NO MORE GREENWASHING:
PRINCIPLES MUST HAVE CONSEQUENCES

Civil Society Statement on the new Principles for Responsible Banking
September 2019

The undersigned organisations welcome today’s launch of the Principles for Responsible Banking (PRB), a bank-led initiative supported by the UN Environment Programme Finance Initiative (UNEP FI), but have significant reservations about its effectiveness.

As the world is besieged by a multitude of grave social and environmental crises, threatening the very existence of life on earth as we know it, it is of utmost importance that banks recognise their social and environmental responsibility and commit to align their financing with the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. We are pleased to see 130 banks making this public commitment today.

At the same time our organisations have significant reservations about what these new Principles are going to concretely deliver for people and planet. The PRB as now formulated provide considerable leeway to signatory banks as to what is expected of them, and by when, which risks turning this initiative into yet another greenwashing tool that masks the destruction of the planet and egregious human rights abuses that are currently being fueled by much of the banking sector, including a significant number of PRB signatory banks.

The lengthy development and endorsing phase of the PRB, which culminates with the public launch of the Principles at the BNP Paribas branch office in New York, has provided the 30 founding banks with substantial time to present plans for implementing the Principles. Yet the banks’ numerous statements accompanying their embrace of the Principles have – so far – not been matched by the publication of concrete plans and commitments by the vast majority of PRB banks.

Disappointingly, instead of requiring all PRB banks to present ambitious and concrete plans and targets prior to their official endorsement, the initiative allows up to four years for signatory banks to demonstrate their implementation of the principles. Such timescales were perhaps adequate 30 years ago. Now, however, we consider them to be completely inadequate for the era in which we live.

In the absence of such up front requirements, BankTrack, the banking sector civil society watchdog, has in the last few weeks called on all 30 founding banks and 29 early endorsing banks to ensure that the PRBs would hit the ground running on the launch date, by publicly disclosing their targets and implementation plans. Instead of embracing this opportunity to strengthen public confidence by sharing these plans, the great majority of PRB founding banks failed to respond to the call, or responded with a UNEP FI-drafted boilerplate letter reiterating that the PRB allow for a lengthy implementation period and that therefore no plans need to be shared yet.
PRB Bank Finance is wreaking havoc on climate and forests

The need for urgent action is all the more compelling given that several PRB signatory banks continue to be significant enablers of the expansion of the fossil fuel industry and forest-risk commodity sectors, both of which are wreaking havoc on the climate, natural ecosystems, and people’s livelihoods.

In the three years since the Paris Agreement was adopted (2016–2018), 33 of the world’s largest banks, 15 of which are PRB signatory banks, provided $1.9 trillion of loans and underwriting to the fossil fuel sector, with financing on the rise each year. $600 billion of this went to 100 top companies aggressively expanding fossil fuels. PRB signatories Citigroup, Barclays, MUFG and Mizuho are all among the top ten largest bankers of fossil fuels globally since the Paris Agreement.

Global banks are also fueling the rapid loss of forests around the world, including in the most biodiverse rainforest regions of Southeast Asia and the Amazon. Between 2013 and June 2018 at least $62.2 billion of loans and underwriting were provided to the forest-risk sector operations of 103 companies active in Southeast Asia, largely for palm oil. PRB signatories SMBC Group, Mizuho, MUFG, ICBC and CIMB have been among the largest financiers of these companies. PRB signatories BNP Paribas, Barclays, Citi, ING and Crédit Agricole have also provided billions of dollars in credit lines to some of the agribusiness companies implicated in the recent Amazon fires (see below for details).

Human rights obligations being ignored

Global banks, including PRB signatories, have been involved in financing land grabs, the manufacture of armaments that fuel conflict and cause civilian casualties, and projects that violate Indigenous peoples’ sovereign rights. Yet the PRB fail to explicitly mention that banks have a responsibility to respect human rights, a baseline expectation of business enterprises everywhere, and several PRB founding banks lack even the most basic human rights policies.

In committing banks to align their business strategy with the Sustainable Development Goals and the Paris Climate Agreement, but not the UN Guiding Principles on Business and Human Rights (UNGPs), the PRB have missed a major opportunity to advance respect for human rights in the banking sector. Instead, the PRB risk undermining UNEP FI’s other initiatives in this area and present the impression that it is possible to be a “responsible bank” while ignoring human rights entirely.

Principles must have consequences

Today 130 banks publicly commit themselves to align their operations as banks with the wider societal goals of meeting the SDGs and the goals of the Paris Climate Agreement, to work with their clients to achieve these goals and to engage with all stakeholders in finding a way forward.

In order to truly align business strategies with the SDGs and the Paris Climate Agreement, we firmly believe that all PRB signatory banks must commit to immediately end all financing for fossil fuel expansion and activities driving deforestation or peatland destruction. PRB signatories must also commit to a 1.5°C compatible phase-out of financing for the fossil fuel industry and forest-risk commodity sectors, based on a comprehensive assessment of their financing impacts and full transparency of the companies and projects being financed. Last but not least, PRB banks must fulfill all requirements of the UNGPs, including by establishing or participating in UNGP-compatible grievance mechanisms.

Despite our sincere reservations as expressed above, our organisations will closely follow the developments of the Principles and welcome engagement with the PRB signatories in the spirit of PRB Principle 4 concerning stakeholder engagement. Our organisations will judge the relevance and credibility of the PRB especially by how quickly the signatory banks act to end their financing of fossil fuels and deforestation, and ensure respect for human and Indigenous rights throughout their banking operations.
## Assessment of Compatibility between PRB Commitments and Financing by Select PRB Banks

Among the banks that have endorsed the PRB, the following eight banks warrant special attention given the significant gaps between their PRB commitments and their unsustainable financing practices:

<table>
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<th>BANK * PRB FOUNDER</th>
<th>MISALIGNMENT OF FINANCING (LOANS &amp; UNDERWRITING) WITH THE PRB **</th>
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| CITIGROUP* (US)    | » 3rd largest global banker of all fossil fuels (2016-2018: $129.5B)  
» 2nd largest global banker of 100 top fossil fuel expansion companies (2016-2018: $40.08)  
» 5th largest global banker of top 30 coal power companies (2016-2018: $4.4B)  
» Major financier of commodity traders linked to Amazon deforestation |
| ICBC* (CHINA)      | » 2nd largest global banker of top 30 coal power companies (2016-2018: $16.1B)  
» 3rd largest banker of pulp & paper companies operating in Southeast Asia (2013-2018: $1.4B), chiefly to companies linked to devastating peat and forest fires, social conflict, illegality and corruption |
| BARCLAYS* (UK)     | » 6th largest global banker of all fossil fuels (2016-2018: $85.2B)  
» Top European banker of top 40 fracking companies and top 30 coal power companies (2016-2018: $13.0B, $3.3B)  
» Major financier of commodity traders linked to Amazon deforestation |
| CIMB* (MALAYSIA)   | » 4th largest global financier of palm oil in Southeast Asia (2013-2018: $1.9B) |
| BNP PARIBAS* (FRANCE) | » Largest French banker of all fossil fuels (2016-2018: $51.0B), despite progressive financing policies  
» Largest French banker of top 30 coal power companies (2016-2018: $1.5B)  
» Largest financier of commodity traders linked to Amazon deforestation |
| MUFG (JAPAN)       | » Top Japanese banker of palm oil companies (2013-2018: $2.2B), including controversial companies linked to illegality, corruption, deforestation and exploitation  
» 7th largest global banker of all fossil fuels (2016-2018: $80.08)  
» 6th largest global banker of top 30 coal power companies (2016-2018: $3.5B) |
| MIZUHO (JAPAN)     | » 3rd largest global banker of forest-risk companies in Southeast Asia (2013-2018: $3B), including controversial companies linked to illegality, deforestation and exploitation  
» 10th largest global banker of all fossil fuels (2016-2018: $67.7B)  
» 8th largest global banker of top 30 coal power companies (2016-2018: $3.1B) |
| SMBC (JAPAN)       | » Largest global financier of forest-risk companies in Southeast Asia (2013-2018: $4.5B), including controversial companies linked to illegality, deforestation and exploitation  
» 3rd largest global banker of top 30 Arctic oil & gas companies and top 30 LNG import/ export companies (2016-2018: $921M, $3.3B)  
» Financier of several controversial coal power projects in Southeast Asia. |

** Financing data has been sourced from [Banking on Climate Change: Fossil Fuel Finance Report Card 2019](https://bankingonclimatechange.org/), [forestsandfinance.org](http://forestsandfinance.org), and [Complicity In Destruction II: How Northern Consumers and Financiers Enable Bolsonaro’s Assault on the Brazilian Amazon](https://forestsandfinance.org)
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