Climate betrayal

How “greenlaundering” conceals the full scale of fossil fuel financing

Methodology note

This methodology note is linked to the report ‘Climate betrayal: How “greenlaundering” conceals the full scale of fossil fuel financing’ which can be accessed here.

For additional details regarding the data used, for the code behind the different statistics and figures, or any other remaining question, please contact the Tax Justice Network team: info@taxjustice.net

TAX JUSTICE NETWORK

Content

1. Data sources and data details

The report combined three main kinds of data:

1. Analysis of fossil fuel financing;
2. Data on the corporate ownership structure of multinational banks and multinational fossil fuel firms;
3. Data on country's financial secrecy.

The exact data sources and details of each source are presented in the following.

1.1 Fossil fuel financing

We examine the involvement of the 60 largest global banks in corporate lending and underwriting[1] transactions for fossil fuel companies reported in the *Banking on Climate Chaos* analysis:

The ***Banking on Climate Chaos* 2024 report** was published by the Rainforest Action Network, BankTrack, the Center for Energy, Ecology, and Development, Indigenous Environmental Network, Oil Change International, Reclaim Finance, Sierra Club, and Urgewald. It reports the financial involvement of each of the 60 largest banks in corporate lending and underwriting transactions with fossil fuel companies between 2016 and 2023. Fossil fuel companies are identified based on industry classifications available in financial databases, combined with research by Urgewald for the Global Coal Exit List, the Global Oil and Gas Exit List. Additional companies active in Liquefied Natural Gas were identified using the Global Energy Monitor and Enerdata.[2] *Banking on Climate Chaos* reports syndicated transactions, e.g., those with multiple banks participating in the deal. Credit for participation in these transactions was allocated to banks according to their level of involvement in each deal.[3]

The *Banking on Climate Chaos* includes not only corporate loans from banks but also revolving credit facilities – which are pre-approved amounts that companies can use if needed – as well as bonds, stocks underwritten by the banks, and other types of financing. All these instruments provide new capital, which allows fossil fuel companies to expand their activities, including fossil fuel-related activities. In contrast to buying a stock on the secondary market, where the fossil fuel firm

[1] Underwriting refers to the process where banks or financial institutions agree to buy and then sell new stocks or bonds from a company (in this case, the stocks or bonds from a fossil fuel company). This helps the company raise money, and the bank earns a fee for this service.
[2] A list of all included companies can be found here: http://bankingonclimatechaos.org/companies2024
[3] For details, see the Banking on Climate Chaos "Methodology FAQ 2024," https://www.bankingonclimatechaos.org/methodology2024

does not obtain any additional finances, each of these instruments provides “fresh money” to the fossil fuel industry.

Covering only syndicated transactions, *Banking on Climate Chaos* does not include loans individually made by a bank to a fossil fuel company. Therefore, the deals analysed in our report represent only a subset of a bank’s total fossil fuel exposure. Tracking individual lending to fossil fuel companies is nearly impossible for researchers due to the lack of available data. However, total corporate lending likely far exceeds syndicated lending. For example, in 2021, syndicated loan issuance averaged 5.7% of countries' GDP, according to data from the World Bank. This is a small fraction compared to total domestic credit provided by the financial sector, which amounted to an average of 60.5% of countries' GDP.[4]

Nevertheless, syndicated loans remain a significant component of fossil fuel financing. Many fossil fuel companies are large, and their transactions are similarly substantial, increasing the likelihood that multiple banks will need to participate in the financing. As a result, the figures reported in this study represent a conservative estimate of the actual total.

The *Banking on Climate Chaos* report and summary analysis is accessible here: https://www.bankingonclimatechaos.org/. Full details of the report methodology and underlying assumptions are accessible here: https://www.bankingonclimatechaos.org/methodology2024.

The Global Oil and Gas Exit list is used by the *Banking on Climate Chaos* report to identify oil and gas companies. The list covers 1,622 companies active in the upstream, midstream or gas-fired power sector. Companies listed account for 95% of global oil and gas production.

The list is accessible here: https://www.urgewald.org/global-oil-and-gas-exit-list

The Global Coal Exit list is used by the *Banking on Climate Chaos* report to identify coal companies. It identifies companies along the thermal coal value chain. This includes coal miners and coal power producers, but also companies involved in coal exploration, processing, trading, transport & logistics, equipment manufacturing, coal-related maintenance and engineering services, and coal-to-liquids and coal-to-gas production. The list covers over 1400 parent companies and more than 1900 subsidiaries and joint ventures. It does not currently cover coal used for cement or steel production.

The list is accessible here: https://www.coalexit.org/

[4] Both numbers are from the World Bank’s Global Financial Development dataset which is available here: https://databank.worldbank.org/source/global-financial-development/Series/GFDD.DM.12#.

The *Banking on Climate Chaos* report applies adjusters to reflect the percentage of each subsidiary's business that is dedicated to fossil fuels.

1.2 Data on the corporate ownership structure of multinational banks and multinational fossil fuel firms

Corporate ownership structures, such as subsidiary and parent company connections, are crucial to our analysis since these structures are often used to benefit from financial secrecy. The *Banking on Climate Chaos* reports financing at the group and subsidiary level, meaning that each subsidiary of a corporate group with fossil fuel activity is considered, not just the subsidiaries directly involved in fossil fuel activities. This is relevant because multinational companies use internal capital markets, so financing received by one subsidiary is often used by another subsidiary within the same corporate group. The *Banking on Climate Chaos* report adjusts for the percentage of each subsidiary's business dedicated to fossil fuels.

To assess how banks structure their fossil fuel financing, the Tax Justice Network examined which bank subsidiary has granted each financing. To assess the level of financial secrecy available to each group member, we determine the exact jurisdiction of each parent and subsidiary through data from **Bureau van Dijk's Orbis ownership database** and hand-collected information.

1.3 Data on country's financial secrecy

To assess whether fossil fuel firms strategically use secrecy jurisdictions to channel financing, we use country-level information on financial secrecy from the Tax Justice Network's Financial Secrecy Index. This index ranks countries based on their complicity in helping individuals and entities hide their finances from the rule of law. The Secrecy Score, a component of this index, evaluates a country's regulatory framework and the extent to which it allows secrecy for individuals and entities, thereby enabling tax abuse, money laundering, and the undermining of human rights.

The Secrecy Score is based on 20 different indicators that evaluate various legal settings in a jurisdiction, with several IDs per indicator. Each country is assigned a Financial Secrecy Score ranging from 0 (no secrecy) to 100 (full secrecy), as shown in the Table A1 below.

Table A 1: Secrecy Indicators of the Financial Secrecy Index

Ownership Registration	Legal Entity Transparency	Integrity of tax and financial regulation	International Standards and Cooperation
1 Banking secrecy	**6** Public company ownership	**11** Tax administration capacity	**17** Anti-money laundering
2 Trusts and foundations register	**7** Public company accounts	**12** Consistent personal income tax	**18** Automatic information exchange
3 Recorded company ownership	**8** Country-by-country reporting	**13** Avoids promoting tax evasion	**19** Bilateral treaties
4 Other wealth ownership	**9** Corporate tax disclosure	**14** Tax court secrecy	**20** International legal cooperation
5 Limited partnership transparency	**10** Legal entity identifier	**15** Harmful structures	
		16 Public statistics	

The country-specific risk scores, including all indicators and IDs as of 2022, can be found here:https://fsi.taxjustice.net/country-detail/#country=US&period=22

2. Underlying assumptions of our methodology

We use a range of different methods to investigate the different intricacies of fossil fuel financing and financial secrecy. Details regarding each of these methods are provided in the following section. However, all different approaches rely on some underlying assumptions, which are outlined in the following:

1. **Multinational companies use internal capital markets to strategically issue financing in the most convenient manner and redistribute such financing among the corporate group.** This pattern is well-established in the literature on internal capital markets.[5] Therefore, to assess whether financing is strategically hidden from the public, it makes sense to investigate in which jurisdiction financing is strategically issued.
2. **Observed cross-border business activity without an economic rationale is potentially used as a strategy to exploit financial secrecy.** This is particularly true if the countries involved provide

[5] Ran Duchin and Denis Sosyura, 'Divisional Managers and Internal Capital Markets', *The Journal of Finance*, 68/2 (2013), 387–429; Joel Houston, Christopher James and David Marcus, 'Capital Market Frictions and the Role of Internal Capital Markets in Banking', *Journal of Financial Economics*, 46/2 (1997), 135–64; Naveen Khanna and Sheri Tice, 'The Bright Side of Internal Capital Markets', *The Journal of Finance*, 56/4 (2001), 1489–1528; Oguzhan Ozbas and David S. Scharfstein, 'Evidence on the Dark Side of Internal Capital Markets', *The Review of Financial Studies*, 23/2 (2010), 581–99; Hyun-Han Shin and René M. Stulz, 'Are Internal Capital Markets Efficient?', *The Quarterly Journal of Economics*, 113/2 (1998), 531–52; Jeremy C. Stein, 'Internal Capital Markets and the Competition for Corporate Resources', *The Journal of Finance*, 52/1 (1997), 111–33.

high levels of opacity to corporate actors. For instance, if a fossil fuel company conducts much of its oil activities in Canada but is headquartered elsewhere, it is economically sound for the Canadian subsidiary to receive significant fossil fuel lending, even if it is based in a secrecy jurisdiction like Russia. Conversely, if most fossil fuel financing of a multinational fossil fuel company is channelled through the Netherlands, where it has no fossil activities, such channelling is likely related to financial secrecy considerations or aggressive tax planning. This is especially relevant for a country like the Netherlands, which is known for its transparency regulation loopholes.

3. **The likelihood of an activity being conducted solely for secrecy reasons increases with the level of financial secrecy provided by the jurisdiction.** While not all activities in secrecy jurisdictions are illicit or done for secrecy reasons, the likelihood that an activity is based in a secrecy jurisdiction to avoid exposing details on these deals is higher in countries with greater financial secrecy. This is due to corporate actors' use of regulatory arbitrage: if there are reasons to conceal a business or exploit regulatory loopholes – especially for fossil fuel companies that under heightened public and regulatory scrutiny – they will seek jurisdictions that allow them to exploit the most loopholes.[6]

In the next section, we explain the methodologies used, building on these assumptions to gain insights into the interlinks between fossil fuel funding and financial secrecy.

3. Details on the methodology behind each figure

Figure 1

Figure 1 depicts how lending between global banks and multinational fossil fuel companies operates when internal capital markets are used. The example bond is issued by the Dutch-based Shell subsidiary, Shell International Finance BV, and underwritten by a consortium including the U.S.-based Deutsche Bank subsidiary, Deutsche Bank Securities Inc., as taken from *Banking on Climate Chaos*. The funding could potentially be used by the Philippines-based Shell subsidiary, Shell Philipinas Corp., which also appears in the report. However, it is not

[6] Joel F. Houston, Chen Lin and Yue Ma, 'Regulatory Arbitrage and International Bank Flows', *The Journal of Finance*, 67/5 (2012), 1845–95; Pierre C. Boyer and Hubert Kempf, 'Regulatory Arbitrage and the Efficiency of Banking Regulation', *Journal of Financial Intermediation*, 41 (2020), 100765.

possible to determine the eventual use of the funds, as this information is not visible from this (or other) analyses.

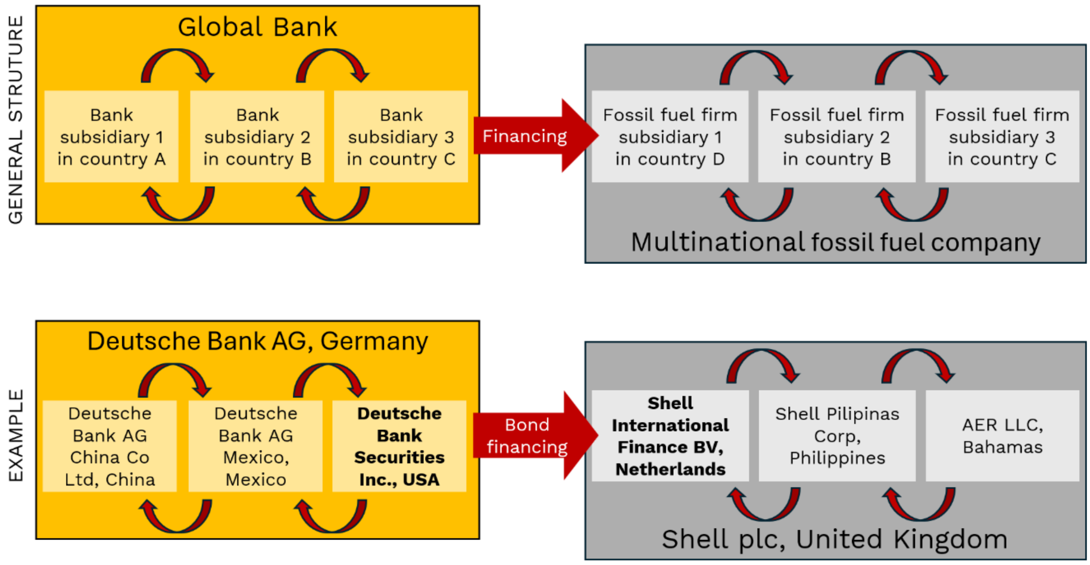

Figure 1: Financing from global banks to global fossil fuel firms

Figure 2 and Figure 4

Figure 2 and Figure 4 illustrate the financing structure of the Saudi Arabian Oil Group (Aramco) and Glencore, respectively, as revealed by *Banking on Climate Chaos*. We combine all Aramco/Glencore subsidiaries and link each subsidiary to its direct parents using arrows. Financial firms are depicted in yellow, fossil fuel firms in black, and firms from other sectors in green. For each firm, we aggregate the total funding it has received between 2016 and 2023, according to *Banking on Climate Chaos*.

Assuming that the global ultimate parent company (Aramco) or the headquarter (Glencore International AG) distribute the funding among the corporate group, we combine the funding received by each parent and all its subsidiaries. For instance, in Figure 2, the funding received by SABIC Capital I BV and SABIC Capital II BV is combined into their direct parent, SABIC Capital BV. The size of the bubble represents the total funding the firm received, both through its own financing and that of its subsidiaries. The width of the arrows represents the funds that each subsidiary contributes to the corporate group.

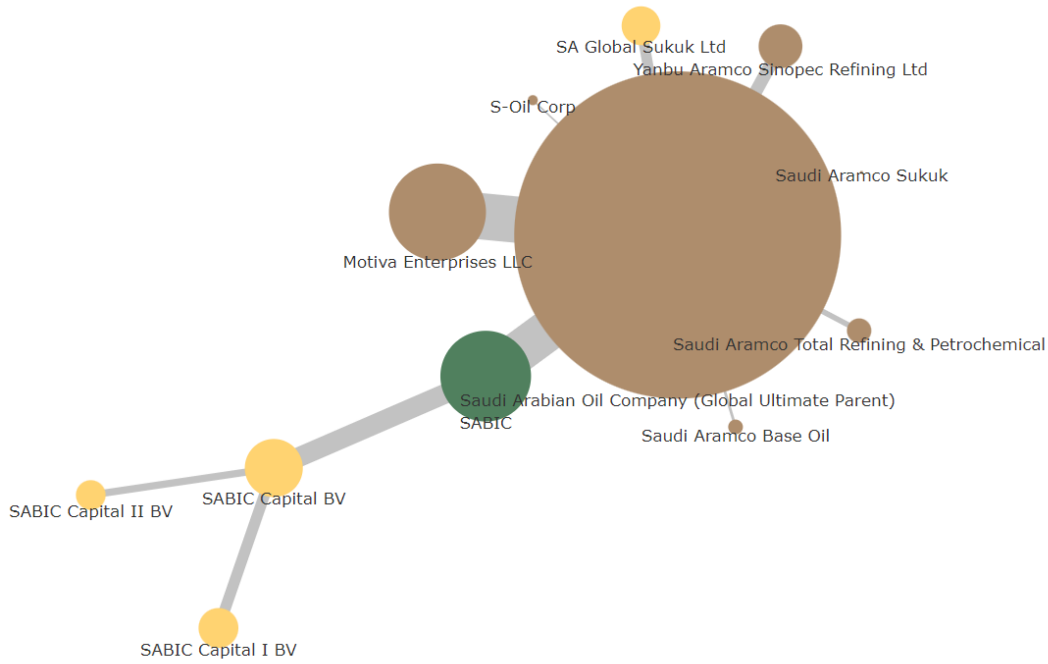

Figure 2: How Saudi Aramco finances its activities

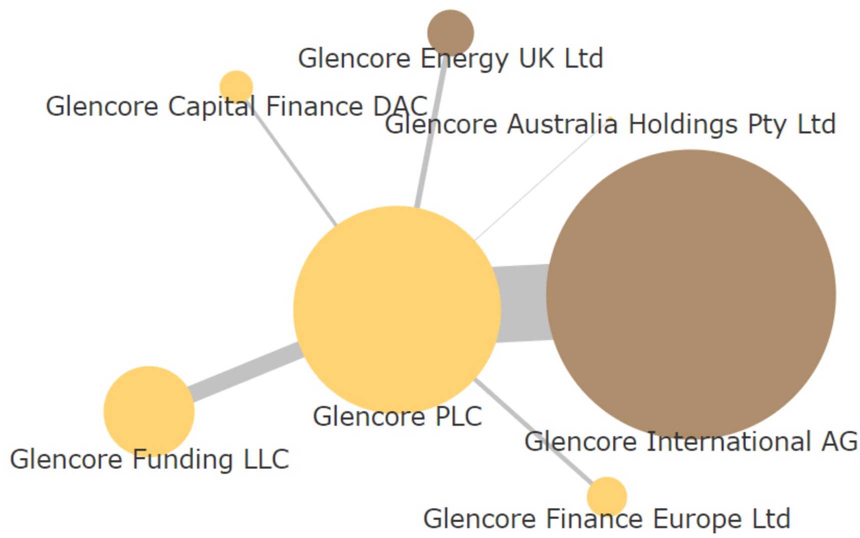

Figure 3: How Glencore finances its activities

The interactive version of the figures, including more detailed information on each subsidiary as well as the size of funds, can be found at https://tax-justice-network.github.io/aramco/ (Figure 2) and https://tax-justice-network.github.io/glencore/ (Figure 4).

Figure 3 and Figure 5

Figure 3 and Figure 5 add information about the financial secrecy available in the different jurisdictions where Aramco's / Glencore's subsidiaries are based. The colour of the bubbles now represents the secrecy score of the jurisdiction where each firm is based. Additional details on how these jurisdictions can be exploited to maintain secrecy are taken from the detailed indicators and IDs of the financial secrecy score. We add information from the [Dutch Chamber of Commerce's business register]() and [Open Corporates]() to the interactive version of the figure, as discussed in the main report.

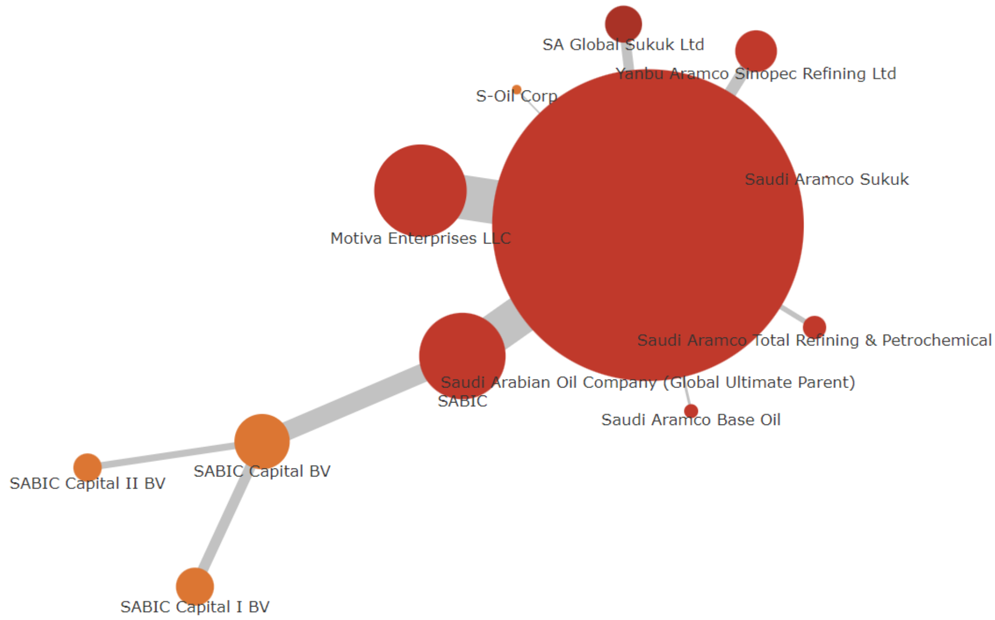

Figure 4: The use of secrecy jurisdictions to channel Aramco's financing

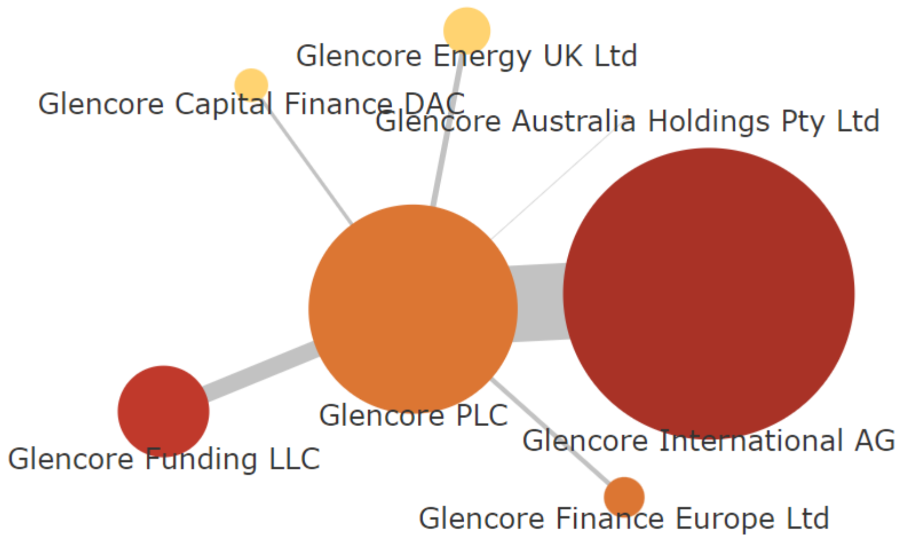

Figure 5: Glencore's use of secrecy jurisdiction for corporate financing

The interactive versions of the figure can be found at https://tax-justice-network.github.io/aramco_secrecy/ (Figure 3) and at https://tax-justice-network.github.io/glencore_secrecy/ (Figure 5).

Figure 6

Figure 6 aims to illustrate the part of the complex financing structure that is hidden in the *Banking on Climate Chaos* report and much of the existing public data. To create the figure, we extracted all Glencore subsidiaries available in Bureau van Dijk's Orbis ownership database that are at least 50% owned by the corporate group. We added them to the six Glencore subsidiaries observed in the *Banking on Climate Chaos* report. All firms not appearing in the *Banking on Climate Chaos* report are shown in grey; the interactive version allows users to see each subsidiary's name.

These subsidiaries are either not reported in the *Banking on Climate Chaos* report because they do not receive any funding from the 60 largest banks or because they are excluded due to the difficulty in linking them to Glencore. Several of the subsidiaries are financial subsidiaries (for instance, the one shown in orange), which we suspect are not included in the report despite providing financing to the corporate group. This omission is another sign of the effects of financial secrecy: even specialized researchers are unable to accurately reflect the intricate ownership and funding structures of fossil multinationals, making it incredibly difficult to trace fossil fuel financing and hold banks accountable.

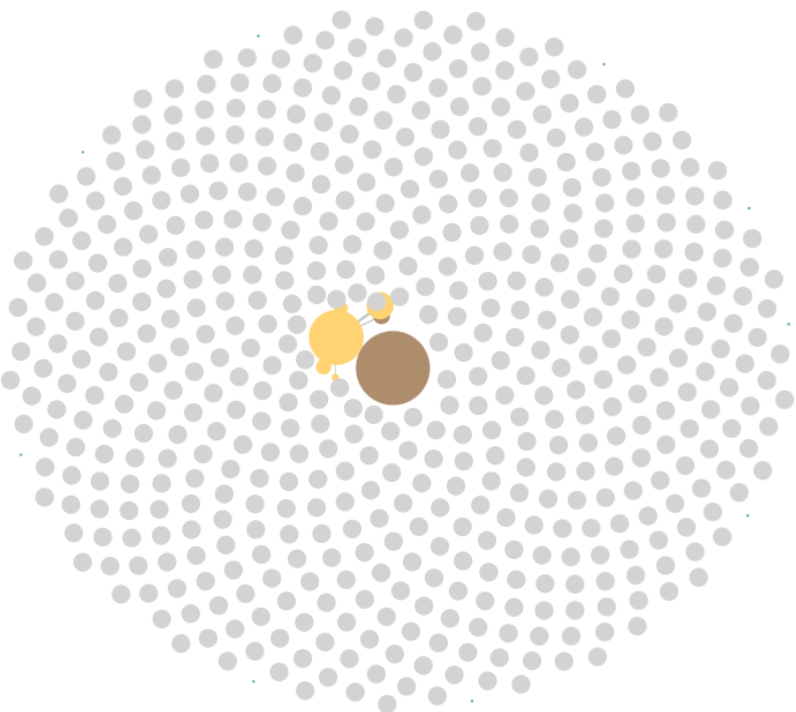

Figure 6: Glencore subsidiaries that are hidden in *Banking on Climate Chaos*

The interactive version of the figure can be found here: https://tax-justice-network.github.io/glencore_full/

Figure 7

Figure 7 aggregates all fossil lending reported in the *Banking on Climate Chaos* report between 2016 and 2023 by the country to which the financing goes, i.e., the location of the firm receiving the loan, credit facility, or issuing the bond or stock. Countries with a high secrecy score are coloured in red. We define a high-secrecy score as having a score higher than 60% of our sample countries, which translates to a score of 63.8/100 or higher.

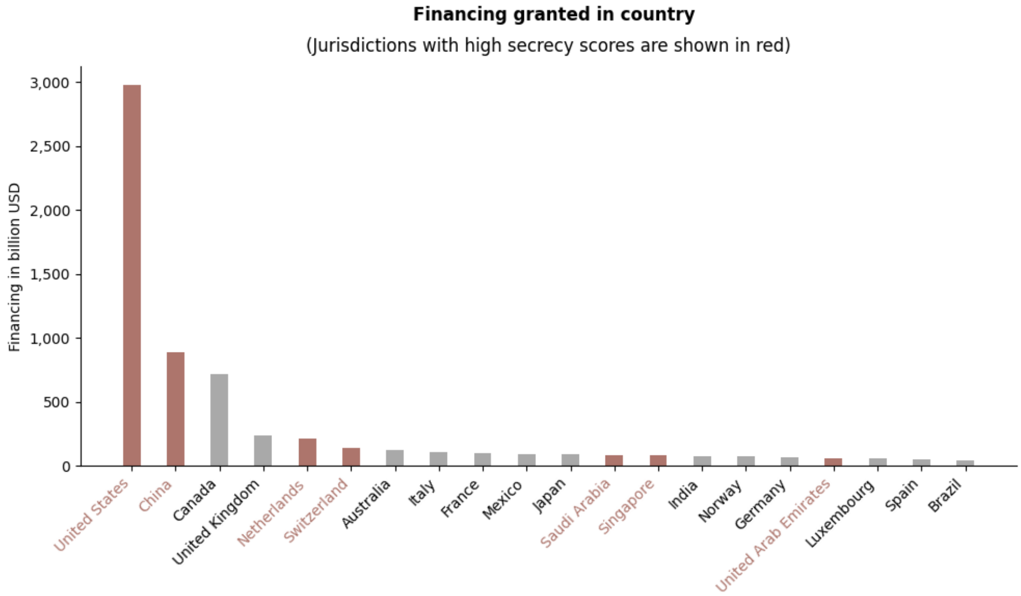

Figure 6: Where fossil fuel financing goes

Figure 8

Figure 8 investigates whether countries with higher secrecy scores attract more funds, as we would expect based on economic reasons. To analyse this, we plot a country's secrecy score (x-axis) against the abnormal volume of fossil fuel financing received (y-axis).

We define the abnormal volume of fossil fuel financing received as the difference between the fossil fuel financing expected given a country's population and GDP, and the fossil fuel financing actually received by the country. The abnormal volume of fossil fuel financing received is estimated as the residuals from regressing countries' log volume of fossil fuel financing on their log GDP and log population.

To determine if there is a systematic relationship between secrecy and abnormal fossil fuel financing, we regress abnormal fossil fuel financing on the secrecy score. This relationship, illustrated by the red line estimating the relationship between countries' abnormal fossil fuel financing and their secrecy score, is statistically significant, with a beta coefficient of 0.27 and a p-value of 0.012.

For robustness, we also regress countries' abnormal fossil fuel financing on both financial secrecy and fossil production share simultaneously in an unreported analysis. The beta coefficient of financial secrecy remains of similar size (beta=0.25) and statistical significance (p=0.015).

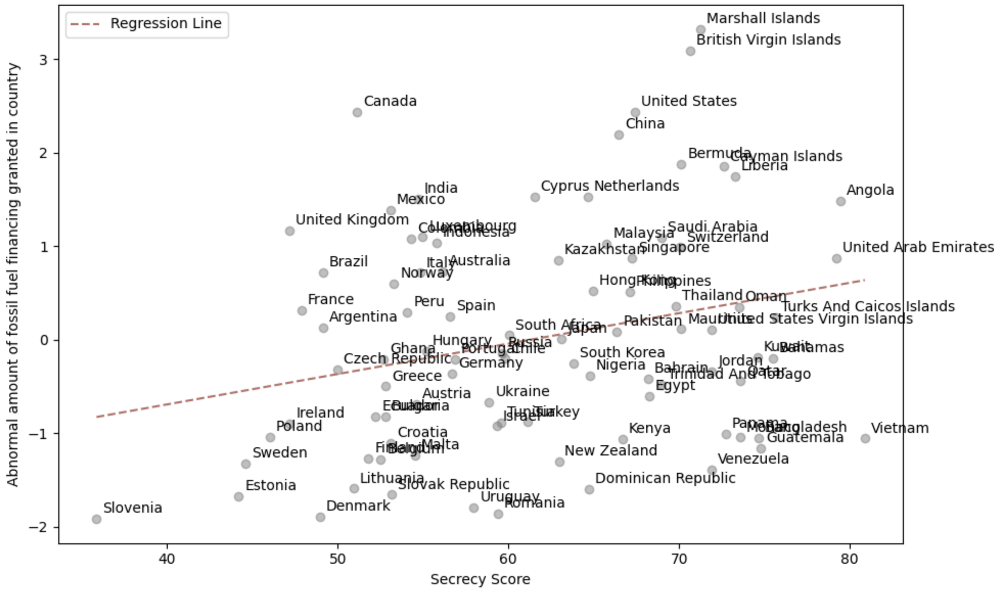

Figure 7: Abnormal amounts of fossil fuel financing received and country's secrecy

Figure 9

Figure 9 examines whether the abnormal volume of fossil fuel financing received (as defined in the section on Figure 8) can be explained by actual economic needs, specifically the amount of fossil activities occurring in the country of interest. The figure plots a country's share of fossil production, averaged over oil, gas, and coal production from BP's Statistical Review of World Energy 2022 (x-axis), against its abnormal volume of fossil fuel financing received (y-axis).

Despite the presence of obvious outliers such as the United States, Russia, and China, there is no systematic relationship between the two variables, indicating that actual fossil activities are not able to explain the abnormal fossil fuel financing received by secrecy jurisdictions. Given the absence of a systematic relationship, we do not report a regression line in this figure.

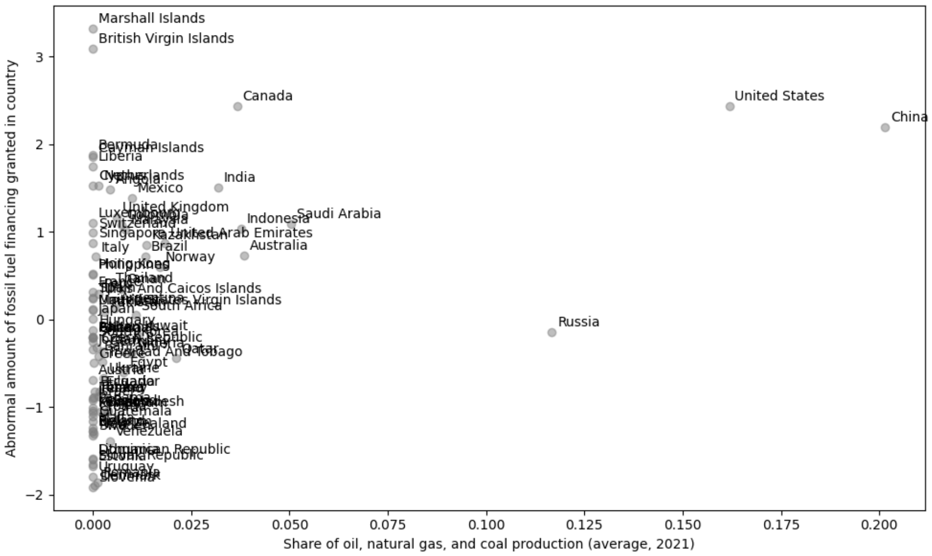

Figure 8: Abnormal amounts of fossil fuel financing received and country’s fossil production

Figure 10

Figure 10 reports fossil fuel financing that is strategically issued in a country different from the ultimate parent company’s location or headquarters. We term this financing as "strategic" since the corporate group might have deliberately chosen to locate a subsidiary to optimize financing conditions.

To calculate strategically issued financing, we aggregate all financing where the ultimate parent company’s country differs from the country of the receiving subsidiary. As in Figure 7, countries with a high secrecy score are coloured in red. We define a high-secrecy score as having a score higher than 60% of our sample countries, which translates to a score of 63.8/100 or higher.

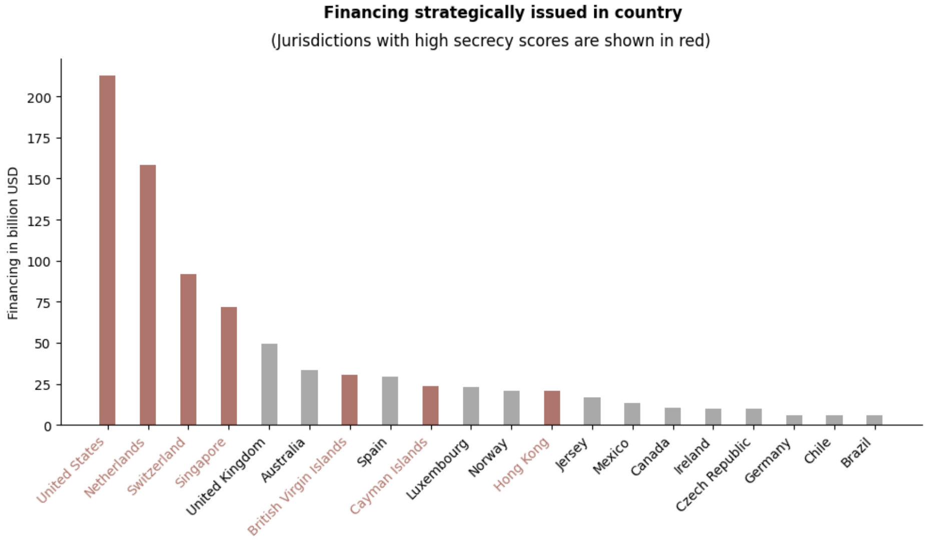

Figure 9: Where fossil fuel financing is strategically channelled

Figure 11

Figure 11 shifts the perspective to the banks. It only considers strategically issued financing, which is financing where the ultimate parent company's country differs from the country of the receiving subsidiary.

In the first step, we aggregate all funding received by subsidiaries in each location (shown in the middle of the chart). This total is then split by parent countries, representing the destinations where the funds are ultimately allocated (shown to the right of the chart). While ideally, we would show where the funds are actually used, this is unfortunately impossible due to the lack of data on the ultimate use of funds. Each jurisdiction and the associated flows are color-coded based on the jurisdiction’s level of financial secrecy, ranging from blue for low secrecy, yellow for moderate secrecy, to red for high secrecy.

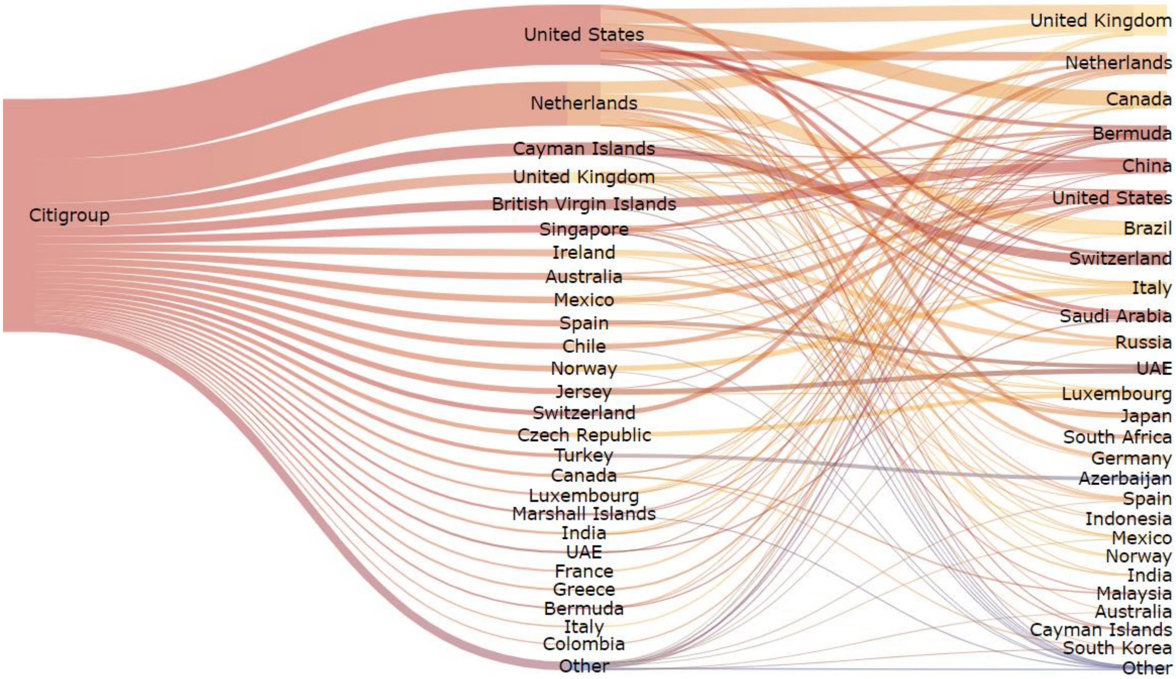

Figure 10: Destination and transit of Citi's fossil fuel financing

The interactive version of the figure and of similar figures for other banks can be found here: https://tax-justice-network.github.io/greenlaundering/

Figure 12

Figure 12 contrasts BNP Paribas’ climate commitments reported in the bank’s 2022 Climate Report with the actual financing observed in 2023, as reported in the *Banking on Climate Chaos* report 2024. All commitments (shown in green) are directly taken from the bank’s 2022 Climate Report. We use the 2022 report and 2023 funding examples to ensure we are only reporting deals made after the report. For the reported bond issuances, we provide details obtained from cbonds for the bond of Mitsubishi Corp and from the final terms of the EnBW bond.

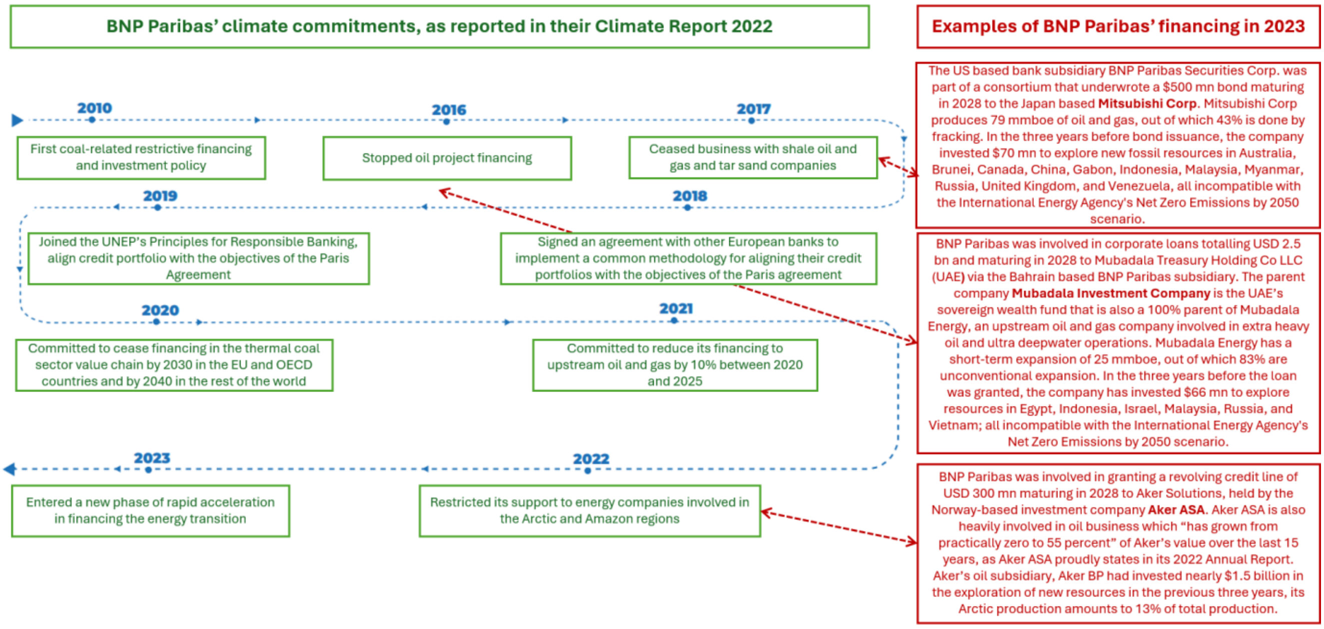

Figure 11: BNP Paribas' exclusion policies as of 2022 and fossil fuel financing in 2023.

Figure 13

Figure 13 compares banks' self-reported exposure to fossil loans and fossil loan commitments (in orange) with their exposures as indicated by the *Banking on Climate Chaos* report (in blue). This comparison highlights potential mismatches that could arise from financial secrecy practices.

To estimate the exposures for the end of 2023, we transform loans, credit facilities, and bonds like follows:

- **Outstanding Loan Exposure**: We estimate banks' outstanding exposure from loans by assuming that loans are repaid in equal monthly instalments. This leads to conservative exposure estimates, as it likely underestimates outstanding amounts due to the typical back-loaded repayment structure.
- **Revolving Credit Facilities**: We assume that revolving credit facilities can be used up to the date of maturity. Therefore, they should either appear as outstanding loans (if the facility was drawn) or as open commitments in banks' reports.
- **Bonds**: For bonds, we consider the "outstanding commitment" up to the bond's maturity date.

There are several **potential reasons unrelated to secrecy practices** for the large mismatch between banks' reported exposure and the one based on *Banking on Climate Chaos*. Some factors should drive our estimates up, while others should actually lead to higher reporting by banks:

- **Syndicated Transactions vs. All Corporate Exposures**: *Banking on Climate Chaos* only captures syndicated transactions, omitting financing arranged bilaterally. This results in an underestimate of true exposures.
- **Revolving Credit Facilities**: The *Banking on Climate Chaos* report does not allow us to distinguish between the portion of revolving credit facilities that have been 'drawn' as loans and the portion that remains outstanding. Consequently, in the banks' reported data, some 'fossil loan commitments' may have been converted into 'fossil loans,' representing commitments that were utilized by the borrower. However, this does not explain why both fossil loans and open commitments are estimated to be higher in the *Banking on Climate Chaos* report compared to the banks' self-reported exposures.
- **Inclusion of Coal Exposures**: Fossil exposure in the *Banking on Climate Chaos* report includes coal, while some banks' sustainability reports only cover oil and gas. However, coal exposures are very low compared to oil and gas, according to banks' sustainability reports. Moreover, it is hard to understand why coal exposures are not explicitly reported when oil and gas exposures are, given the even more destructive nature of coal-related energy production.
- **Bond Issuance Reporting:** Banks do not consistently report bond issuance in their sustainability reports. While this is probably rationalized as bond underwriting does not lead to "outstanding commitments" for the bank (since all bonds are sold after issuance), it is still a way to mislead the public. Underwriting a bond facilitates financing for fossil fuel companies, allowing them to continue their destructive business model. While these bonds probably do not appear on the bank's balance sheet, the bank is still responsible for having made the funds available in the first place.
  As part of the Partnership for Carbon Accounting Financials (PCAF), many banks do account for part of the emissions linked to bond issuance. However, for the banks we have investigated, these numbers are not reported in the sustainability reports, climate reports, or non-financial reports. Moreover, the PCAF standard was issued in December 2023 and only requires banks to report 33%. The *Banking on Climate Chaos* report reports on 100% of bond issuance.

Other potential reasons for the mismatch are **clearly related to secrecy practices**:

- **Exposures to Fossil Subsidiaries:** Exposures to fossil subsidiaries are not fully and consistently considered as fossil exposures. Similar to the lack of explicit exclusion of any firm that is part of a corporate group with fossil activity in many banks' exclusion policies, they might not report financing to fossil fuel subsidiaries as such. This is a clear exploitation of secrecy practices stemming from complex ownership structures. A bank is aware that financed companies use internal capital markets; if it wants to truthfully report fossil exposures, it should include all exposures from firms that are part of a corporate group with fossil activity.

- **Definition of Fossil Companies:** Banks might define a loan as related to oil, gas, or coal business only if the firm has a certain percentage of oil, gas, and coal business. This is problematic for large conglomerates, which are often diversified. For such large conglomerates, even a significant share of fossil exposure does not appear substantial compared to overall firm revenues. For instance, Glencore's coal share of revenue is only 14%, even though it can be considered the largest coal company in terms of production capacity.
- **Incomplete Reporting:** In addition to banks underreporting their fossil exposure, it is also worth noting the relevant information banks leave out of their reporting. For instance, HSBC only reports drawn loans, but not open-ended loan commitments. This means that any additional financing that the bank has granted but the firm has yet to take in the future is not included in the reporting.

Banks sustainability reports that were used for Figure 13 can be found Banks sustainability reports and annual reports that were used for Figure 13 can be found here (for Barclays), here (for Citigroup), here (for Deutsche Bank), and here (for RBC).

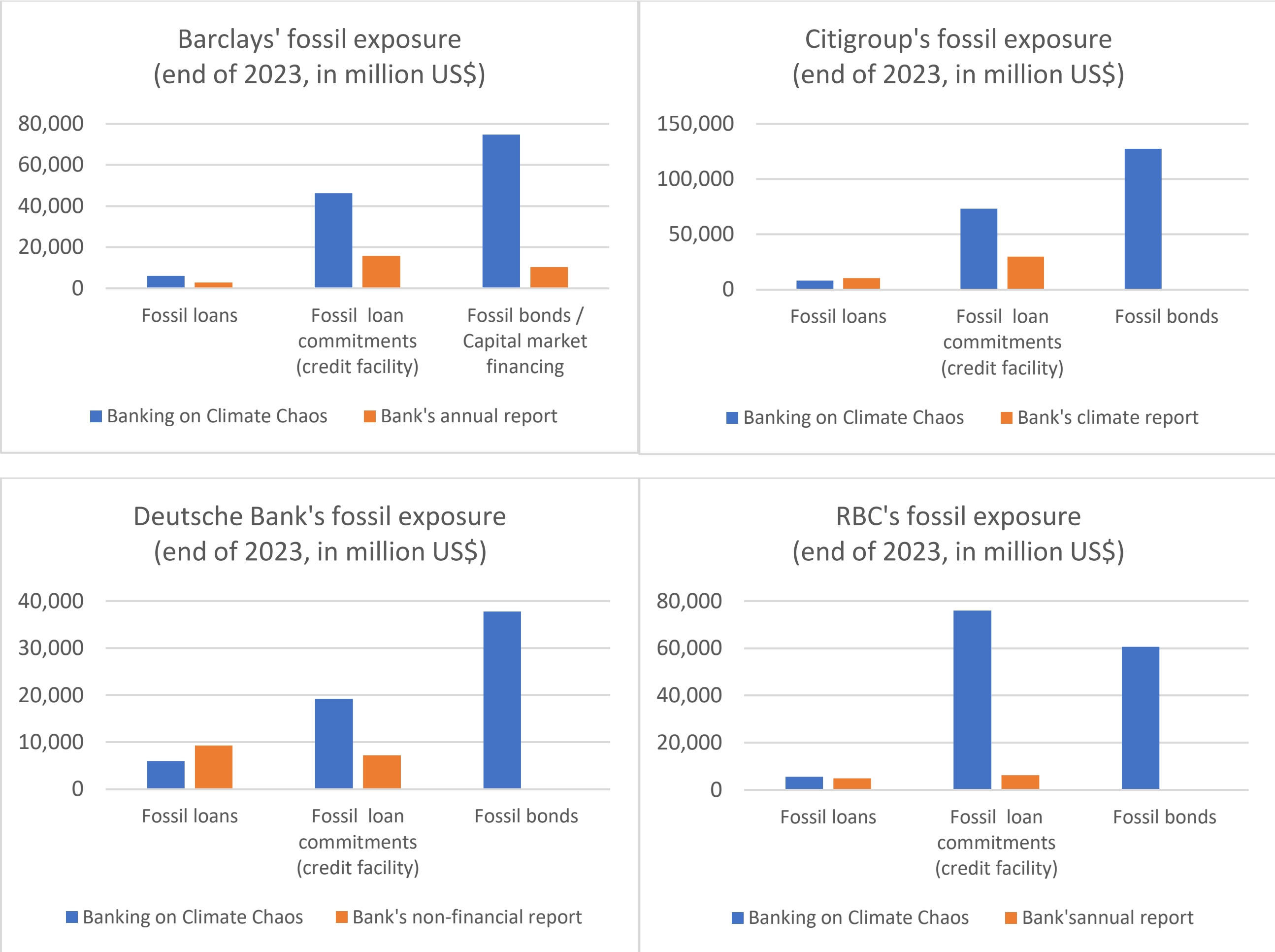

Figure 13: Banks' fossil exposure in our data and banks' sustainability reports

4. Other statistics and arguments in the report

There are two additional claims made in the report that deserve methodological attention.

4.1 We show that financing conditions are better for loans channelled through secrecy jurisdictions.

To explore whether financing via secrecy jurisdictions is beneficial for fossil companies, we investigate the relationship between secrecy and the interest paid on loans or the coupon paid on bonds. This analysis should be interpreted with caution, given that interest rates or coupons are unavailable in 56% of the entries in the *Banking on Climate Chaos* report.

We analysed the linear relationship between secrecy and interest rates by regressing loan interest rates and bond coupons on the secrecy score of the countries where these loans or bonds are issued, controlling for the type of financing. We found a highly significant relationship: one additional point in the secrecy scale is, on average, associated with a 0.024 percentage point lower interest rate (t=-12.73). This means that if we compare loans and bonds granted in a country with a secrecy score of 25 (like Slovenia) to those granted in a country with a secrecy score of 70 (like Switzerland), the average interest rate is one percentage point lower in the more secretive country.

4.2 We report that reported use of proceeds are often vague.

We observe the use of proceeds for each financing transaction from the *Banking on Climate Chaos* report 2023 and partly from bond prospectuses (such as for the bonds reported in Figure 12, which are also defined for "general purpose"). The table below shows the fraction of the different "use of proceeds" categories provided in the *Banking on Climate Chaos* report 2023. Similar categories are aggregated.

USE OF PROCEEDS	FRACTION (%)
GENERAL CORPORATE PURPOSES	44.2%
REFINANCING	28.5%
WORKING CAPITAL	17.8%
OTHERS	5.1%
ACQUISITION	2.5%
PROJECT FINANCE	1.6%
CAPITAL EXPENDITURES	0.4%

5. Correspondent with banks and fossil fuel companies that are analysed in the report

We contacted all firms mentioned in the report to provide them with an opportunity to respond to our analyses and claims. Below, we present our full email correspondence with the banks and fossil fuel companies prior to publication.

5.1 Correspondence with fossil fuel companies

Saudi-Arabian Oil Group (Aramco)

Please refer to our email correspondence with Aramco below.

From: *Alison Schultz*
Sent: *Wednesday, August 21, 2024 6:42 PM*
To: *webmaster2@aramco.com; media.inquiries@aramco.com*
Subject: *Opportunity to Comment on Financing Observations in Upcoming Report | Response Requested by August 30th*

Dear Aramco Communications Team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently preparing a report on fossil fuel financing *through secrecy jurisdictions, with a particular focus on fossil subsidiaries operating in countries with weak transparency regulations. In this context, we are closely examining the role of Aramco and its financing structures within these jurisdictions.*

As part of our research, we have identified certain aspects of your company's financing that we would like to include in our report. To ensure accuracy and fairness, we are providing you with the opportunity to review and respond to the observations we have raised.

According to the [Banking on Climate Chaos Report](), we have observed that a significant portion of the financing you receive from the world's largest banks is channeled through subsidiaries of your corporate group located in various jurisdictions. Notably, many of these subsidiaries are based in regions that lack basic transparency standards, such as the Cayman Islands or the Netherlands. While we suspect that you strategically position these financial subsidiaries in such jurisdictions to secure more favorable financing terms, we also criticize this practice for making it difficult for the public and regulators to trace your financial activities, and claim that this lack of transparency enables you to evade public and regulatory scrutiny.

We believe that your insights and clarifications will be valuable in ensuring that our report is both accurate and balanced. We kindly request your feedback by August 30th to incorporate your comments into our final publication.

Thank you for your time and consideration.

Kind regards,
Alison Schultz

From*: ARAMCO MEDIA INQUIRIES <MEDIA.INQUIRIES@aramco.com>*
Sent: *Sunday, September 8, 2024 6:20 PM*
To*: Alison Schultz <alison@taxjustice.net>*
Subject*: FW: RE: RE: RE: Opportunity to Comment on Financing Observations in Upcoming Report | Response Requested by August 30th*

Dear Alison Schultz,

Thank you for contacting us. Here is Aramco’s official response:
(Aramco declines to comment).

Regards,
Media Relations
Aramco

Glencore AG

Please refer to our email correspondence with Glencore below.

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *21 August 2024 18:34*
To: *CH Baar GRP - Info <info@glencore.com>; Watenphul, Charles (Baar - CH) <Charles.Watenphul@glencore.com>*
Subject: *Opportunity to Comment on Financing and Subsidiary-Related Observations in Upcoming Report | Response Requested by August 30th*

Dear Glencore Communications Team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently preparing a report on fossil fuel financing *through secrecy jurisdictions, with a particular focus on fossil subsidiaries operating in countries with weak transparency regulations. In this context, we are closely examining the role of Glencore and its financing structures within these jurisdictions.*

As part of our research, we have identified certain aspects of your company's financing that we would like to include in our report. To ensure accuracy and fairness, we are providing you with the opportunity to review and respond to the observations and questions we have raised.

According to the Banking on Climate Chaos Report, we have observed that a significant portion of the financing you receive from the world's largest banks is channeled through subsidiaries of your corporate group located in various jurisdictions. Notably, many of these subsidiaries are based in regions that lack basic transparency standards, such as Jersey. While we suspect that you strategically position these financial subsidiaries in such jurisdictions to secure more favorable financing terms, we also criticize this practice for making it difficult for the public and regulators to trace your financial activities, and claim that this lack of transparency enables you to evade public and regulatory scrutiny.

[The next paragraph entailed questions about a Glencore subsidiary that we did not include in the report eventually.]

We believe that your insights and clarifications will be valuable in ensuring that our report is both accurate and balanced. We kindly request your feedback by August 30th to incorporate your comments into our final publication.

Thank you for your time and consideration.

Kind regards,
Alison Schultz

From: *Charles.Watenphul@glencore.com <Charles.Watenphul@glencore.com>*
Sent: *Thursday, August 29, 2024 10:20 AM*
To: *Alison Schultz <alison@taxjustice.net>*
Subject: *RE: Opportunity to Comment on Financing and Subsidiary-Related Observations in Upcoming Report | Response Requested by August 30th*

Dear Ms Schultz,

Firstly, thank you for the opportunity to give you our response before you publish your report.

To address the first part of your e-mail, we would like to comment that we raise debt finance in either bank or capital markets, both of which are highly regulated. Our borrowers in these markets are subsidiaries that transparently publish accounts shared with our significant stakeholders, such as banks, investors and tax authorities. Our consolidated debt position is freely available, as you say, through Bloomberg and LSEG (formerly Refinitiv). As you are also aware, the accounting rules for a LSE listed entity, prohibit any debt from being "concealed", paraphrasing your words, so we clearly would (and could) not choose the nationality and / or jurisdiction of our borrowers to conceal our liabilities.

[The next paragraph explained the situation of a specific subsidiary that we did not include in the report eventually.]

Related to your general line of questioning, in respect of our group structure, transactions, disclosure, transparency and funding, we are committed to complying with all applicable tax laws, rules and regulations. We seek to maintain long-term, open, transparent and cooperative relationships with tax authorities in our host countries and key stakeholders more broadly. Further details relating to our approach to tax and transparency can be found in our 2023 Payments to Governments report which we publish on our website.

Should you require any further clarification, please do not hesitate to get back in touch, including in relation to any other facts that you would like us to review or comment on to ensure accuracy and correct understanding.

Kind regards,

Charles

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *02 September 2024 06:41*
To: *Watenphul, Charles (Baar - CH) <Charles.Watenphul@glencore.com>*
Subject: *Short Follow-Up Questions | Response Requested by September 4th*

Dear Mr. Watenphul,

Thank you very much for your detailed reply; it has been very helpful.

I have two follow-up questions. It would be great if you could clarify them by Wednesday such that we can incorporate your perspective into our report.

1. *[The first question was related to a subsidiary which we did not include in the report, eventually.]*
2. ***Country-by-Country Report:** Given your commitment to transparency, could you provide the country-by-country report that Glencore submits to the Swiss authorities? If this report is not publicly available, could you explain why it is not accessible, as it might be for EU-based companies? Alternatively, if it is available on your website, I might have overlooked it.*

Thank you again for your assistance. Wishing you a great week ahead.

Best regards,

Alison Schultz

***From:** Charles.Watenphul@glencore.com <Charles.Watenphul@glencore.com>*
***Sent:** Tuesday, September 3, 2024 10:28 AM*
***To:** Alison Schultz <alison@taxjustice.net>*
***Subject:** RE: Short Follow-Up Questions | Response Requested by September 4th*

Hi Alison,

Please see below in red. [The answer in red was related to a subsidiary which we did not include in the report, eventually]. I have attached our payments to govt report.

Kind regards,
Charles

***From:** Alison Schultz <alison@taxjustice.net>*
***Sent:** 03 September 2024 10:36*
***To:** Watenphul, Charles (Baar - CH) <Charles.Watenphul@glencore.com>*
***Subject:** RE: Short Follow-Up Questions | Response Requested by September 4th*

Hi Charles,

Many thanks for that. Could you please also share your country-by-country report (reporting employees, assets, revenues, and taxes paid in each jurisdiction where Glencore has subsidiaries)? You should have this report available, since it is shared with the Swiss authorities. That would be very helpful for us.

Thanks a lot and have a great day,

Alison

***From:** Charles.Watenphul@glencore.com <Charles.Watenphul@glencore.com>*
***Sent:** Tuesday, September 3, 2024 1:21 PM*
***To:** Alison Schultz <alison@taxjustice.net>*
***Subject:** RE: Short Follow-Up Questions | Response Requested by September 4th*

Hi Alison,

We are not going to be disclosing further information at this stage.

I do hope you have found the information we provided helpful.

Kind regards,
Charles

***From:** Alison Schultz <alison@taxjustice.net>*
***Sent:** 03 September 2024 13:22*
***To:** Watenphul, Charles (Baar - CH) <Charles.Watenphul@glencore.com>*
***Subject:** RE: Short Follow-Up Questions | Response Requested by September 4th*

Hi Charles,

Thanks a lot for coming back to me.

Kind regards,

Alison

***From:** Charles.Watenphul@glencore.com <Charles.Watenphul@glencore.com>*
***Sent:** Tuesday, September 3, 2024 1:53 PM*
***To:** Alison Schultz <alison@taxjustice.net>*
***Subject:** RE: Short Follow-Up Questions | Response Requested by September 4th*

When are you planning on publishing your article?

From: *Alison Schultz*
Sent: *Tuesday, September 3, 2024 11:28 PM*
To: *Charles.Watenphul@glencore.com*
Subject: *RE: Short Follow-Up Questions | Response Requested by September 4th*

Hi Charles,

We plan to publish next week.

Kind regards,

Alison

Engie

Please refer to our email correspondence with Engie below. We have revised our original text regarding Green Bonds and Sustainability-linked Bonds in the report based on Engie's feedback.

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Wednesday 21 august 2024 18:26*
To: *engiepress (ENGIE SA) <engiepress@engie.com>*
Subject: *Opportunity to Provide Input on* Fossil fuel financing *Analysis in Upcoming Report | Response Requested by August 30th*

Dear Engie Press Team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently preparing a report on fossil fuel financing *through secrecy jurisdictions, with a particular focus on fossil subsidiaries operating in countries with weak transparency regulations. As part of this research, we have analyzed data related to your company, specifically concerning your sustainability-linked bonds, and intend to include these findings in our report.*

From our investigation into your company's sustainability-linked bonds, along with other loans within your corporate group reported in the Banking on Climate Chaos report, it appears that you may be strategically bundling green business activities into green financing instruments while concealing the financing of remaining fossil fuel activities under generic terms such as "general purpose financing." We believe this approach provides you with an unfair financing advantage, as it allows your company to secure better terms for green financing while avoiding additional markups for fossil fuel financing *by effectively "hiding" them under these generic terms.*

We would like to offer you the opportunity to comment on or correct our conclusions regarding the financing structures within your company's sustainable and non-sustainable operations. Specifically, is there a way for banks to verify that their financing is not being used for fossil fuel projects despite these general terms?

We kindly request your feedback by August 30th to ensure that your perspective is accurately reflected in our final report. We look forward to your response.

Thank you for your time and consideration.

Kind regards,

Alison Schultz

From: *ir@engie.com <ir@engie.com>*
Sent: *Friday, August 30, 2024 9:28 AM*
To: *Alison Schultz <alison@taxjustice.net>*
Cc: *engiepress@engie.com*
Subject: *RE: Opportunity to Provide Input on* Fossil fuel financing *Analysis in Upcoming Report | Response Requested by August 30th*

Dear Alison,

Thank you for your email and the offered opportunity to correct your conclusions. This opportunity is all the more important as we are not issuing and have not issued any sustainability-linked bonds (SLB).

Green bonds (including hybrids) are the only public and listed green financing instruments that we have issued. They are issued within our defined green financing framework for which Moody's has provided a SPO. All eligible project categories, that exclude any fossil fuel investment (coal/natural gas), are presented in this latter.

An annual reporting is presented in our Universal Registration Document (ENGIE_2023_URD_US) and available on our Group website. All above-mentioned documents are available here Green Finance | ENGIE.

Please feel free to reach out to us if you need any further information.

Best regards,

IR Team

5.2 Correspondence with banks

Barclays

Please refer to our email correspondence with Barclays below. We have incorporated Barclays' feedback in Table 1.

From: Alison Schultz <alison@taxjustice.net>
Sent: Tuesday, August 6, 2024 10:02 AM
To: UK Press Office <ukpressoffice@barclays.com>; Barclays IR ESG <barclays.iresg@barclays.com>; Enquiries : Investor Relations <barclays.ir@barclays.com>
Subject: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies

Dear Barclays sustainability team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: sustainabilityreferrals@barclays.com <sustainabilityreferrals@barclays.com>
Sent: Wednesday, August 21, 2024 11:02 AM
To: Alison Schultz <alison@taxjustice.net>
Subject: RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies

Dear Ms Schultz,

Thank you for your email dated 6th August and the opportunity to review the data shared.

We have reviewed both Figure 13 and Table 1, and have noted a few comments below:

- The graph has not included Barclays Capital Markets financing to the O&G industry (pg. 287 AR)
- For Table 1, please see our updated Climate Change Statement or page 63 of the 2023 Annual Report for an overview of our restrictions for fossil fuels, currently the table only references our oil and gas restrictions. Please note we have restrictions on thermal coal mining, coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. This policy includes project and entity level restrictions, as well as general corporate financing restrictions. For example, no general corporate purpose financing that is specified as being for new or material expansion of thermal coal-fired power plants or thermal coal mining.
- To provide additional comments on the values in Figure 13, we will need to further understand how you've arrived at the respective figures and welcome further discussion.

Kind regards,

Hannah

From: Alison Schultz <alison@taxjustice.net>
Sent: Wednesday, August 21, 2024 9:36 PM
To: Sustainability Referrals <sustainabilityreferrals@barclays.com>
Subject: RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies

Dear Hannah,

Thank you very much for your response, this is very helpful. I include further clarifications regarding your questions and some follow-up questions from our side in red below. If you have any further comments or clarifications, we can incorporate them until August 30th.

Additionally, I wanted to inform you that we plan to include another figure related to Barclays data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e. the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

Kind regards,

Alison

- *The graph has not included Barclays Capital Markets financing to the O&G industry (pg. 287 AR)*
  Thank you for this helpful clarification. Could you please confirm what exactly the financing reported on page 187 encompasses? I assume these are the bonds, equity, syndicated, and securitized loans, which are in addition to the carbon-related oil and gas assets reported on page 185. Is that correct?
- *For Table 1, please see our updated Climate Change Statement or page 63 of the 2023 Annual Report for an overview of our restrictions for fossil fuels, currently the table only references our oil and gas restrictions. Please note we have restrictions on thermal coal mining, coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. This policy includes project and entity level restrictions, as well as general corporate financing restrictions. For example, no general corporate purpose financing that is specified as being for new or material expansion of thermal coal-fired power plants or thermal coal mining.*
  Thank you for this clarification. We are aware of the additional restrictions and have summarized the core points for brevity in Table 1. The key focus of Table 1 is whether it would be possible for fossil fuel companies to raise financing via a subsidiary that is not explicitly designated as project finance or for expansion purposes, and whether such financing could be used by the fossil corporate group without restrictions—for example, for expansionary activities or any other fossil-related activities that your restrictions would officially prohibit. Does Barclays have safeguards in place to ensure that any financing granted to fossil fuel companies is used strictly in line with Barclays' expansion policies?
- *To provide additional comments on the values in Figure 13, we will need to further understand how you've arrived at the respective figures and welcome further discussion.*
  I've provided details on the construction of Figure 13 in the methods note, which I've attached again. Please feel free to review and comment.

From: *sustainabilityreferrals@barclays.com <sustainabilityreferrals@barclays.com>*
Sent: *Wednesday, August 28, 2024 2:17 PM*
To: *Alison Schultz <alison@taxjustice.net>*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Hi Alison,

Many thanks for your email. Please find below our responses to your follow-up questions for consideration.

Please may I also request that you keep us updated on the report and its publication dates.

Kind regards

Hannah

- *The graph has not included Barclays Capital Markets financing to the O&G industry (pg. 287 AR)*
  Thank you for this helpful clarification. Could you please confirm what exactly the financing reported on page 187 encompasses? I assume these are the bonds, equity, syndicated, and securitized loans, which are in addition to the carbon-related oil and gas assets reported on page 185. Is that correct?
  Assume you are referring to page 287 and 285 – see page 287 which states 'Financing volumes are reported on a manager-proceeds basis including bonds, equities, loans and securitised bonds and no modifications have been made by Barclays'. This is in addition to page 285 which covers our loans & advances and loan commitments.
- *For Table 1, please see our updated Climate Change Statement or page 63 of the 2023 Annual Report for an overview of our restrictions for fossil fuels, currently the table only references our oil and gas restrictions. Please note we have restrictions on thermal coal mining, coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. This policy includes project and entity level restrictions, as well as general corporate financing restrictions. For example, no general corporate purpose financing that is specified as being for new or material expansion of thermal coal-fired power plants or thermal coal mining.*
  Thank you for this clarification. We are aware of the additional restrictions and have summarized the core points for brevity in Table 1. The key focus of Table 1 is whether it would be possible for fossil fuel companies to raise financing via a subsidiary that is not explicitly designated as project finance or for expansion purposes, and whether such financing could be used by the fossil corporate group without restrictions—for example, for expansionary activities or any other fossil-related activities that your restrictions would officially prohibit. Does Barclays have safeguards in place to ensure that any financing granted to fossil fuel companies is used strictly in line with Barclays' expansion policies?
  Please see our Climate Change Statement and 2023 Annual Report (page 236) for further information on our governance and implementation of policies.
- *To provide additional comments on the values in Figure 13, we will need to further understand how you've arrived at the respective figures and welcome further discussion.*
  I've provided details on the construction of Figure 13 in the methods note, which I've attached again. Please feel free to review and comment.
  We include capital markets financing facilitated in the last 12 months prior to the reporting date. This differs from your methodology for bond exposures where you consider the "outstanding commitment" up to the bond's maturity date.

From: *Alison Schultz*
Sent: *Tuesday, September 3, 2024 7:16 PM*
To: *sustainabilityreferrals@barclays.com*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Hi Hannah,

Many thanks for your replies and clarifications. We plan to publish the report next week.

Best,

Alison

BNP Paribas

Please refer to our email correspondence with BNP Paribas below. We have incorporated BNP Paribas' feedback in Table 1.

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Tuesday 6 August 2024 11:09*
To: *HABCHI Hacina <hacina.habchi@bnpparibas.com>; ROMANO Sandrine <sandrine.romano@bnpparibas.com>; SANCHO Astrid <astrid.sancho@bnpparibas.com>; LENORMAND Claire <claire.lenormand@bnpparibas.com>*
Subject : *Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear BNP Paribas sustainability and media team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 12 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *MALAFOSSE Amelie <amelie.malafosse@bnpparibas.com>*
Sent: *Wednesday, August 21, 2024 9:49 AM*
To: *Alison Schultz <alison@taxjustice.net>*
Cc: *LECARDONNEL Emma <emma.lecardonnel@bnpparibas.com>; LEROUX 1 Virginie <virginie.1.leroux@bnpparibas.com>*
Subject: *RE: [EXTERNAL] Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear Alison,

Thank you for providing us with the opportunity to review and comment on the elements you have compiled regarding BNP Paribas in advance of the publication.

Please find below some corrections and clarifications regarding the mentions of BNP Paribas in Table 1 and Figure 12 :

- ***Regarding Table 1 – Fossil Fuel exclusion policies:***

The statements under table 1 regarding the coverage of subsidiaries are inaccurate.

Our oil and gas policy applies strict commitment to corporate as you can see in paragraph 2.2 Provisions applicable to companies in the oil and gas sector, Mandatory Criteria of the policy related to Arctic, Amazon or unconventional oil and gas.

In addition, note that the Group has "not been financing players specialising in non-conventional hydrocarbons since 2017" and is furthermore "phasing out financing granted to Oil Independents intended to support oil production (corporate loans or reserve-based lending)". (see Oil & Gas sector policy p. 6-7)

On the target to reduce oil and gas extraction exploration, in addition to the 25% reduction of exposure to oil and gas production and exploration by 2025, BNP Paribas further committed to the two following targets:

- *A reduction of our credit exposure for oil exploration and production by more than 80% by 2030 (from Q3 2022).*
- *A reduction of our credit exposure for gas exploration and production by more than 30% by 2030 (from Q3 2022).*

(Source : BNP Paribas, a leader in financing the energy transition, enters a new phase of rapid acceleration - BNP Paribas (group.bnpparibas))

These targets both apply to project finance and corporate financing. Indeed, they constrain the Group's financial support to energy companies as they apply not only to entities dedicated to upstream oil and gas but also to the share of unallocated corporate credits of diversified actors that are attributable to oil and gas exploration and production (calculated as per PACTA methodology : see note 6, page 40 of the 2022 Climate Report: PACTA-for-Banks-Methodology-document-02-07-2021_v1.2.0_v4.pdf (transitionmonitor.com)). This means that in order to keep with the -80% and -30% credit exposure reduction targets for oil and gas respectively, BNP Paribas must operate a rigorous process to select the energy companies that it will continue to support as it gradually reduces the proportion of general purpose loans granted to large integrated energy companies that are attributable to hydrocarbon exploration and production.

As far as bonds are concerned, our objectives lead us to adopt the same dynamic as for credits. And in order to ensure that our financings to these companies do not indirectly contribute to the development of new oil and gas project, BNPP refrains from taking part in conventional bonds issuance for companies of the oil and gas sector which are active in exploration and production (diversified actors, exploration-production specialists).

On coal, the Group has also in place strict sector policies which restrict BNP Paribas' financing to thermal coal and metallurgical coal value chain:

- *Our policy "Coal-Fired Power Generation" strictly forbids that we provide financial products and services to new Coal-Fired Power Plant projects wherever they are located. And we stopped financing all electricity companies without a plan to exit coal by 2030 in European Union and OECD countries, and by 2040 in the rest of the world. This led us to exclude about half of our clients in the electricity generation sector by end 2021. In 2022, BNP Paribas financed only 7% of coal fired electricity and this share will be reduced to less than 5% by end 2025 ahead of the IEA's NZE scenario. This figure is well ahead of the IEA's forecast in line with a goal of achieving carbon neutrality by 2050 (i.e., limiting global warming to 1.5°C) of 18%.*
- *As per our Mining Sector Policy, we do not provide any financial product or service to projects that are dedicated to thermal coal extraction, nor provide any direct financial products or services to mining entities that are developing or are planning to develop thermal coal extraction capacities (new mines or expansion of existing ones). At the end of 2021, the share of coal mining accounted for less than 1% of the financing granted by the Group for the extraction of fossil fuels. In November 2023, we updated our sector policy to also exclude any financing to projects dedicated to the extraction of metallurgical coal. This means that we already ended all dedicated financial services, including advisory services to metallurgical coal projects, whether it is for new coal mines, for the expansion of existing ones or the related infrastructure.*

Comments regarding Figure 12: BNP Paribas' exclusion policies as of 2022 and fossil fuel financing ***in 2023.***

While for confidentiality reasons, we cannot comment the data linked to our clients on a case-by-case basis, it is important to recall that sector policies are fully integrated withing the global ESG risk management system of BNP Paribas and that the Group operates at all times within the strict remit of its sector policies and in line with the commitments it has taken.

In addition, the Group is engaged in a strong dialogue with its clients, including at the level of the holding company, and we are monitoring the implementation of their commitments and questioning the consistency of their trajectories with the IEA NZE 2050 scenario, in particular by 2030, thus keeping with BNP Paribas's own commitment to align our credit portfolios with global carbon neutrality by 2050.

More globally, we think it is important to provide you with additional details on the noticeable outcomes from the efforts undertaken by the Group to progressively and massively reallocate financing, both for credit and bond financing, from oil and gas exploration and production toward low carbon, primarily renewable, energies.

In 2023, BNPP had committed to reach 80% low-carbon in its financing for energy production in 2030. And on February 1st, 2024, we were able to announce that this target will be achieved in 2028, two years earlier than expected, and we set a new target to reach 90% by 2030 of low-carbon energy in our financing for energy production. At the end of 2023, our low carbon energy production credit exposure accounted to 65% of our total stock (+16% compared to the end of September 2022). The remaining 35% relates to fossil fuels, which went down sharply: between end September 2022 and end September 2023, BNP Paribas' exposure decreased by 28% for oil exploration and production and by 19% for gas exploration and production.

With regard to bonds, since 2020, BNP Paribas' annual share of bond issues in the oil & gas sector has been steadily decreasing (source: Bloomberg League tables 2020 & 2023). BNP Paribas' market share of the bond market for oil and gas companies has fallen to 0.99% in 2023, compared with a market share of 3.39% in 2020. In addition, BNP Paribas did not participate in any bond emission to the oil and gas sector since mi-February 2023 and ranked 41st globally for oil & gas sector bonds for the whole year of 2023 while we ranked 1st for green bonds, as we already did in 2022. The trend continues in 2024, with BNPP ranking 77th for bond emissions to the oil and gas sector since the beginning of the year.

We stay at your disposal should you have any additional question.

Best,

Amélie

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Wednesday 21 August 2024 22:08*
To: *MALAFOSSE Amelie <amelie.malafosse@bnpparibas.com>*
Cc: *LECARDONNEL Emma <emma.lecardonnel@bnpparibas.com>; LEROUX 1 Virginie*

<virginie.1.leroux@bnpparibas.com>
Subject: RE: [EXTERNAL] Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices

Dear Amelie,

Thank you very much for your detailed response, this is very helpful. I include several follow-up questions in red below. If you have any further comments or clarifications, we can incorporate them until August 30th.

Additionally, I wanted to inform you that we plan to include another figure related to Deutsche Bank data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e. the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

Kind regards,

Alison

Please find below some corrections and clarifications regarding the mentions of BNP Paribas in Table 1 and Figure 12 :

- ***Regarding Table 1 – Fossil Fuel exclusion policies:***

The statements under table 1 regarding the coverage of subsidiaries are inaccurate.

Our oil and gas policy applies strict commitment to corporate as you can see in paragraph 2.2 Provisions applicable to companies in the oil and gas sector, Mandatory Criteria of the policy related to Arctic, Amazon or unconventional oil and gas.

Thank you for this clarification. I understand that your policies on Arctic, Amazon, or unconventional oil and gas officially apply to all subsidiaries. However, this raises two follow-up questions:

- ***Does the stricter commitment to "end project financing for companies involved in new oil and gas exploration and production projects; plans to reduce exposure to oil and gas extraction by 25% by 2025," as cited in Table 1 and reported on your website, also include all subsidiaries?*** *In other words, would any financing to a fossil corporate group that might be used to explore oil and gas be covered by this policy? Specifically, do you ensure that financing granted to any subsidiary of a fossil corporate group is not used for new oil and gas exploration? If so, how do you enforce this? For instance, how do the loans granted to Mubadala Treasury Holding Co LLC, a subsidiary of the expansionary oil and gas company Mubadala Investment Co PJSC in 2023 which we report in Figure 12, comply with this policy?*
- *Additionally, we find that some examples of 2023 financing mentioned in Figure 12 may conflict with your encompassing policies on Arctic, Amazon, or unconventional oil and gas. For instance, the revolving credit line for Aker Solutions (whose Arctic production accounts for 13% of their total production) and the loans granted to the subsidiary of Mubadala Investment Co PJSC (whose short-term expansion is 83% unconventional). Do you deny granting this credit line and loan, or do Aker Solutions and Mubadala Investment Co PJSC not fall under your exclusion policies for Arctic, Amazon, or unconventional oil and gas? If not, could you explain why?*

In addition, note that the Group has "not been financing players specialising in non-conventional hydrocarbons since 2017" and is furthermore "phasing out financing granted to Oil Independents intended to support oil production (corporate loans or reserve-based lending)". (see Oil & Gas sector policy p. 6-7)

On the target to reduce oil and gas extraction exploration, in addition to the 25% reduction of exposure to oil and gas production and exploration by 2025, BNP Paribas further committed to the two following targets:

- *A reduction of our credit exposure for oil exploration and production by more than 80% by 2030 (from Q3 2022).*
- *A reduction of our credit exposure for gas exploration and production by more than 30% by 2030 (from Q3 2022).*

(Source : BNP Paribas, a leader in financing the energy transition, enters a new phase of rapid acceleration - BNP Paribas (group.bnpparibas))

These targets both apply to project finance and corporate financing. Indeed, they constrain the Group's financial support to energy companies as they apply not only to entities dedicated to upstream oil and gas but also to the share of unallocated corporate credits of diversified actors that are attributable to oil and gas exploration and production (calculated as per PACTA methodology : see note 6, page 40 of the 2022 Climate Report: PACTA-for-Banks-Methodology-document-02-07-2021_v1.2.0_v4.pdf (transitionmonitor.com)). This means that in order to keep with the -80% and -30% credit exposure reduction targets for oil and gas respectively, BNP Paribas must operate a rigorous process to select the energy companies that it will continue to support as it gradually reduces the proportion of general purpose loans granted to large integrated energy companies that are attributable to hydrocarbon exploration and production.

See my previous follow-up questions.

As far as bonds are concerned, our objectives lead us to adopt the same dynamic as for credits. And in order to ensure that our financings to these companies do not indirectly contribute to the development of new oil and gas project, BNPP refrains from taking part in conventional bonds issuance for companies of the oil and gas sector which are active in exploration and production (diversified actors, exploration-production specialists).

Thank you for the clarification regarding bonds. While we appreciate the policy, we are struggling to understand how the actual financing aligns with it. Specifically, referring back to Figure 12, how does BNP's participation in bond underwriting for the expansionary Mitsubishi Corp, which is active in exploration and production, and for EnBW International Finance BV, which should fall under your coal exclusion policy, comply with these commitments?

On coal, the Group has also in place strict sector policies which restrict BNP Paribas' financing to thermal coal and metallurgical coal value chain:

- *Our policy "Coal-Fired Power Generation" strictly forbids that we provide financial products and services to new Coal-Fired Power Plant projects wherever they are located. And we stopped financing all electricity companies without a plan to exit coal by 2030 in European Union and OECD countries, and by 2040 in the rest of the world. This led us to exclude about half of our clients in the electricity generation sector by end 2021. In 2022, BNP Paribas financed only 7% of coal fired electricity and this share will be reduced to less than 5% by end 2025 ahead of the IEA's NZE scenario. This figure is well ahead of the IEA's forecast in line with a goal of achieving carbon neutrality by 2050 (i.e., limiting global warming to 1.5°C) of 18%.*

See my previous follow-up question.

- *As per our Mining Sector Policy, we do not provide any financial product or service to projects that are dedicated to thermal coal extraction, nor provide any direct financial products or services to mining entities that are developing or are planning to develop thermal coal extraction capacities (new mines or expansion of existing ones). At the end of 2021, the share of coal mining accounted for less than 1% of the financing granted by the Group for the extraction of fossil fuels. In November 2023, we updated our sector policy to also exclude any financing to projects dedicated to the extraction of metallurgical coal. This means that we already ended all dedicated financial services, including advisory services to metallurgical coal projects, whether it is for new coal mines, for the expansion of existing ones or the related infrastructure.*

Comments regarding Figure 12: BNP Paribas' exclusion policies as of 2022 and** fossil fuel financing **in 2023.

While for confidentiality reasons, we cannot comment the data linked to our clients on a case-by-case basis, it is important to recall that sector policies are fully integrated withing the global ESG risk management system of BNP Paribas and that the Group operates at all times within the strict remit of its sector policies and in line with the commitments it has taken.

Thank you for this clarification. While I understand that loan-level data is confidential, our analyses are based on syndicated loans and bonds, both of which are subject to (varying levels of) public disclosure. Bonds, in particular, are typically subject to extensive public disclosure due to regulatory requirements, while syndicated loans may be disclosed in financial statements or regulatory filings, depending on the borrower's obligations. This disclosure is precisely why we, as researchers, have access to information about these loans. Therefore, we would highly appreciate clarification on whether BNP Paribas was involved in these financings—especially if it was not and we are making an incorrect claim here.

In addition, the Group is engaged in a strong dialogue with its clients, including at the level of the holding company, and we are monitoring the implementation of their commitments and questioning the consistency of their trajectories with the IEA NZE 2050 scenario, in particular by 2030, thus keeping with BNP Paribas's own commitment to align our credit portfolios with global carbon neutrality by 2050.

More globally, we think it is important to provide you with additional details on the noticeable outcomes from the efforts undertaken by the Group to progressively and massively reallocate financing, both for credit and bond financing, from oil and gas exploration and production toward low carbon, primarily renewable, energies.

In 2023, BNPP had committed to reach 80% low-carbon in its financing for energy production in 2030. And on February 1st, 2024, we were able to announce that this target will be achieved in 2028, two years earlier than expected, and we set a new target to reach 90% by 2030 of low-carbon energy in our financing for energy production. At the end of 2023, our low carbon energy production credit exposure accounted to 65% of our total stock (+16% compared to the end of September 2022). The remaining 35% relates to fossil fuels, which went down sharply: between end September 2022 and end September 2023, BNP Paribas' exposure decreased by 28% for oil exploration and production and by 19% for gas exploration and production.

With regard to bonds, since 2020, BNP Paribas' annual share of bond issues in the oil & gas sector has been steadily decreasing (source: Bloomberg League tables 2020 & 2023). BNP Paribas' market share of the bond market for oil and gas companies has fallen to 0.99% in 2023, compared with a market share of 3.39% in 2020. In addition, BNP Paribas did not participate in any bond emission to the oil and gas sector since mi-February 2023 and ranked 41st globally for oil & gas sector bonds for the whole year of 2023 while we ranked 1st for green bonds, as we already did in 2022. The trend continues in 2024, with BNPP ranking 77th for bond emissions to the oil and gas sector since the beginning of the year.

A huge thanks you for these detailed clarifications. We appreciate your efforts and hope that BNP Paribas' actual implementation of its policies aligns with the commitments made.

***From:** MALAFOSSE Amelie <amelie.malafosse@bnpparibas.com>*
***Sent:** Thursday, August 29, 2024 1:49 PM*
***To:** Alison Schultz <alison@taxjustice.net>*
***Cc:** LECARDONNEL Emma <emma.lecardonnel@bnpparibas.com>; LEROUX 1 Virginie <virginie.1.leroux@bnpparibas.com>*
***Subject:** RE: [EXTERNAL] Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear Alison,

Thank you for the follow up questions.

While we understand that the banking confidentiality rules binding us can be a constraint for you, we remain unable to comment on the data linked to our clients. Still, I hope the remarks below will be helpful for you to better understand how our sector policies are been implemented.

First, in the examples of transactions you are referring to, there appear to be confusion around whether these legal entities you specifically mentioned are actually active in the exploration and production of fossil fuels, and what their respective position is within the diversified groups.

Moreover, and at the risk of repeating what we already explained in the previous email, there are two things to consider:

1/ For "project finance", defined as a funding dedicated for the financing of a specific project, our sector policy is extremely clear. For example:

- *"BNP Paribas no longer provides financing for developments of new oil and gas fields, regardless of the means of financing. In addition, the phasing out of reserve-based lending (RBL) and of the financing of FPSO (floating production storage and offloading) platforms is under way."*
- *"BNP Paribas does not finance any greenfield or brownfield oil and gas projects or any associated infrastructure in the Arctic and Amazon regions (see Appendix 2). Financing of oil exported by sea from the province of Esmeraldas in Ecuador is also excluded."*

2/ For corporate finance, BNP Paribas' oil and gas sector policies does define the mandatory criteria applicable to companies active in the oil and gas sector. For example:

- *"BNP Paribas is phasing out financing granted to Oil Independents (see Appendix 2 of the O&G sector policy) intended to support oil production (corporate loans or reserve-based lending).*
- *"BNP Paribas has not been financing players specialising in non-conventional hydrocarbons since 2017. BNP Paribas will provide financial products or services to or invest in companies in the oil and gas sector only if:*
    - *Less than 10% of their activities comes from non-conventional oil and gas for those with non-conventional reserves;*
    - *Less than 10% of their exploration and production activities is related to the Arctic (see Appendix 2)."*
- *""BNP Paribas will not provide any financial product or service to or invest in companies in the energy sector holding oil and gas reserves in the Amazon region (as defined in Appendix 2) or actively developing infrastructures related to oil activities in this region.*

In addition to these criteria, comes into play, as mentioned in my last email, the reduction targets adopted by the group to reduce all its financing to the oil and gas exploration and production by 80 % and 30% respectively (compared to the end of September 2022). Indeed, reaching these targets will be done through the end of financing purely dedicated to the development of new oil fields regardless of the financing methods (project financing, reserve-based lending, FPSO) (as referred above), as well as through the two following measures which have direct implications on our corporate lending:

- *The phasing out of financing for non-diversified upstream oil players (independent oil companies, see Appendix 2 of the O&G policy) and intended to support oil production (corporate financing or reserve-based lending) (mandatory criteria under "Provisions applicable to companies in the oil and gas sector" of the Oil & Gas sector policy) ; and,*
- *The reduction of general purpose lending allocated to upstream oil and gas. For companies that are diversified, this is calculated and monitored using the PACTA methodology, meaning that we calculate the share of unallocated corporate credits of these diversified actors that are attributable to oil and gas exploration and production based on the pro-rata of the company's revenue derived from exploration and production.*

Last, I want to reiterate that the Group operates at all times within the strict remit of its sector policies and in line with the commitments it has taken.

I hope this answers your questions,

Best

Amélie

Citigroup

Please refer to our email correspondence with Citigroup below.

From: *Alison Schultz*
Sent: *Tuesday, August 6, 2024 11:07 AM*
To: *mark.costiglio@citi.com; kara.findlay@citi.com; susannah.gullette@citi.com; investorrelations@citi.com; shareholderrelations@citi.com*
Subject: *Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Dear Citi sustainability team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *Alison Schultz*
Sent: *Wednesday, August 21, 2024 11:00 PM*
To: *mark.costiglio@citi.com; kara.findlay@citi.com; susannah.gullette@citi.com; investorrelations@citi.com; shareholderrelations@citi.com*
Subject: *Follow-Up: Opportunity to Review and Clarify Fossil Fuel Exposure Data | Deadline Extended to August 30th*

Dear Citi Sustainability and Investor Relations Team,

I hope this message finds you well. I'm writing to follow up on my previous email regarding the draft report we are preparing on fossil fuel financing *through secrecy jurisdictions, with a focus on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached the document with the relevant figure and table for your bank (Figure 13 and Table 1), including our data sources, details, and underlying assumptions, to allow you to trace how we obtained our numbers.

Additionally, I wanted to inform you that we plan to include another figure related to Citi data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e., the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

We kindly request your feedback by August 30th and look forward to hearing from you.

Kind regards,
Alison Schultz

From: *Chasan, Emily <emily.chasan@citi.com>*
Sent: *Wednesday, August 21, 2024 11:50 PM*
To: *Alison Schultz <alison@taxjustice.net>*
Subject: *Connecting with Citi*

Hi Alison,

Thanks for your note. Our team had some concerns about the assumptions in your methodology. Let me know the best way to connect with you.

Best,
Emily

From: *Alison Schultz*
Sent: *Tuesday, August 27, 2024 6:36 PM*
To: *Chasan, Emily <emily.chasan@citi.com>*
Subject: *RE: Connecting with Citi*

Hi Emily,

Thanks for reaching out. I think the best way would be via email as I can reply to you in detail and give the potential references. If you prefer to clarify issues in a call, we could connect via Teams or Zoom tomorrow or next Monday any time between 9 and 18:00 CET.

Best,

Alison

Deutsche Bank

Please refer to our email correspondence with Deutsche Bank below. We incorporated Deutsche Bank's feedback in Table 1.

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Tuesday, August 6, 2024 11:00 AM*
To: *Deutsche Bank <deutsche.bank@db.com>; db media <db.media@db.com>; Anke Hallmann <anke.hallmann@db.com>; Sebastian Jost <sebastian.jost@db.com>; Heinrich Froemsdorf <Heinrich.Froemsdorf@db.com>*
Subject: *Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Dear Deutsche Bank sustainability team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *Laura Steimer <laura.steimer@db.com>* ***On Behalf Of*** *ngo engagement*
Sent: *Thursday, August 15, 2024 3:12 PM*
To: *Alison Schultz <alison@taxjustice.net>*
Cc: *Viktoriya Brand <viktoriya.brand@db.com>; Aditi-Shirirang Joshi <aditi-shirirang.joshi@db.com>*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Dear Alison,

thank you for reaching out and informing us about the upcoming report. We still have some questions about both the methodology and the precise figures. We understand that the data foundation is based on the "Banking on Climate Chaos" report. Nevertheless, we also seek several clarifications about the data foundation itself because from our point of view the used methodologies in such reports leave us with open questions, which make it hard to verify these findings from our perspective.

- *Could you provide the raw data used to arrive at figures for Deutsche Bank? (specifically Figure 13 and Table 1)? Without this information, we cannot conduct a verification.*
- *As banks we will follow the globally accepted industry codes (GICS, NACE or SIC) to assign an industry sector for each client, we understand that your methodology looks at this differently, at what threshold does the involvement in oil, gas, and coal operations define a loan as being associated with these industries, and what is the rationale behind this percentage or methodology?*
- *How does the financial secrecy data of a country influence the statistics? Could you provide a more detailed breakdown of how this affected the data presented in Figure 13?*
- *When calculating exposures, how are the maturity dates of revolving credit facilities and bonds factored in, and what effect does this have on the aggregate figures?*
- *Is it possible to ascertain which portion of the revolving credit facilities has been utilized as a loan and which part remains as an unfulfilled commitment?*
- *In your paper you say that you report on the numbers from 2016 to 2023, are these only the active loans or is it cumulative loans (irrespective of whether they have been paid of or not)?*
- *Are use-of-proceeds bonds also included in this data (especially UoP bonds where the proceeds are/were dedicated to a sustainable purpose)?*
- *Have the bonds generally been adjusted based on the level of bank participation?*

We would really appreciate, if you could provide some clarity on those points!

Thank you very much!

Kind regards

Laura

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Mittwoch, 21. August 2024 21:25*
To: *ngo engagement <ngo.engagement@db.com>*
Cc: *Viktoriya Brand <viktoriya.brand@db.com>; Aditi-Shirirang Joshi <aditi-shirirang.joshi@db.com>*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Dear Laura,

Thank you very much for your detailed response. I've included my replies in red below. If you have any further comments, we can incorporate them until August 30th.

Additionally, I wanted to inform you that we plan to include another figure related to Deutsche Bank data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e. the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

Kind regards,
Alison Schultz

- *Could you provide the raw data used to arrive at figures for Deutsche Bank? (specifically Figure 13 and Table 1)? Without this information, we cannot conduct a verification.*

For Figure 13, we use the Banking on Climate Chaos report and process the data as outlined in the methodology note . I'm reattaching the methodology for your reference. For Table 1, we incorporated information we obtained from Deutsche Bank's annual report and sustainability reports. Given the nature of the data in Table 1, we would appreciate any clarifications on how your exclusion policies handle subsidiaries. Specifically, if fossil subsidiaries are included, we would be interested in understanding how those are identified.

- *As banks we will follow the globally accepted industry codes (GICS, NACE or SIC) to assign an industry sector for each client, we understand that your methodology looks at this differently, at what threshold does the involvement in oil, gas, and coal operations define a loan as being associated with these industries, and what is the rationale behind this percentage or methodology?*

As specified in the methodology note, fossil fuel companies are identified based on the Bloomberg Industry Classification Standard, the Global Coal Exit List, the Global Oil and Gas Exit List, or are listed on Global Energy Monitor or Enerdata. A list of all included companies can be found here: http://bankingonclimatechaos.org/companies2024

- *How does the financial secrecy data of a country influence the statistics? Could you provide a more detailed breakdown of how this affected the data presented in Figure 13?*

The information about a jurisdiction's secrecy is not relevant to Figure 13. Figure 13 is simply a summary of fossil exposures as reported in the Banking on Climate Chaos report, processed as detailed in the methodology note, and contrasted with fossil exposures reported in your official documents. The secrecy of countries is only relevant to other parts of the report.

- *When calculating exposures, how are the maturity dates of revolving credit facilities and bonds factored in, and what effect does this have on the aggregate figures?*

As specified in the methodology note, we transform loans, credit facilities, and bonds like follows to estimate the exposures for the end of 2023:

- ***Outstanding Loan Exposure**: We estimate banks' outstanding exposure from loans by assuming that loans are repaid in equal monthly instalments. This leads to conservative exposure estimates, as it likely underestimates outstanding amounts due to the typical back-loaded repayment structure.*
- ***Revolving Credit Facilities**: We assume that revolving credit facilities can be used up to the date of maturity. Therefore, they should either appear as outstanding loans (if the facility was drawn) or as open commitments in banks' reports.*
- ***Bonds**: For bonds, we consider the "outstanding commitment" up to the bond's maturity date.*

- *Is it possible to ascertain which portion of the revolving credit facilities has been utilized as a loan and which part remains as an unfulfilled commitment?*

Unfortunately, our data does not allow us to see which portion of the revolving credit facilities has been utilized. If you provide us with the data, we will happily include it.

- *In your paper you say that you report on the numbers from 2016 to 2023, are these only the active loans or is it cumulative loans (irrespective of whether they have been paid of or not)?*

The year range for our data relates to funding granted in the years 2016 to 2023. For Figure 13, we consider loans' repayment as detailed in my previous answer. This means that a loan that has been repaid by the end of 2022 or during 2023 will not be included in our end-of 2023 estimates.

- *Are use-of-proceeds bonds also included in this data (especially UoP bonds where the proceeds are/were dedicated to a sustainable purpose)?*

Loans dedicated to sustainable purposes are not included in the Banking on Climate Chaos report. Other use-of-proceeds bonds are included. Do you see any reason not to include a specific other form of them?

- *Have the bonds generally been adjusted based on the level of bank participation?*

Yes, like explained here (Section: "How do you decide how much to credit each bank for their participation in a deal?")

From: Laura Steimer <laura.steimer@db.com> **On Behalf Of** ngo engagement
Sent: Friday, August 30, 2024 9:52 AM
To: Alison Schultz <alison@taxjustice.net>
Cc: Viktoriya Brand <viktoriya.brand@db.com>; Aditi-Shirirang Joshi <aditi-shirirang.joshi@db.com>; Laura Steimer <laura.steimer@db.com>
Subject: AW: Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies

Dear Alison,

Thank you for your response. Unfortunately we cannot verify the figures without precise numbers. Please refer to our Non-Financial Report 2023 for disclosed numbers.

Deutsche Bank has a set of requirements and guiding principles that we apply to our client and business selection processes. Doing this effectively is essential to mitigate and manage negative impacts on the environment or society, and to uphold the bank's commitments to international standards. As part of this approach, Deutsche Bank applies enhanced environmental and social due diligence for, thermal coal mining and power generation, as well as the oil and gas sector. During enhanced due diligence, the bank looks at a number of sector-specific factors, including the client's environmental and social management systems and track record.

According to the thermal coal (power and mining) guideline in place, the bank will not finance new greenfield thermal coal-related infrastructure regardless of whether the infrastructure is related to a new or existing plant or to a new or existing coal mine. The Bank will end financing (lending and capital markets), for companies with a thermal coal revenue dependency of more than 50% which have no credible plans to reduce this dependency to below 50% by 2025 in OECD countries, or below 30% by 2030 in non-OECD countries. In this context, the bank has defined criteria for the evaluation of transition plans for the phasing out of thermal coal. Phaseout from thermal coal is expected for companies in OECD countries by 2030 and for companies in non-OECD countries by 2040.

Furthermore, the Bank will not finance:

Oil and gas projects via hydraulic fracturing in countries with extremely high water stress;

New oil and gas projects in the Arctic region; Arctic region being defined based on a 10°C July Isotherm boundary, meaning the area does not experience temperatures above 10° C;

New projects involving exploration, production, transport/processing of oil sands.

*At year end 2023 the total loan commitment for the **oil and gas sector**, amounted to **€ 9.4 billion**. The scope 3 financed emissions for Oil & Gas (Upstream) stood at 18.5 MtCO2/y as of year end 2023, 11% higher year-on-year but 21% below the 2021 baseline. The increase in Scope 3 financed emissions can be explained by three factors: (i) client portfolio effects which led to an increase of 2.9 MtCO2/y; (ii) loan exposure FX translation effects from 2021 to 2022 predominantly driven by U.S. dollar appreciating versus the euro which led to financed emissions increasing by 1 MtCO2/y; and (iii) client emission factors (tCO2/€m) falling due to EVIC or total assets rising substantially from 2021 to 2022 which led to a reduction of 2.0 Mt CO2/y (Non-Financial Report 2023 p. 59).*

*For the **coal mining sector**, the total loan commitments of in-scope clients marginally decreased from € 1.5 billion to **€ 1.4 billion** while on a coal revenue share basis, total loan commitments remained constant at € 0.2 billion. Scope 3 financed emissions and economic emission intensity fell significantly due to exiting of selected pure play coal mining clients. Furthermore, the year-on-year decrease in Scope 3 financed emissions can be explained by three factors: (i) client portfolio effects which led to a decrease of 1.5 MtCO2/y; (ii) loan exposure FX translation effects from 2021 to 2022 predominantly driven by U.S. dollar appreciating versus the euro which led to financed emissions increasing by 0.2 MtCO2/y; and (iii) client emission factors (tCO2/€m) falling primarily due to EVIC rising substantially from 2021 to 2022 which led to financed emissions reducing by 0.6 MtCO2/y (Non-Financial Report 2023 p. 59).*

For the coal mining sector eligible clients must meet a clearly defined set of criteria: more than 5% of revenue derived from (thermal and metallurgical) coal mining and assessing the possibility of tracking the client's activity alternatively via demand-led sectors such as Power Generation or Steel production sectors – more information can be found on page 41 in the Initial Transition Plan.

As a founding member of the Net Zero Banking Alliance we are committed to a Net Zero pathway. In October 2022, we announced net zero aligned targets for 2030 and 2050 in four carbon-intensive sectors (Oil & Gas (upstream), Power generation, Automotive (light duty vehicle) and Steel). With the publication of the Transition Plan in October 2023, additional net-zero pathways were announced for three carbon-intensive industries (Coal Mining, Cement and Shipping). With these additional sectoral targets for Coal Mining, Cement and Shipping, 54% of the financed emissions in Deutsche Bank's € 101 billion corporate loan portfolio are now covered by net-zero pathways (as of year-end 2023).
We also established a Net Zero Forum consisting of senior management representatives to identify, assess and discuss key transactions and client transition strategies, including the coal mining sector. Also, for the first time, Deutsche Bank links part of the compensation of the Management Board to the decarbonization of its corporate loan portfolio (Annual-Report-2023.pdf (db.com) p. 423).

Please find more information about Deutsche Bank's commitments and management approach to environmental, social, and governance (ESG) issues in our Non-Financial Report 2023 (chapter "Transition toward a sustainable and climate-neutral economy" and "Environmental and social due diligence") as well as our Sustainability Deep Dive 2023 material. Furthermore, we outline our Climate Change Approach on our website and published the carbon footprint of our corporate loan exposure, and financed emissions of, key carbon-intensive industries in our whitepaper "Towards net zero emissions". Further information is available in our Transition Plan which we published in October 2023.

In general, we address environmental and social issues in our ongoing dialogue with our clients. Our dialogue scope also covers media reporting, including reports from NGOs as well as individual statements from clients. On this basis we decide how to proceed depending on existing contractual agreements.

Kind regards
Laura

HSBC

The Tax Justice Network reached out for feedback on August 6 and followed up on August 21 as reported below. HSBC has not responded.

From: *Alison Schultz*
Sent: *Tuesday, August 6, 2024 11:22 AM*
To: *customerrelations@hsbc.com; pressoffice@hsbc.com; hk_mediarelations@hsbc.com.hk; us_press.office@us.hsbc.com*
Subject: *Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear HSBC sustainability and media team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers. As you might notice, HSBC is not included in Figure 13. We would be grateful if you could direct us to where we can find your corporate exposures to fossil fuel companies so that we can include your bank in our analysis.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *Alison Schultz*
Sent: *Wednesday, August 21, 2024 10:57 PM*
To: *customerrelations@hsbc.com; pressoffice@hsbc.com; hk_mediarelations@hsbc.com.hk; us_press.office@us.hsbc.com*
Subject: *Follow-Up: Opportunity to Review and Clarify Fossil Fuel Exclusion Policies | Deadline Extended to August 30th*

Dear HSBC Sustainability and Media Team,

I hope this message finds you well. I'm writing to follow up on my previous email regarding the draft report we are preparing on fossil fuel financing *through secrecy jurisdictions, with a focus on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached the document with the relevant figure and table for your bank (Figure 13 and Table 1), including our data sources, details, and underlying assumptions. As you may notice, HSBC is not included in Figure 13. We would appreciate it if you could direct us to where we can find your corporate exposures to fossil fuel companies so that we can include HSBC in our analysis.

Additionally, I wanted to inform you that we plan to include another figure related to HSBC data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e., the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

We kindly request your feedback by August 30th and look forward to hearing from you.

Kind regards,
Alison Schultz

RBC

The Tax Justice Network reached out for feedback on August 6 and followed up on August 21 as reported below. RBC has not responded.

From: *Alison Schultz*
Sent: *Tuesday, August 6, 2024 10:54 AM*
To: *greg.skinner@rbc.com; brianne.sommerville@rbc.com; jeff.lanthier@rbc.com; fiona.mclean@rbc.com; rafael.ruffolo@rbc.com; sabrina.fraser@rbc.com*
Subject: *Opportunity to Review and Clarify Fossil Fuel Exposure Data and Exclusion Policies*

Dear RBC sustainability team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *Alison Schultz*
Sent: *Wednesday, August 21, 2024 11:02 PM*
To: *greg.skinner@rbc.com; brianne.sommerville@rbc.com; jeff.lanthier@rbc.com; fiona.mclean@rbc.com; rafael.ruffolo@rbc.com; sabrina.fraser@rbc.com*
Subject: *Follow-Up: Opportunity to Review and Clarify Fossil Fuel Exposure Data | Deadline Extended to August 30th*

Dear RBC Sustainability Team,

I hope this message finds you well. I'm writing to follow up on my previous email regarding the draft report we are preparing on fossil fuel financing *through secrecy jurisdictions, with a focus on fossil subsidiaries in countries with weak transparency rules. We have analyzed some statistics from your bank, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached the document with the relevant figure and table for your bank (Figure 13 and Table 1), including our data sources, details, and underlying assumptions, to allow you to trace how we obtained our numbers.

Additionally, I wanted to inform you that we plan to include another figure related to RBC data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e., the fossil subsidiary receiving the loan/issuing the bond is located in another country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

We kindly request your feedback by August 30th and look forward to hearing from you.

Kind regards,
Alison Schultz

UBS

Please refer to our email correspondence with UBS below.

From: *Alison Schultz <alison@taxjustice.net>*
Sent: *Tuesday, August 6, 2024 5:17 AM*
To: *Mediarelations <mediarelations@ubs.com>; ubs-media-relations <ubs-media-relations@ubs.com>; OL-Media-Relations-Americas <ol-media-relations-americas@ubs.com>; SH-MediaRelations-AP <sh-mediarelations-ap@ubs.com>*
Subject: *Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear UBS sustainability and media team,

My name is Alison Schultz, and I am a research fellow at the Tax Justice Network. We are currently drafting a report on fossil fuel financing *through secrecy jurisdictions, specifically focusing on fossil subsidiaries in countries* *with weak transparency rules. We have analyzed some statistics from your bank that we intend to include in the report, particularly regarding your exclusion policies, their consideration of fossil fuel firms' subsidiary structures, and your reported fossil fuel exposure.*

To ensure accuracy, we would like to give you the opportunity to review and clarify the data we have compiled. Please find attached a document with the relevant figure and table for your bank (Figure 13 and Table 1). Additionally, I have included our data sources, details, and underlying assumptions in the document to allow you to trace how we obtained our numbers. As you might have noticed, UBS is not included in Figure 13. We would be grateful if you could direct us to where we can find your corporate exposures to fossil fuel companies so that we can include your bank in our analysis.

We kindly request your feedback by August 21st. We look forward to hearing from you.

Kind regards,

Alison Schultz

From: *Morrow, Megan <megan.morrow@ubs.com>*
Sent: *Wednesday, August 21, 2024 5:17 PM*
To: *Alison Schultz <alison@taxjustice.net>*
Cc: *Cr <cr@ubs.com>*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear Alison,

We appreciate the transparency by providing us with your draft report for review. However, your methodological approach is highly misleading and leverages NGO reports as the main data source which are variable in content, methodology and quality. Moreover, we strongly reject any suggestion that UBS would seek to circumvent our own financing policies through so-called "secrecy jurisdictions". This is incorrect and without basis.

UBS supports moves by regulators toward greater transparency and reliability of information. The firm provides extensive sustainability disclosures contained in our annual Sustainability Report which meets the requirements in Switzerland and the EU. In addition, through a separate UBS Group Climate and Nature Report 2023. The latter report follows the structure recommended by the Task Force on Climate-related Financial Disclosures (the TCFD) and leverages the framework of the Taskforce on Nature-related Financial Disclosures. The content in the UBS Sustainability Report 2023 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and has been reviewed by Ernst & Young Ltd (EY) with selected metrics in this report having been subject to reasonable or limited assurance by EY. Both reports by UBS and EY's assurance report can be downloaded from www.ubs.com/sustainability-report.

As a final question, would you be able to let us know when you intend to publish?

Best regards,

Megan

From: *Alison Schultz*
Sent: *Wednesday, August 21, 2024 10:50 PM*
To: *Morrow, Megan <megan.morrow@ubs.com>*
Cc: *Cr <cr@ubs.com>*
Subject: *RE: Opportunity to Review and Clarify Fossil Fuel Exclusion Policies and Practices*

Dear Megan,

Thank you very much for your response.

While we understand that "NGO reports" may sometimes be perceived as non-trustworthy data sources, I'd like to clarify that the Banking on Climate Chaos report is based on corporate lending and underwriting transactions reported by Bloomberg Finance L.P. and LSEG (formerly Refinitiv). Are there any reasons to believe that these two data providers do not accurately report your bank's involvement in syndicated transactions? Fossil fuel companies are identified based on the Bloomberg Industry Classification Standard, the Global Coal Exit List, the Global Oil and Gas Exit List, or are listed on Global Energy Monitor or Enerdata.

Please note that we do not claim your bank actively uses secrecy jurisdictions, but rather that fossil fuel subsidiaries receiving financing from your bank are established in such jurisdictions. We have acknowledged that your coal exclusion policies, although weaker in content compared to other investigated banks, do apply to all subsidiaries. If you wish, you could provide us with details on how you specifically identify and exclude such subsidiaries to strengthen your exclusion policies.

Additionally, I wanted to inform you that we plan to include another figure related to UBS data. This figure provides an overview of the loans highlighted in the Banking on Climate Chaos report that are issued in a jurisdiction different from that of the parent company (i.e., the fossil subsidiary receiving the loan or issuing the bond is located in a different country than the fossil group's parent). Please let me know if you have any feedback regarding this figure before August 30th.

Kind regards,

Alison

References

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