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## THROWING FUEL ON THE FIRE: GFANZ MEMBERS PROVIDE BILLIONS IN FINANCE FOR FOSSIL FUEL EXPANSION

**Paris, January 17th 2023 – After committing to net zero by joining the Glasgow Financial Alliance for Net Zero (GFANZ), financial institutions around the world have continued pouring hundreds of billions of dollars into the companies developing fossil fuels, according to a new report published today by a group of NGOs, including Reclaim Finance and Rainforest Action Network (1) This is the case for US banking giants Citigroup, Bank of America, JP Morgan Chase and major asset manager Blackrock. As business and finance leaders meet in Davos for the World Economic Forum, the NGOs call on GFANZ's sectoral alliances to insist their members stop supporting fossil fuel expansion. If they are serious about meeting their commitment to reach net zero by 2050 following a 1.5°C pathway, action is needed now to align in the short term with this science-based climate imperative.**

The report analyzes support for the world's largest fossil fuel developers from the financial institutions who are members of the sectoral alliances (2). It finds that:

- Since joining GFANZ, 56 of the biggest banks in the Net-Zero Banking Alliance (NZBA) have provided US\$270 billion to 102 major fossil fuel expanders, via 134 loans and 215 underwriting transactions;
- 58 of the largest members of the Net Zero Asset Managers initiative (NZAM) held at least US\$847 billion of stocks and bonds in 201 major fossil fuel developers as of the end of September 2022;
- Only a handful of the financial institutions have adopted policies that meaningfully restrict finance to new fossil fuel projects and companies developing new fossil supply projects since joining GFANZ (3).

In total, 229 of the world's largest fossil fuel developers received finance from the 161 GFANZ members covered in this report (4), which will support them to develop new coal power plants, mines, ports, and other infrastructure, as well as new oil and gas fields, pipelines, and LNG terminals. These new fossil fuel projects are incompatible with the objective of limiting global warming to 1.5°C, as confirmed in the [2022 edition](#) of the International Energy Agency's *World*

*Energy Outlook*, published in October. They will lock in greenhouse gas emissions for decades, despite the adoption of decarbonization targets by some GFANZ members (5).

**Lucie Pinson, Executive Director and founder of Reclaim Finance says:** *"The science is very clear: we need to stop developing new coal, oil and gas projects as soon as possible if we want to meet our climate goals and avoid a worst-case scenario. Yet, it is business as usual for most banks and investors who continue to support fossil fuel developers without any restrictions, despite their high-profile commitments to carbon neutrality. Their greenwashing is all the more damaging as it casts doubt on the sincerity of all net zero commitments and undermines the efforts of those who are truly acting for the climate."*

Even though ending finance for fossil fuel expansion is clearly essential to meet the GFANZ commitment to keeping warming under 1.5°C, none of its member alliances have meaningful language addressing the issue in their guidelines.

The UN Race to Zero campaign – of which all financial institutions became signatories when joining GFANZ alliances – sets criteria for net-zero aligned financial institutions and other non-state actors. Since June 2022, these criteria have included an end to financing of new fossil fuel projects. While GFANZ has [stopped demanding](#) that its members join the UN Race to Zero initiative, the sectoral alliances remain Race to Zero partners and so are committed to complying with its criteria. The November 2022 report of the UN's High Level Expert Group on net zero has [highlighted](#) that credible net zero pledges must include an end to financial support for fossil fuel expansion (6).

**Reclaim Finance Senior Analyst Paddy McCully says:** *"GFANZ members are acting as climate arsonists. They've pledged to achieve net zero but are continuing to pour hundreds of billions of dollars into fossil fuel developers. GFANZ and its member alliances will only be credible once they up their game and insist that their members help bring a rapid end to the era of coal, oil and fossil gas expansion."*

In the United States, home to the biggest global banks, **Citigroup, Bank of America and JP Morgan Chase** are among the big financiers of oil and gas expansion. Citigroup, one of the founding members of the NZBA, approved 136 transactions that directly provided and facilitated US\$30 billion in capital to fossil fuel developers, including Saudi Aramco, QatarEnergy, and Gazprom since joining in April 2021. **BlackRock**, the world's largest asset manager and a member of NZAM, has holdings of US\$191 billion in 173 different fossil fuel developers, with 89% by value in oil and gas.(7).

**Adele Shraiman from Sierra Club says:** *"Despite their high-profile commitments to net zero, US banks like Citibank and investors like BlackRock are continuing to support the development of oil, gas, and even coal through their investments and loans. The US financial sector cannot be taken seriously on climate change until it stops investing in new fossil fuel projects. We need an urgent transition to a green economy and the financial sector must help deliver that."*

**Aditi Sen, Climate and Energy Director from Rainforest Action Network** says: *"The science is clear - financing of new oil, gas and coal is incompatible with net zero. By continuing to finance new fossil fuel projects, banks and asset managers are complicit in driving climate chaos. The US's top banks who are the world's biggest financiers of fossil fuels need to reconcile their actions with their rhetoric on climate by moving finance away from fossil fuel expansion towards a just energy transition."*

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#### Notes :

- (1) Read the full report *"Throwing Fuel on the Fire: GFANZ financing of fossil fuel expansion"* available under embargo [here](#) (embargo: 01.00 EST 17 January), jointly published by Reclaim Finance, 350.org, Asian Peoples Movement for Debt & Development (APMDD) BankTrack, Breakfree-Swiss, Centre for Environmental Rights (CER) South Africa, Rainforest Action Network (RAN), Recommon, Sunrise, Urgewald, Les Amis de la Terre, Sierra Club and Stand Earth. GFANZ was launched in April 2021. It is "committed to accelerating and mainstreaming the decarbonization of the world economy and reaching net zero emissions by 2050." GFANZ's seven sectoral alliances represent asset owners and managers, banks, and insurers, as well as financial consultants and providers of data and other financial services. These alliances have more than 550 members from 50 countries including many of the world's most powerful financial institutions. The GFANZ members included in the report were selected based on the size of their assets. Our financial research was carried out by the research institute [Profundo](#) relying primarily on data from Bloomberg, Refinitiv and IJGlobal. Our data covers the period from the date each institution joined GFANZ until September 2022.
- (2) Financial data as of September 2022. The financial institutions explicitly mentioned in the report have been contacted by Reclaim Finance and were given the option of reviewing the financial data before publication of the report. A detailed methodology is included in Appendix 11 in the report.
- (3) Out of 161 GFANZ members covered in this report and assessed in Reclaim Finance's [Coal Policy Tool](#), only 61 have a policy that excludes some support for companies developing some types of new coal projects. According to Reclaim Finance's [Oil and Gas Policy Tracker](#), only the French bank La Banque Postale has a robust policy ending support to oil and gas companies developing new supply projects.

- (4) We researched finance to 368 large coal developers listed in the [Global Coal Exit List](#), plus the 91 largest companies involved in exploring for and developing new fields, and the 77 largest companies developing oil and gas pipelines and LNG terminals, as listed in the [Global Oil and Gas Exit List \(GOGEL\)](#). Out of these 493 companies, 229 received finance from the GFANZ members within the scope of our research. We assess financing and policies from the Net Zero Banking Alliance, Net Zero Asset Managers Initiative, Net-Zero Asset Owner Alliance, and Net-Zero Insurance Alliance.
  - (5) The adoption of decarbonisation targets is an inadequate response to the climate emergency. Existing decarbonization targets adopted by banks and investors suffer from a lack of adequate ambition and numerous methodological failings, and fail to ensure an end to finance of fossil fuel expanders and an immediate reduction in greenhouse gas emissions.
  - (6) [Integrity Matters: Net Zero Commitments By Businesses, Financial Institutions, Cities And Regions](#), High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities, November 2022
  - (7) See the details for US banks and asset managers [here](#).
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