All major loan proposals are assessed against the Equator Principles and sector guidelines. The guidelines are comprehensive and they clearly exclude certain type of investments and set preconditions. They rule out investments in firms involved in some serious forms of damage to the environment.
- Sector guides are available online for everyone to assess

No policy for human rights with clear commitments. No policy on military industry and arms trade.

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<sup>2</sup> <http://www.platformlondon.org/carbonweb/showitem.asp?article=287&parent=9>

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[http://www.hsbc.ca/1/PA\\_1\\_1\\_S5/content/canada2/assets/pdf/sustainability/070810\\_mining\\_policy.pdf](http://www.hsbc.ca/1/PA_1_1_S5/content/canada2/assets/pdf/sustainability/070810_mining_policy.pdf)

<sup>4</sup> [http://www.hsbc.ca/1/PA\\_1\\_1\\_S5/content/canada2/assets/pdf/sustainability/energy\\_sector\\_risk\\_policy.pdf](http://www.hsbc.ca/1/PA_1_1_S5/content/canada2/assets/pdf/sustainability/energy_sector_risk_policy.pdf)

<sup>5</sup> [http://www.hsbc.ca/1/PA\\_1\\_1\\_S5/content/canada2/assets/pdf/sustainability/chemicals.pdf](http://www.hsbc.ca/1/PA_1_1_S5/content/canada2/assets/pdf/sustainability/chemicals.pdf)

<sup>6</sup> [http://www.hsbc.ca/1/PA\\_1\\_1\\_S5/content/canada2/assets/pdf/sustainability/freshwater\\_infrastructure\\_guideline.pdf](http://www.hsbc.ca/1/PA_1_1_S5/content/canada2/assets/pdf/sustainability/freshwater_infrastructure_guideline.pdf)

<sup>7</sup> [https://www.hsbc.com/1/PA\\_1\\_1\\_S5/content/assets/csr/forestlandpdf.pdf](https://www.hsbc.com/1/PA_1_1_S5/content/assets/csr/forestlandpdf.pdf)

## 2.3 Transparency

NGOs have expressed concern about uneven implementation of the principles in the banking sector and the lack of transparency regarding the implementation of the policies.

HSBC produces a yearly sustainability report. This includes a section on the Equator Principles and provides information and breakdown for the projects screened over the last three years (by region and sector). The breakdown by sector was added after stakeholder request for more transparency. Some NGOs note that when the bank has been approached for clarification about certain dodgy investments it has not been forthcoming with information, has declined to comment, citing client confidentiality. However, all their sector guidelines and policies are available for the public online.

## 2.4 The funding of environmentally harmful projects – case studies

HSBC, Lloyds, Barclays and RBS have all signed the Equator Principles and should in theory only make responsible decisions in regards to the environment and society. Therefore, all their lending activities should be screened and projects only financed if they can meet the EP's environmental and social criteria. Also, banks are increasingly concerned about their public image and want to avoid negative publicity by staying out of controversial projects and by implementing the Equator Principles. For this reason, most controversial funding activities are currently linked to support for companies with a poor track record rather than financing harmful project directly. However, some banks have still been involved in activities that raise questions about their commitment to the Equator Principles:

<p>NHCP Dams</p> <p>The Three Gorges Dam in China</p>	<p>HSBC Barclays</p>	<ul style="list-style-type: none"> <li>• Early 2000 HSBC was among the financial backers of the Three Gorges Dam in China (Many other financial investors (such as WorldBank) refused to fund the project because of its environmental effects). This was before HSBC had drafted guidelines on dams and water projects</li> <li>• However, in 2004 HSBC helped to sell £870m worth of Chinese government bonds. The bonds have been instrumental in financing the construction of China's infrastructure. Environmentalists condemn the deal because much of the money is expected to be ploughed into dam and river diversion schemes such as the Three Gorges Dam. HSBC insisted that its links to the Chinese fundraising effort did not directly breach its environmental promises or undermine its "green credentials" since the bonds sale was not directly tied to any particular project, a claim seized on by conservationists. This argument, said Michelle Chan-Fishel, of Friends of the Earth, was precisely why the bonds sale should be avoided by HSBC, since the bank would probably refuse to fund these dams directly.<sup>8</sup></li> </ul>
<p>National Hydroelectric Power Corporation (NHPC)</p> <p>India's National Hydroelectric Power Corporation has made a name for itself as one of the country's most ruthless corporations. NHPC is known to have an extremely poor track record on human rights. As a state-owned company, NHPC has been able to ignore the conditions set out by India's Environment Ministry, state legislation and in project agreements to guarantee the rights of people affected by its projects. In projects like the Indira Sagar and Omkareshwar dam, NHPC has unleashed a regime of terror, forcing people to leave their villages through intimidation, threats and the use of armed forces. In several cases, it has not even given warning prior to flooding, so that villagers were forced to run for their lives. NHPC is responsible for destroying</p>		

<sup>8</sup> <http://www.independent.co.uk/news/business/news/hsbc-under-fire-for-its-role-in-acircpound870m-bond-sale-to-finance-chinas-megadams-554318.html>

pristine natural areas and ruining the economies of populations living downstream from its projects. Its activities have turned hundreds of thousands of self-sufficient farmers into paupers and beggars. Most recently, NHPC has embarked on projects outside of India. The company is currently cooperating with Burma's military regime to build the Tamanthi Dam, which will displace over 30,000 tribal people.<sup>9</sup>

### 3. Indirect impact beyond project investment

The problem with the Equator Principles is that they only apply to projects. Other financing mechanisms also have major impacts. For instance, the bulk of bank support for forestry projects does not come from project finance and therefore much of the destruction occurring to the world's forests will in no way be abated by the Principles as they stand. The Principles only apply to direct lending in project finance transactions because the use of proceeds is clear. There are no guidelines that can be applied to financial services such as IPOs and bonds. However, by arranging bond issues, banks can help finance projects which they could not finance directly under their own environmental policies which regulate project financing. The challenge is to apply the Equator Principles to business instruments where the use of proceeds is unclear.

#### 3.1 Indirect impact - policies and case studies

HSBC claims that it applies the environmental assessment requirements of the Equator Principles to a broader range of investments and transactions than the Principles require, such as underwriting. These are guided by the specific and strict sector policies it has formulated. However, this wider application depends on whether there is a known application of funds to potentially sensitive projects. As discussed above, the link between general financing and a risky project is hard to establish.

Dodgy Companies	Who is involved	How
Samling	HSBC	<ul style="list-style-type: none"> <li>• In March 2007 HSBC was one of the banks organising the IPO of Samling Global raising US\$ 280 million.</li> <li>• In March 2007, Samling Global indicated that ANZ and HSBC were among its principal bankers</li> <li>• NGOs (Global witness, Innovest) have claimed that HSBC's underwriting of Samling's IPO seems to be in clear violation of the bank's own forestry standards which say that the bank will not provide financial assistance to commercial logging operations in primary tropical moist forest and high conservation value forest. Francis Sullivan, HSBC's deputy head of group sustainable development, noted that the bank's forestry policy "never said [our clients] have to be completely sustainable, or we're out ... there has to be a decision which are on a journey towards achieving compliance and which aren't".</li> </ul>

Samling  
 According to Global Witness<sup>10</sup> (in 2007), Samling is heavily involved in logging tropical moist forest in Guyana, Papua New Guinea and Malaysia, and a subsidiary, Barama had its FSC certification suspended in January after an audit found that the company had failed to conduct appropriate environmental impact assessments, did not have a forest management plan, and was logging lands without the free and informed

<sup>9</sup> <http://www.banktrack.org/?visitor=&show=dodgy&id=131>

<sup>10</sup> [http://www.globalwitness.org/media\\_library\\_detail.php/520/en/hsbc\\_worlds\\_local\\_bank\\_raises\\_mon  
 ey\\_for\\_global\\_for](http://www.globalwitness.org/media_library_detail.php/520/en/hsbc_worlds_local_bank_raises_money_for_global_for)

consent of local people. Also it does not have proper processes in place to deal with its conflicts with indigenous peoples. The company had also been accused of illegal logging in Cambodia and Papua New Guinea and was found non-compliant with Forest Stewardship Council standards in Guyana, Innovest said.<sup>11</sup>

<b>Freeport McMoran</b>	HSBC	<ul style="list-style-type: none"> <li>In July 2006 Freeport McMoRan and PT Freeport Indonesia secured a three year US\$ 465 million revolving credit facility from a banking syndicate arranged by JPMorgan Chase. HSBC participated in the syndicate</li> <li>In March 2007 Freeport McMoRan's existing revolving credit facility was replaced by a US\$ 1.5 billion revolving credit facility and a US\$ 10 billion term loan from a banking syndicate arranged by JPMorgan Chase and Merrill Lynch. These loans were intended to finance the acquisition of Phelps Dodge. HSBC and RBS participated in the syndicate</li> </ul>
	RBS	

The American mining company Freeport McMoran operates the Grasberg copper and gold mine in the Indonesian Papua province, the western part of the New Guinea island. The Grasberg mine is the biggest gold mine and the third biggest copper mine in the world. New Guinea is well known for its extraordinary biologically diverse ecosystems and unique endemic species. The western part of the island is home to 1.5 million indigenous people speaking more than 250 different languages. The area is also one of the last places on earth where companies still use the controversial mining technique of riverine tailings disposal. This involves dumping toxic rubble in river systems. Every day, Freeport McMoran dumps 230,000 tonnes of polluted rubble in the Aghawagon river which is equivalent to 3.25 billion tonnes over the total lifetime of the mine. The waste contains heavy metals such as copper, arsenic, cadmium and mercury, killing off life in the river. It is now almost impossible for the local population to use the river for fishing or drinking water. The large quantities of sediment that remain on the river banks is also affecting the rainforests. It is estimated that 230 km<sup>2</sup> of rainforest will be destroyed over the lifetime of the mine. Freeport McMoran has also been criticised for the murder and torture of indigenous people living in the vicinity of the mine by soldiers and police bribed by the company.

In 2006 The Norwegian Ministry of Finance announced its divestment of Freeport McMoRan Copper and Gold (FCX)--from the global portfolio of the Government Pension Fund based on recommendations by its Council on Ethics. The Freeport exclusion represents the first time the fund has invoked the environmental damage provision. The Freeport exclusion was based on allegations that the company has caused extensive environmental damage by disposing of tailings including arsenic, cadmium, and mercury from its Papua, Indonesia copper mines into a natural river system. "Freeport denies the accusations made against the company, but chooses not to present data, test results, or other concrete information or scientific evidence which might substantiate its claims that the mining operation does not cause severe and lasting environmental damage,"

<http://www.socialfunds.com/news/article.cgi/2034.html>

According to a report by **Friends of the Earth Indonesia** Freeport has been infringing environmental laws for years. Amongst other things, dumping mining waste into the river and exceeding water pollution limits are illegal. Freeport uses its political and economical influence to avoid condemnation of these transgressions.

<b>Newmont Mining</b>	HSBC,	<ul style="list-style-type: none"> <li>In July 2005 Newmont Mining amended and restated its US\$ 1,250 million five-year revolving credit facility from 2004, extending the maturity until 2010. The facility was arranged by banks including HSBC and Royal Bank of Scotland.</li> <li>14 In April 2007 this revolving credit facility was amended. The amendment extended the maturity until April 2012. The amount of the facility was increased to US\$ 2 billion.<sup>61</sup></li> </ul>
	RBS	

Newmont Mining - Half a million tons of rock and stone are dug out each day in the Yanacocha mine in North Peru. At first sight this might appear an absurd activity, if it were not for the fact that those rocks are full of gold. Since 1993 the American company Newmont has mined more than 7 billion US\$ worth of gold in the area - a mirage that has come true. However, the mining project has been under continuous pressure from the local population since its inception, not least because Newmont uses cyanide to extract the gold from the rock.

<b>Barrick Gold</b>	HSBC	<ul style="list-style-type: none"> <li>In August 2006 Barrick Gold increased its five year revolving credit facility signed in July 2005 from US\$ 1,000 million to US\$ 1,500 million. The facility now matures in 2011. The banking syndicate included HSBC US\$ 105 million, and RBS US\$ 50 million. HSBC also financed the company in 2004.</li> </ul>
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Barrick Gold - The Canadian mining giant is starting an opencast mine called Pascua Lama in the Andes Mountains area, with the potential to produce 482 tons of gold, 19,500 tons of silver and 256,000 tons of copper. Barrick wants to extract these resources from the earth over a period of 23 years. A rainbow collection of local environmental organisations, farmers, young people and local inhabitants are protesting vehemently against the planned mine. The problems centre around the fact that three glaciers will have to be destroyed to make way for Barrick Gold's Pascua Lama mine. Needless to say, we are not talking about getting rid of a rather large chunk of ice, but the destruction of an entire ecosystem. The glaciers are a pure water source for the rivers in the Huasco Valley. Removing the glaciers will lead to a drastic reduction in the level of these rivers. At present, in a dry year melt water from the glaciers provides no less than 60% of the water volume in the rivers. If this source of clean water is taken away, the economy of the region will suffer badly. Moreover, for its gold extraction, Barrick Gold is planning to use a chemical process which will poison the river water with cyanide and sulphur and which has already been banned in several countries. Barrick, which manages 27 productive mines, has left its muddy footprint elsewhere in the world. There have been reports of murder and serious mistreatment by Barrick's security services around the Porgera Mine in Papua New Guinea, while in Australia the Lake Cowal Mine is using huge amounts of water in a region which is suffering terrible droughts

<b>Vedanta Resources</b>	HSBC Barclays	<ul style="list-style-type: none"> <li>• In December 2003 Vedanta Resources was listed on the London Stock Exchange, raising US\$ 825 million. The IPO was managed by JPMorgan Chase and HSBC</li> <li>• In August 2007 Vedanta Resources secured a one-year US\$ 1,100 million loan to financing the acquisition of the Indian iron ore mining company Sesa Goa. The banking syndicate was arranged by banks including Barclays</li> <li>• In January 2006, Vedanta Resources issued convertible bonds with a total value of US\$ 725 million. The bond issuance was underwritten by Barclays.</li> <li>• In December 2004 and January 2005 Vedanta Resources issued US\$ 600 million 5- 1/2 year bonds in London. The issuance was underwritten by banks including Barclays</li> </ul>
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Vedanta Resources is a mining company quoted on the London Stock Exchange. The company mainly produces aluminium, copper, lead and zinc. Vedanta is one of the most controversial mining companies in the world and has a long track record of environmental and human rights violations.

In India's Niyamgiri forest Vedanta Resources has illegally felled hectares of forest. After the clear cutting, an aluminium smelter has been built without the necessary permits. The smelter was designed to process bauxite from the surrounding mountains. A commission of the Indian High Court has condemned Vedanta for the consequences of the bauxite mining on the indigenous population. Vedanta has also been convicted by the Supreme Court Monitoring Committee on Hazardous Waste (SCMC) for its Tuticorin copper refinery in Tamil Nadu. These convictions were sustained in particular because of the unlawful building and illegal expansion of the copper refinery, the unsafe labour conditions and the disposal and dumping of hazardous waste in the area surrounding the refinery.

Vedanta Resources has also been criticised in Zambia for a disastrous leak at its Konkola copper mine. On 6 November 2006, the whole of Chingola district faced a water crisis, as a result of Vedanta's contamination of the Kafue river. 75,000 people faced problems with their drinking water supply after the water was turned a toxic blue by copper sulphate.

The research site Mines & Communities describes Vedanta as a textbook example of irresponsible mining. "Clearly Vedanta's modus operandi represents a systemic pattern of contempt for the law, not to mention people and the environment, which cannot be tolerated for one day longer."<sup>1</sup> The ethical committee of the Norwegian Pension Fund has arrived at the same conclusion and has banned Vedanta from its investment portfolio because of serious environmental damage and human rights breaches.

<b>Olam International</b>	HSBC RBS Barclays	HSBC and Royal Bank of Scotland are two of Olam's principle bankers. Barclays is a shareholder. Olam's activities directly contradict HSBC's forest policy. HSBC's forest sector guidelines prohibit it from providing financial assistance for commercial logging operations in "primary tropical moist forest" or in "violation of local or national laws in respect of illegal logging". The company claims to only support customers in this sector that are operating forests moving towards certification by the Forest Stewardship Council (FSC).(6) RBS does not even have a policy in regard to this. <sup>12</sup>
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<sup>12</sup> [http://www.greenpeace.org/international/news/world-bank-congo-forest\\_300807](http://www.greenpeace.org/international/news/world-bank-congo-forest_300807)

<p>Olam International Ltd</p> <p>The Greenpeace report 'Carving Up The Congo'<sup>13</sup> in 2005 revealed how Olam International, a Singapore-based company is involved in illegal timber from Congo's rainforest and has also obtained land in breach of the DRC's moratorium. Olam has since given back its forest holdings to the DRC government, but it still buys illegal timber cut by local companies (November 2007). The International Finance Corporation (IFC) has announced in 2007 that it will divest its holdings in Olam International. The Congo forest is the world's second largest rainforest after the Amazon. In the DRC alone, an estimated 40 million people depend on the forests for their livelihoods.<sup>14</sup>OLAM's operations have already faced legal issues elsewhere in Africa, and in 2004 the company was fined \$20,000 by the U.S. Commodity Futures Trading Commission for illegal practices in the United States.</p>		
<p><b>AngloGold Ashanti</b></p>	<p>HSBC Barclays RBS</p>	<ul style="list-style-type: none"> <li>In January 2005 AngloGold Ashanti secured a US\$ 700 million three year revolving credit facility from an international banking syndicate. The proceedings were used to replace an existing US\$ 600 million facility and for general corporate purposes. At the end of 2006 US\$ 181 million was outstanding. HSBC, Barclays and RBS participated in the syndicate.</li> </ul>
<p>AngloGold Ashanti - Formed by a merger of South Africa's AngloGold and Ghana's Ashanti Goldfields corporations in 2003, AngloGold Ashanti is one of the largest mining companies in the world. The company is criticised for being involved in Gold Conflict and Business in the Democratic Republic of Congo.</p> <p>The Democratic Republic of Congo (DRC) has been in a virtual state of war since the middle of the 1990s. In 1996, shortly before the fall of President Mobutu, AngloGold Ashanti gained the rights to mine for gold in the Ituri region in the North Eastern part of the DRC. This region is known to contain what are thought to be the largest gold reserves in the world. However, the continuous (civil) war in the region between militias supported by neighbouring countries Rwanda and Uganda put a spoke in the wheels ; ethnic cleansing, rape, torture and summary execution are the order of the day in the mineral rich eastern DRC. In particular, the militias are trying to gain control over the gold mines and gold routes, as this would enable them to enrich themselves and buy more arms.</p> <p>'In 2003 AngloGold Ashanti started their preparations to mine gold in the area around the city of Mongbwalu. After bloody battles costing the lives of at least 2000 people from June 2002 to September 2004, the city fell into the hands of the FNI, a murderous armed militia (supported by Uganda). In 2005 Human Rights Watch published a detailed report showing how AngloGold Ashanti was able to get its hands on the gold by building up contacts within the FNI. FNI leader Floribert Njabu, self-appointed President of Mongbwalu, personally admitted AngloGold Ashanti to the mining area. AngloGold held regular meetings with the FNI and made payments to the FNI. FNI members have been spotted in AngloGold Ashanti vehicles and aeroplanes. This kind of business relationship with militias that continually breach human rights is patently unacceptable. It is precisely their access to the natural resources that allow these types of militias to keep arming themselves. Human Rights Watch has been unable to identify effective steps taken by the company to ensure that their activities did not negatively impact on human rights.<sup>15, 16, 17</sup></p> <p>AngloGold Ashanti - Nyakabale village in Tanzania</p> <p>The company AngloGold Ashanti is now starting their own investigations to establish whether the heavy metal damages in Nyakabale village in Tanzania is due to their operations. The company said to Norwatch that they will also consider tidying up the health threats no matter who is to blame of the conditions. Fine said that the company's investigations will try to establish the extent to which any environmental degradation might be due to AngloGold Ashanti's mining activities, and the extent to which it might be a legacy of a German company's mining activities in the 1920s and 1930s. "In addition, we are seeking an independent assessment of the validity of the findings", he wrote.<sup>18</sup></p>		
<p><b>Asia Pulp and Paper</b></p>	<p>HSBC Barclays Lloyds</p>	<p>These banks have helped fund APP, which has cleared over 280,000 hectares of Indonesian rainforest in the last 10 years.</p>

<sup>13</sup> <http://www.greenpeace.org.uk/media/reports/carving-up-the-congo>

<sup>14</sup> <http://www.greeneconomics.org.uk/page316.html>

<sup>15</sup> [http://hrw.org/reports/2005/drc0505/9.htm#\\_Toc102992158](http://hrw.org/reports/2005/drc0505/9.htm#_Toc102992158)

<sup>16</sup> <http://www.misfortune500.org/Company/Show.aspx?articleid=74>

<sup>17</sup> <http://www.corpwatch.org/article.php?id=14374>

<sup>18</sup> <http://www.norwatch.no/index.php?show=104&expand=177,104>

## 3.2 Supporting environmentally unfriendly sectors

Besides funding companies with bad environmental and human rights track record, banks also fund and support sectors that are environmentally unsustainable.

A new report<sup>19</sup> revealed that despite high profile advertising campaigns touting their green credentials, banks are consistently funding carbon intensive coal-related projects. The report from Friends of the Earth Scotland, green group Platform and student network People & Planet claims that Royal Bank of Scotland (RBS), HSBC and Barclays have all issued large loans to coal and carbon intensive energy companies in recent years and have urged banks to pull out of major investment in such projects.

In contrast the Cooperative Bank will not invest in any business whose core activity contributes to global climate change, through the extraction or production of fossil fuels.

## 4. Conclusions

### HSBC

- Comprehensive policies and guidelines to implement the Equator Principle
- Increased transparent reporting
- Inability to apply the equator principles in lending activities beyond project finance
- Involvement with companies with bad track report on environmental and social issues
- Continuous financing of unsustainable energy sources
- Inability to take into account the embedded emissions resulting from their lending activities

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<sup>19</sup> <http://www.businessgreen.com/business-green/news/2223692/banks-face-criticism-coal>