



# Bank Track 360°

2011 annual report

**BANKTRACK**



# Foreword

For BankTrack, 2011 was a year marked by crisis, as well as hope, in the financial sector.

The effects of the 2008 financial crisis were still reverberating throughout the global economy, with unemployment continuing to plague many countries. Europe in particular is experiencing a debt crisis that is leading to the spread of austerity measures across the continent.

Global regulators persisted in dragging their feet and doing little to hold the financial sector accountable for the impacts of its irresponsibility. In the United States, intense bank lobbying stymied the implementation of new financial regulations, while in Europe financial regulations lagged even further behind.

Yet in the midst of these events, glimmers of hope emerged in 2011. The global Occupy Wall Street movement galvanized international public opinion around the need for the financial sector to be held accountable for its actions, and to deliver social benefits to the real economy.

The BankTrack network, with 36 members and partners in 17 countries, has been an integral part of these social movements. Our members have helped shine a light on the environmental and social impacts of banks, from financing weapons production, to fueling high food prices and hunger, to bankrolling dangerous climate change. BankTrackers have offered solutions, for example advocating for a “Robin Hood” tax on the financial sector to discourage speculation and help pay for critical social goods. And we have helped customers around the world move their money out of irresponsible banks and into more ethical and local alternatives.

BankTrack also continued to assist communities from India to Brazil deal with the on-the-ground impacts of environmentally and socially harmful “Dodgy Deals.” We amplified community voices in the international media, at shareholder meetings and to bankers financing these transactions. One such Dodgy Deal was the proposed Belene project in Bulgaria, a nuclear power plant proposed for siting in an earthquake zone. After a long-fought international struggle to stop potential investors in this project – which included BankTrack’s “Nuclear Banks, No Thanks!” campaign targeting Deutsche Bank, Citi, and UniCredit – the Bulgarian government officially cancelled the project in 2012, citing lack of funding as the main reason for the termination. In the year of Fukushima this was a welcome example of how targeting the financiers behind projects is an effective campaign strategy.

## OUR MISSION

The mission of BankTrack is to help achieve a fundamental transformation of the banking sector, so that in the near future banks serve society and people with full respect for the ecological well being of the planet, in a transparent and accountable manner, and with their investments and business contributing to healthy and just societies.

We aim to be an effective watchdog on bank investments, we support communities affected by bank investments, we engage with the sector, we conduct public pressure campaigns, and we share our ideas on sustainable banking with a wide array of civil society groups.

Finally, BankTrack is positioning itself to respond to new challenges emerging in the financial sector. We are expanding our reach to cover more countries where banks are becoming global players. Last year, we added new member groups in China, and are embarking on a new initiative to strengthen financial advocacy in Russia, India and Brazil.

We are not done yet; plenty of challenges remain for 2012 and the years to come, but we are determined to continue our work and achieve results.

May 2012

**Michelle Chan**

BankTrack Chair

Director, Economic Policy Programs

Friends of the Earth – US



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# Dodgy deals

“BankTrack’s online database of ‘dodgy deals’ and its email alerts are the most useful resources from my personal point of view.”

Comment from a banker during the BankTrack evaluation in 2011

CLICK IT!

READ MORE!

When you spot this image, click it to read more information on the topic. Websites mentioned are hyperlinked.

**Dodgy deals are now well established as a vital weapon in BankTrack’s campaigning and advocacy efforts towards banks, with significant attention across the network from members, partners and the secretariat alike given to keeping them updated on the BankTrack website.**

A much welcomed training in autumn 2010 for BankTrackers (‘Dealing with dodgy deals’) reinforced the network’s commitment to showcasing egregious, controversial projects around the world that are in line for major private bank investments – and, vitally, to use the dodgy deal framework as a springboard for on the ground campaign efforts.

Our thinking on dodgy deals is that any dodgy deal page on the BankTrack website plays a role as a campaign platform; a one stop gathering space for campaigners. Via dodgy deals, BankTrack highlights investment risks and reminds banks that nicely worded policies and initiatives remain just that if they do not

lead to tangible improvements on the ground or do not impact decisions on what, –and what not– to include in a bank’s portfolio. In addition it permits cooperation between BankTrack members, local groups on the ground, all with the support of the BankTrack secretariat.

In 2011, more than 60 dodgy deal profiles were ‘live’ and updated regularly. The deals reflect the range of BankTrack’s intervention around the world: in a range of investment sectors such as nuclear projects, large dams, tar sands, and mining projects (of all kinds) where environmental, social and human rights are threatened. Some dodgy deals are more acute than others. There are many that have been ongoing for some time, where BankTrack efforts have helped to stall the financing of high impact investments.

The cases presented below offer a range of our experiences and work in 2011 on dodgy deals, with some notable successes included among them.





BankTrack's involvement in campaigns work against two eastern European nuclear projects not just in 2011 but over many years has reaped huge rewards for public safety following two breakthrough announcements in spring 2012.

First, and most significantly, the Bulgarian government has officially announced the cancellation of the Belene nuclear power plant, a project that had been slated for development in an earthquake zone. In 2011, BankTrack kept up its long-time efforts to restrict bank finance for Belene through meetings and dialogue with banks – primarily HSBC as advisor to the Bulgarian government – and public advocacy efforts.

Following the Bulgarian government's announcement, a BankTrack member described the magnitude of the outcome: "The opposition

to Belene went international from 2006 onwards when Western potential investors and financiers were approached. We had to fight against RWE as 49% strategic investor, who quit the project in 2009, as well as the involvement of French bank BNP Paribas, which finally withdrew its involvement in 2010. Other banks and utilities we had to pressure to stay out of the project included Deutsche Bank, UniCredit, Citi, E.ON, Electrabel and recently HSBC that acted as advisor to the Bulgarian government. Today is really a huge success and a great achievement for Bulgarian and international civil society."

Working directly with local Bulgarian groups throughout the campaign, BankTrack's campaigning on Belene hinged on a concerted effort from member groups such as urgewald, les Amis de la Terre and Greenpeace, with regular support from the BankTrack secretariat.

Just prior to the Belene announcement, and again following advocacy efforts in 2011, came news from Slovakia that Bank of Austria had closed down an important credit line for the funding of the construction of the Mochovce nuclear reactors 3 & 4.

The reactors planned for Mochovce 3 & 4 are Soviet-type VVER 440 2nd generation reactors, which are designed without a full containment building and cannot be upgraded. As such there is a higher probability of severe accidents and the release of radioactivity. The construction of

## Dodgy deals

# Stemming damned financial flows in the Amazon

The Brazilian government has ordered the construction of what will be the world's third largest hydroelectric project on one of the Amazon's major tributaries, the Xingu river.

The Belo Monte dam will divert the flow of the Xingu River and devastate an extensive area of the Brazilian rainforest, displacing over 20,000 people and threatening the very survival of several indigenous peoples. As its cost estimates rocket skyward and the extent of its impacts over several thousand square miles of the Amazon become more evident, it is clearer than ever that Brazil doesn't need Belo Monte, and that the project will bring destruction – not development – to a unique region. >>

the two reactors has been vigorously opposed since the inception of the project in the 1980s.

Yann Louvel, BankTrack's climate and energy campaign coordinator, believes that these announcements reflect a new nuclear reality for banks, especially after the Fukushima catastrophe in Japan: "It has never been more risky to fund nuclear plants, both financially and in terms of reputational risk with customers. Banks need to draw a clear lesson and stop funding nuclear and invest instead in the future, in energy efficiency and renewables. They need to immediately abandon the worst nuclear dodgy deals around the world, such as Mochovce (Slovakia), Temelin (Czech Republic), Angra 3 (Brazil) and Jaitapur (India). As with Belene, we will continue to confront them until this happens." ☑



Indigenous leader at protest in NYC against Belo Monte Dam in Brazil



>> Despite the construction of the dam now proceeding a number of BankTrack groups such as Amazon Watch, International Rivers and Amigos da Terra-Amazônia Brasileira (AdT), continue to target private banks concerning the social, environmental, economic and reputational risks of the Belo Monte dam, seeking to keep banks and investors out of the project. Efforts are ongoing, and momentum is growing.

In 2011, in partnership with International Rivers, AdT published and disseminated the report 'Mega-Project, Mega Risks: Analysis of Risks for Investors in the Belo Monte Hydroelectric Complex', that is widely acknowledged by private banks and other stakeholders as a standard for analyzing the impact of the project. The report has also helped open the door for AdT to address top bank executives about the overall risks of dam projects in the Amazon in a high level event hosted by Febraban, the Brazilian Federation of Banks, in June 2011.

In October 2011, AdT coordinated the submission of an extra-judicial notification to the Brazilian National Development Bank and private banks on the risks of financing the Belo Monte dam, including legal consequences. The notification was co-signed by over 150 NGOs. In partnership with Movimento Xingu Vivo Para Sempre, AdT also in 2011 launched the campaign "Belo Monte dam, not with my money!" that gives bank customers the opportunity to have a direct dialogue with their banks by asking them not to get involved in the Belo Monte Dam.

Despite these and other campaign efforts as well as strong local resistance, the construction continues and the chance of stopping the project at this stage is diminishing. According to former BankTrack steering committee member Roland Widmer: "One element that explains why Belo Monte is being built even though there is apparent progress with private banks is that Belo Monte is largely publicly financed".



Seismic Line in Alberta Tar Sands

#### Dodgy deals

## Protecting peoples' rights in the face of tar sands extraction

A delegation of indigenous people at risk from the development of tar sands extraction in Canada was hosted in May 2011 by BankTrack groups on a European advocacy tour that saw them appealing to European legislators and private banks to respect their rights despite extensive Canadian government efforts to lobby for huge development of the country's controversial tar sands resources. Similar direct advocacy efforts also took place at various AGMs in the US.

Lionel Lepine, a member of the Athabasca Chipewyan First Nation, one of the groups participating, explained the effectiveness of the direct approach: "I had to explain how industry impacts our traditional way of life and emphasised the serious health issues for our community. One MEP now, in fact, wants to actually come to Fort Chipewyan to visit! He wants to see first hand the impacts to the environment and of course the impact on us."

Private banks are showing signs of accepting that investing in tar sands is a risky business – although progress is drip-drip rather than gushing forth, despite the advocacy efforts of BankTrack groups. In January 2011, HSBC quietly announced a revision to its Energy Sector Policy that would appear to indicate it is stepping back from tar sands.

As Brant Olson of our member Rainforest Action Network notes of the HSBC policy change, however: "The new HSBC policy lacks any timelines, targets, or definitions. And the devil is always in those details." C

## PUTTING THE HEAT ON COAL-FIRED POWER PLANTS

In 2011, BankTrack closely collaborated with the European Coal Finance Campaign, a coalition of NGOs aiming to restrict a new generation of coal-fired power plants across Europe by blocking private financing for such projects. As well as our involvement in a dedicated training for coal campaigners from both western and eastern Europe, we backed the coalition's flagship campaign in 2011 against the proposed new 600 megawatt sixth block at the Šoštanj power plant in Slovenia.

A mix of public and private finance is being sought for the €1.2bn new block at Šoštanj, with Societe Generale and UniCredit still to decide on their participation. At our meeting with UniCredit, there were indications that the project may present reputational risks for investors. It is currently on hold as allegations of corruption in the procurement process have emerged to dog the project, combined with increasing pressure against the new block both in Slovenia and in the EU.

## DECIPHERING BANK POLICY CODE: A SMALL STEP IN THE RIGHT DIRECTION

"HSBC has policy restrictions where customers are involved in the principal processes of mining, extraction and upgrading. We undertake a balanced analysis of positive and negative impacts to understand whether customers operate in accordance with good practice, focusing on factual data and trends where available. Specifically, we analyse: GHG intensity; water usage; land and tailings pond reclamation; the grievance process in place for local communities; and the extent to which a customer discloses standards and performance."

Taken from the revised HSBC energy sector policy.





Dodgy deals


## Choking coal finance to let communities breathe

Bangladesh: in August 2006 close to 100,000 people took part in a peaceful march to protest against Global Coal Management's plan to develop an enormous open pit mine in the Phulbari area. Security forces ended the demonstration by shooting into the crowd, killing three people and injuring more than 200.

The Phulbari coal project is a proposed open pit coal mine in northwest Bangladesh and includes the construction of at least one 500 megawatt power plant. Aside from acute environmental threats to surrounding areas, the project will require almost 60 square kilometres of land and, according to project documents and independent reports, will physically and economically displace between 50,000-220,000 people. The project has been on BankTrack's dodgy deal radar for several years now.

In November 2011, our member International Accountability Project (IAP) wrote to investors in Global Coal Management Resources, the company attempting to promote the vast open-pit mine, calling on shareholders to disinvest and summarising human rights risks and violations associated with the project. The letter was signed by 85 CSOs worldwide and targeted GCM's largest investors, including Credit Suisse.

Credit Suisse replied in a letter dated December 14, 2011, stating that "the positions you inquired about are no longer held by the bank."

IAP also joined forces with London Mining Network and Phulbari Solidarity Group for shareholder activism at GCM's AGM in London at the end of the year, posing many hard-hitting questions about the Phulbari project to GCM's board and ensuring that shareholders know they are invested in an excessively risky and singularly destructive project. The project remains stalled and GCM reported a loss after tax of £690,000 for the six months ended 31 December 2011. 



# Focus programmes

**Private sector banks, because of their size, global reach and facilitating role as financial intermediaries, can potentially make an important positive difference in how their clients deal with the social and environmental impacts of their operations. After all, if banks decide to avoid certain destructive business sectors altogether and if their remaining loans and investments would come with stringent conditions attached, this would determine not just how business is conducted but even who is to conduct the business.**

The focus programmes of BankTrack aim to achieve precisely this; to change the way banks operate in a specific sector (oil and gas, mining, arms production and trade, and nuclear) or deal with important cross sectoral issues such as human rights, climate change, food security etc.

By doing this we seek to reduce the climate impact of business, end the financing of nuclear and coal power plants, ensure that clients do not violate human rights, and end the production

and trade of controversial weapons. Such change does not come overnight, a sustained effort over a number of years is required, but we are beginning to see the results of our efforts.

BankTrack regularly meets with financial institutions to discuss human rights issues. The aim of this engagement is to pressure banks to implement robust human rights policies so as to avoid facilitating human rights violations. For the same reason we have engaged in the UN process to formulate the human rights obligations of business, with our interest focused on formulating specific obligations for banks.

In June 2011 John Ruggie, UN Special Representative on Business and Human Rights (2005 - 2011) clarified the human rights responsibilities of corporations. His final report, unanimously accepted by the Human Rights Council in June 2011, contains the Guiding Principles on Business and Human Rights. BankTrack submitted "Human Rights responsibilities of private sector banks" to John Ruggie and commented on draft versions. The Guiding Principles now make a clear link





to bank activities. The 13th principle states that companies must “seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”

A number of banks, known as the “Thun group” are now busy developing a framework on how banks can integrate the new business norms into their own investment policies and possibly voluntary standards such as the Equator Principles. BankTrack is closely following these efforts and, through our Swiss member group Berne Declaration, will seek to provide input to any document that is developed by the group.

One other example of our focus work is FairFin’s (formerly Netwerk Vlaanderen, Belgium) investment in the ‘Stop Explosive Investments’ campaign ([www.stop-explosiveinvestments.org](http://www.stop-explosiveinvestments.org)), targeting the worldwide investments of financial institutions in cluster munitions. In December 2008, 94 states signed the Convention on Cluster Munition, which categorically prohibits the use, production, transfer and stockpiling of cluster munitions. Cluster bombs however continue to be produced in some countries that have not yet outlawed these weapons. Although countries that

have signed the Convention must stop producing cluster bombs, some banks and other financial institutions in or from these countries continue to fund their production by investing in corporations that manufacture them elsewhere. In order to monitor and curtail the flow of funds to cluster munitions producers since 2009, FairFin and the peace organisation IKV Pax Christi (Netherlands) release a yearly updated state-of-the-art report on worldwide investments in cluster munitions by financial institutions ([www.stopexplosiveinvestments.org/report](http://www.stopexplosiveinvestments.org/report)). Some financial institutions have made serious and far-reaching efforts to disinvest from cluster munitions (in the report listed under the Hall of Fame), while many other financial institutions took steps to ban investments in cluster munitions producers. However, their policies have certain flaws (the runners-up category) and some have, as of yet, no policy on investments in companies that produce cluster bombs. The Hall of Shame lists a whole range of examples of banks, insurance companies, investments funds, pension funds etc. investing in or offering financial services to cluster munitions producers.

The report offers an excellent instrument for both anti-arms campaigners and campaigners targeting harmful investments in cluster munitions.

A Look into the Portfolios of  
the World’s Largest Banks

## BANKROLLING CLIMATE CHANGE

Focus programmes

## BankTrack Exposes Climate Killer Banks

BankTrack’s work on how private banks continue to massively finance climate change – one of our core focus programs – reverberated around the world with the launch of the ‘Bankrolling Climate Change’ report, just in time for the latest UN climate summit in Durban, South Africa.

The report, based on more than half a year’s research by long-time BankTrack collaborator Profundo and jointly published with Urgewald, GroundWork and EarthLife Africa, examines commercial banks’ lending for the coal industry and provides the first comprehensive climate ranking for private financial institutions.

The report analysed the portfolios of 93 of the world’s leading banks, with an assessment of their support for 31 major coal-mining companies (representing 44% of global coal production) and 40 producers of coal-fired electricity (which together own over 50% of global coal-fired generation capacity). The total value of coal financing provided by these banks since 2005

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>> (the year the Kyoto Protocol came into force) amounts to 232 billion euros.


The report calls on banks to become responsible climate actors and to quit coal. It recommends that the banks need to shift their portfolios to renewables and energy efficiency and set and implement ambitious CO2 reduction goals for their financed emissions.

Heffa Schücking, Director of Urgewald and Yann Louvel, BankTrack's Climate and Energy Campaign Coordinator, launched the report at a press conference during the Durban climate summit, and they

reflect here on some of the key points of the report, how the report came to life and how it will provide a springboard for future BankTrack climate work.

Heffa: "We chose to look into coal financing as coal-fired power plants are the biggest source of man-made CO2 emissions and the major culprit in the drama of climate change. Even though climate change is already having severe impacts on the most vulnerable societies, there is an abundance of plans to build new coal-fired power plants. This was a fantastic and huge piece of work, and we're fortunate to have organisations like

Profundo available to provide such rigorous, illuminating data."

Yann: "Just one of the astounding things picked up by our report is that the top 20 'climate killer' banks are responsible for 74% of these coal investments. There is potential then to focus future campaign efforts, for example getting customers to close their accounts at the main climate killers, at just a few banks and really effect positive change for the global climate. As the report points out, there is still huge denial at these banks about what they are actually doing to the climate in real terms." 

## BANKTRACK UNRAVELS

As reported by the BBC on November 30, 2011: "The BankTrack network attempted to unravel just how much leading banks are putting into mining coal and using it to generate electricity. Part of the campaigners' strategy is to "name and shame" the banks involved. JPMorgan Chase, Citigroup and the Bank of America head their list, with more than 10bn euros invested each in coal, according to the group's calculations.

But maybe there's a bigger issue than dissecting out the individual players. As Heffa Schuecking of the German campaign group urgewald puts it: "If banks provide money for these projects, they will wreck all attempts to limit global warming to 2C."

Courtesy of BBC News Online, 30 november 2011

## BANKING 'HOT AIR'

### JPMorgan Chase

"Helping the world transition to a low-carbon economy."

### Citi

"Most innovative bank in climate change."

### Barclays

"Managing the climate change risks of our operations and those of our clients."

### RBS

"As a financial services group our direct impact on the environment in terms of climate change (...) is limited."

### Credit Suisse

"Credit Suisse cares for climate."

### Goldman Sachs

"Goldman Sachs is very concerned by the threat to our natural environment, to humans and to the economy presented by climate change."

## THE TOP TWENTY CLIMATE KILLER BANKS

	Bank	in million Euro
1	JPMorgan Chase	16,540
2	Citi	13,751
3	Bank of America	12,590
4	Morgan Stanley	12,117
5	Barclays	11,514
6	Deutsche Bank	11,477
7	Royal Bank of Scotland	10,946
8	BNP Paribas	10,694
9	Credit Suisse	9,495
10	UBS	8,217
11	Goldman Sachs	6,770
12	Bank of China	6,323
13	Industrial and Commercial   Bank of China	6,182
14	Crédit Agricole / Calyon	5,637
15	UniCredit / HVB	5,231
16	China Construction Bank	5,110
17	Mitsubishi UFJ Financial Group	4,980
18	Société Générale	4,742
19	Wells Fargo	4,523
20	HSBC	4,432

Data provided by Profundo



# Engaging With Banks

**Striving to get banks acting more sustainably requires BankTrack to engage with its target institutions in a variety of ways, depending on circumstances.**

From sit-down meetings with the heads of sustainability department heads (from time to time, with CEOs) discussing controversial nuclear projects or new standards for mining investments, to providing the public with the information and means to have a friendly word (or twenty) with their own bank, BankTrack views ongoing dialogue with the banks as vital. And the Secretariat works to ensure that these relations are maintained, facilitating a range of important meetings between members and relevant bank staff throughout the year.

Some highlights, not to mention occasional frustrations, related to our engaging demeanour and personality follow below.

## DO'S AND DON'TS OF SUSTAINABLE BANKING

**Don't finance questionable deals, just because the sponsor has a good reputation, because no laws are breached or because a multi-lateral development bank is also involved in the deal.**

**Do recognize it involves your money, your standards, your reputation and your decision – there is no one to hide behind.**





Discussing equator commitment at  
UNEP FI Washington, October 2011

#### Engaging with banks

## The Equator Principles –Round 3: Still An Unfinished Story

Working, as BankTrack does, on the banking sector often reveals fascinating, occasionally bizarre, things. “With the third revision of the Equator Principles,” says BankTrack’s director Johan Frijns, “we’re now ‘on schedule’ to see a six page document confirmed after 21 months of negotiations. And it’s hardly guaranteed that we will see much progress.”

In 2011 BankTrack once again took the lead NGO role in engaging with over 70 private banks around the world in the latest review of the Equator Principles to which these banks are signatories, albeit on a voluntary basis. The Principles, set up in 2003, are supposed to prescribe for their signatories such things as when to conduct social and environmental impact assessments, how to consult local communities, when to

install disaster response and decommissioning plans, and to respect minimum labour standards during the financing of projects around the world.

The heavily delayed third review of the Equator Principles, the so-called ‘gold standard’ of private sector financial risk management, is now scheduled to conclude in July 2012.

According to Frijns, “Whether the Principles really make a positive difference at the project level is near impossible to verify, as how and where banks apply them is as secret as anything else they do. It certainly has not stopped them from financing projects that by their very nature dramatically impact the environment, as shown by various Indian coal power plants, Canadian tar sand operations, large dams in China and the east European nuclear power plants that are still in their project pipelines.”


In October, as well as direct engagement in the Equator Principles review process and the submission of its ‘Outside Job’ paper, BankTrack also organised and convened a training on banks and the Equator Principles in Washington DC for a range of NGOs – some of them experienced bank monitors, others new to the topic.

#### What next for the Equator Principles Mark 3?

Whether much can be expected from the ongoing Equator Principles review process remains open to question.

Johan Frijns again: “To date, the very word ‘climate’ does not even appear in the text of the ‘gold standard’ of risk management! The new Principles must make a firm commitment to help stop climate change and categorically exclude business activities that have an inherently large impact on the climate, such as new oil exploration, especially tar sands, coal mines and coal power plants, but also ‘false solutions’ to climate change such as large hydro and nuclear power plants.”

Other aspects of ‘Equator bank’ compliance that BankTrack continues to call for are:

- An expansion of risk management, to include not just potential risks to the banks themselves but also risks to adjacent communities, and other legitimate project stakeholders. If such a notion of risk is integrated into decision making on loans it will lead to a portfolio of projects much more embedded and accepted by society.
- Opening up the principles. The banks need to open their portfolio books to public scrutiny, by listing the projects ‘under Equator’ on their websites and inviting independent verification, as well as opening up channels to allow people affected by projects to get directly in touch with them. 

## KEY BANKTRACK DEMANDS FOR THE EQUATOR PRINCIPLES REVIEW

- **Expand the scope of the Equator Principles, to include more than just ‘direct’ bank financing of projects**
- **End banks’ climate abuse**
- **Establish real human rights norms**
- **End the secrecy by ensuring transparent, accountable implementation of the Principles.**

## DO’S AND DON’TS OF SUSTAINABLE BANKING

**Don’t see the Equator Principles as best practice in the banking sector.**

**Do join the banks that have adopted policies on specific sectors and issues which set higher aspirations and stricter standards than the Equator Principles.**



Village of Nuevo Sucre, Peru,  
greeting delegation investigating  
contamination by Maple Energy plc.



Engaging with banks

## ‘BankTrack delivers community concerns directly to head of ING’

Accountability Counsel (AC) has been working for several years on an ongoing, IFC supported project to extract oil from the Peruvian Amazon, and where Dutch bank ING has a small holding (roughly 1 or 2 percent) in the lead company, Maple Energy. Indigenous communities living along the Ucayali River have been severely and negatively impacted by this project.

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>> On hearing that fellow BankTrackers Milieudefensie would be having a sit down with the CEO of ING and other staff in October, the wheels were set in motion for collaboration to alert ING to the project's deficiencies and problems. Following thorough briefing of Milieudefensie by AC, the project was raised at the meeting and resulted in a follow-up tele-conference with ING's responsible person.

Killing the project is not on the agenda but it is hoped that ING will be able to exercise some influence to clean up the project and deliver due compensation for the local communities. The local communities are keen to get involved in further campaigning and advocacy, and are said to be optimistic that there is possible international bank leverage. Thus a meeting ostensibly about ING's involvement in coal-fired power plants was able to register in other ways, placing community concerns about a project firmly on the bank's radar. From Peru to Holland, via two of BankTrack's groups working in tandem across continents.

#### Engaging the public with Bank of America – Closing accounts gets the message across

In spring 2011, one of BankTrack's US members Rainforest Action Network put the six largest U.S. banks 'on notice' demanding a transition in energy financing away from dirty coal and toward clean energy

solutions. Later in the year, with 'Occupy Wall Street' allies, RAN launched [www.occupytheboardroom.org](http://www.occupytheboardroom.org) – a website where members of the 99% can send messages directly to the top executives at the nation's biggest banks.

In June, RAN's coal campaign began focusing on Bank of America, the largest financier of coal in the USA. In the past two years alone BoA has pumped \$4.3 billion into the U.S. coal industry, which includes financing for ten of the largest utilities operating coal-fired power plants, and is \$1.3 billion more than other top banks.

To deliver an unambiguous thumbs-down to BoA for its environmental recklessness, RAN recruited 5,000 supporters to close their BoA accounts, and RAN also joined forces with other allies who are working on Move Your Money campaigns – collectively to date they have amassed more than 60,000 BoA account closures to date.

#### Momentum continuing into 2012.

RAN seized the moment of the Occupy movement in late 2011 and ran workshops and trainings in person at: Occupy Wall Street, Occupy Charlotte, Occupy San Francisco, Occupy Oakland and Occupy Chicago. They provided advice, research and campaign materials for Occupy activists in Charleston, Huntington, Louisville, Eugene, St Louis, Columbus and Bloomington. And they also launched [www.bankruptingamerica.tumblr.com](http://www.bankruptingamerica.tumblr.com) – a home for the many environmental and economic justice campaigns and protests targeting Bank of America.

#### Activating consumer pressure for sustainable banking in Brazil

In 2009, Netherlands based Oxfam Novib launched the 'sustainable banking guide', informing Dutch bank customers on the environmental impact of their banks. Oxfam then cooperated with BankTrack to export the concept to other markets. In 2011, it was the turn of Amigos da Terra-Amazônia Brasileira to help in the development of a web-based Brazilian version of the Fair Banking guide that compares the policies of six Brazilian banks in terms of social and environmental issues. Led by Brazilian consumer rights organisation IDEC, the guide aims to build consumer pressure on Brazilian banks so that they adopt sustainable banking practices. [www.guiadosbancosresponsaveis.org.br](http://www.guiadosbancosresponsaveis.org.br)



"The publication Dirty Money showed that in the years 2008 to 2010 inclusive, RBS was involved in providing finance worth almost €8 billion to companies listed as the world's 20 biggest operators of coal mines and generators of coal-based electricity."

## DO'S AND DON'TS OF SUSTAINABLE BANKING

**Don't try to implement an effective and efficient Environmental and Social Risk Management System on the cheap.**

**Do invest sufficiently in your capacity to screen all your clients on their social and environmental behaviour – in the long term this will pay out in terms of lower default risks and new business opportunities.**

[www.wdm.org.uk/climate-change/new-film-curing-rbs-its-oil-addiction](http://www.wdm.org.uk/climate-change/new-film-curing-rbs-its-oil-addiction)



## RBS CLIMATE WEAK

Building on earlier campaign efforts to turn the Royal Bank of Scotland into the 'Royal Bank of Sustainability', in 2011 BankTrack's UK member Platform was once again hot on the heels of the now 80+ percent UK taxpayer owned bank, exposing RBS' greenwashing activities.

Over the last five years, Platform and other UK groups have regularly blasted RBS for its financing of fossil fuels. Yet at the beginning of 2011, the bank was a main sponsor of 'Climate Week', a national event that involved hundreds of broad-ranging organisations. By the end of the year, it had been dropped.

As Climate Week launched in March 2011, Platform published 'Dirty Money – Corporate greenwash and RBS coal finance'. It highlighted the tension between RBS's coal finance and its attempts at garnering climate credibility. The organisers of the event were embarrassed by press headlines such as 'Green groups boycott Climate Week over RBS'.

In November when the news came out that RBS would not be continuing as sponsor for the 2012 Climate Week, it wasn't clear who had dumped who – but safe to say it was a poor match from the very first date!

Thus one less available greenwash opportunity for RBS, though a crucial question remains: 'When will RBS step up to the real task of

drawing up policies that limit the financing of fossil fuel projects, rather than spending time and public money covering them up?'

And as BankTrack groups around the world continue to find and expose, you could delete the name of RBS in that question and have no shortage of other banks and project developers lined up, with a shiny green veneer, to replace it.



# Members, support, training

## BANKTRACK MEMBERS AND PARTNERS

### Members

Amigos da Terra Amazonia Brasileira – Brazil  
 Berne Declaration – Switzerland  
 CEDHA – Argentina Counter  
 Current/GegenStroemung – Germany  
 CRBM – Italy  
 ECA watch Austria – Austria  
 Fairfin – Belgium  
 Friends of the Earth Scotland – United Kingdom  
 Friends of the Earth US – United States  
 Greenwatershed – China  
 International Rivers – United States  
 Les Amis de la Terre – France  
 Milieudefensie – The Netherlands  
 Mineral Policy Institute – Australia  
 Pacific Environment – United States  
 Platform – United Kingdom  
 Rainforest Action Network – United States  
 SETEM – Spain  
 The Wilderness Society – Australia  
 Urgewald – Germany

### Partners

Accountability Counsel – United States  
 Amazon watch – United States  
 Antiatom Szene – Austria  
 BDS Movement – Palestine  
 Finance GreenWatch – Japan  
 Friends of the Earth Europe – Belgium  
 Friends of the Earth Japan – Japan  
 Global Witness – United Kingdom  
 Greenpeace International – The Netherlands  
 International Accountability Project – United States  
 NGO forum on the ADB – The Philippines  
 Profundo – The Netherlands  
 SOMO – The Netherlands  
 The Corner House – United Kingdom  
 WISE – The Netherlands  
 World Resources Institute – United States

**Being a member of BankTrack means being able to rely on the experience and knowledge of fellow members when working towards a common goal. We join forces and act together to bring about change at the banks.**

**For members and partners, BankTrack acts as an efficient co-ordination centre for joint campaigns and activities; an information clearinghouse; a discussion platform; a research facility; a training centre; a central press/outreach outlet and; a campaign umbrella.**

‘BankTracking’ is not part of every campaigners standard tool kit – there is a constant need for training campaigners both within and outside our network on how the operations of banks can be influenced or how banks can be stopped altogether from financing dodgy deals. In 2011 BankTrack catered to this need by conducting a training for Chinese NGOs in Beijing and for US NGOs based in Washington DC. We also provided advice and support to numerous civil society groups involved in campaigns with a bank angle, ranging from sharing contact details to advice on drafting briefing for investors.

To structurally deal with the training needs of members and external colleagues BankTrack is developing an online training course and standard training package. This will be ready for use by mid-2012.

BankTrack manages five broadcast lists for various audiences, as well as a dozen internal discussion and strategy lists. A few examples of our mailing lists:

- For bankers (872 subscriptions)
- For journalists (525 subscriptions)
- For Equators Principles contacts: (107 subscriptions)
- A list focused on Chinese sustainable finance: (808 subscriptions)
- Internal members: (120 subscriptions)

We also reach out through social media channels. BankTrack itself has 779 followers on Twitter and 523 ‘likes’ on Facebook. Every member also has its own social media accounts, multiplying the number of people being reached every day.

The BankTrack website has an average number of 10,000 visitors per month.



# Where we are, where next?

**The second half of 2011 was a time of reflection for the entire BankTrack network as we undertook an in depth evaluation of all our work over the last three years.**

A team of two external evaluators conducted interviews with over 50 BankTrack stakeholders. These included member groups, secretariat members, the steering committee, all key funders, external NGO partners, analysts, financial journalists and of course bankers. All responded to an extensive online survey, followed by one to one phone interviews.

The evaluation focused on five key issues:

- Have BankTrack and its members led to changes in commercial bank sustainability policies?
- Does BankTrack adequately support member campaigns and activities and attract new participants to this work?
- Do BankTrack and its members have adequate capacity to support local people affected by bank financed projects?
- What role does BankTrack play in the public debate on banks and sustainability?
- What are the key issues and themes (prevailing as well as emerging) that will dominate the world of private finance in the period 2012-2014.

The result, presented to the BankTrack strategy meeting in the Czech Republic in December, was a rich, 90+ page evaluation report, that proved to be a rich source of inspiration for important discussions on the organisation's strategic orientation for the coming three years.



The report showed that in very challenging times BankTrack is on a stable footing, Members overall expressed strong satisfaction with the functioning of the secretariat and how it helps strengthen their work to be part of a global network and having experienced fellow BankTrackers to team up with.

The report also provided an invaluable ‘taking of the temperature’ that allowed for reflection on the scale of the challenges facing BankTrack, not least since the outbreak of the financial crisis in 2008; the challenge is not just to deal with an ever-expanding range of controversial bank-financed investments, but also to

effectively manage working relationships in a 36 member global alliance of NGOs when financial resources to so are increasingly hard to come by.

The range and quantity of input from especially our target institutions, banks, was better than expected; some banks went out of their way to provide constructive critical comments on how best to ‘BankTrack’ them, illustrating that while they may not like everything that BankTrack does, our work is appreciated – and our voice, our influence and our work matters in ongoing campaigns and debates about sustainable banking.

FACTS AND FIGURES FROM BANKTRACK’S EVALUATION

- Over 50 individual stakeholders canvassed for their views on BankTrack.
- Twenty core recommendations provided to guide and help improve BankTrack performance in the coming years.
- A majority of BankTrack members that were canvassed believe that the BankTrack network ensures gender equality and the equal participation of men and women throughout its operations (no member responded negatively to this question).
- Over 80% of bank representatives canvassed said that their institution’s take note of BankTrack publications when developing or reviewing their policies.
- Since August 2010, under BankTrack’s ‘Small Research Facility’ 14 pieces of research and analysis have been carried out by BankTrack partner Profundo in support of the campaign efforts of other BankTrack members.



Johan Frijns, Director BankTrack

Looking ahead

It’s been a busy start to 2012 for Johan Frijns, and so BankTrack’s strategy meeting already seems like a long time ago, though the discussions and conclusions reached are very much still fresh in his mind.

Johan explains: “It was really important to have the evaluation when we had it, a lot of simmering issues related to our work really came to the boil – and we all sat down together and got tucked into a very nourishing meal, so to speak.”

How would he contextualise the challenges now facing BankTrack? “Since our founding in 2003, BankTrack has made its mark, no question about it, making a lot of tangible progress with, for example, an increasing number of banks adopting investment policies and standards that reflect sustainability ambitions, at least in the wording.

“Now, in 2012, and after the financial crisis, things look very different. The crisis has shown that the changes that need to happen in the banking system are vastly more profound than we ever imagined in 2003. It is also clear that up to now, neither BankTrack, nor any

other agent – whether civil society, governments, supervisors or elements within the sector itself – has managed to impose the necessary profound changes on the sector. Despite certain efforts over the last few years, the banks continue to operate more or less as before the crisis.

“What has changed is the growing interest of the public in the role of banks in society. Civil society demands for strict regulation of the banking sector, so as to avoid another crisis, are growing. BankTrack is no longer alone pursuing change in the banking sector – numerous other organisations and initiatives are, each in their own way, contributing to the pressure on banks and regulators. While this growing interest in banking provides tremendous new opportunities for campaigning, it also raises the question what BankTrack can contribute to this emerging movement, >>



>> how we relate to these other actors and what our unique niche is amidst all the other initiatives.”

Following the success of last year’s Climate Killer report, BankTrack will also be looking at further ways to vividly expose bad bank practice via ranking of the institutions across different areas of work.

“What has changed is the growing interest of the public in the role of banks in society.”

“Drawing on one of the lessons of the evaluation,” continues the BankTrack director, “we will be narrowing our activities down into three main areas: Bank focused campaigns, Deal focused campaigns and Issue focused campaigns. Specific criteria applied within these areas will allow for appropriate prioritising when called for, so that we can react and devote time and effort to the most acute, pressing cases.”

“Coupled crucially to this”, explains Johan, “will be reinforced BankTrack emphasis on cross cutting support strategies that builds on existing solid network foundations. These support strategies are:

- Providing training and education for members and other NGOs
- Ensuring robust research as the foundation of BankTrack’s campaign activities
- Enabling active liaison with the banking sector
- Providing effective outreach channels for BankTrack’s messages
- Developing credible alternatives and an inspiring vision as the basis for BankTrack’s advocacy work
- Contributing to wider movement building on sustainable banking.

Two final organisational refinements will be introduced, again in response to the evaluation findings:

1: The creation of a member ‘deal’ for each individual BankTrack member, to include also a credible performance review process for all members, and 2: the creation of a BankThink working group that will sharpen our own thinking on

what post financial crisis, socially responsible and sustainable banking should look like, and how such a positive vision can become part of the popular demand list brought forward by other civil society groups.

Johan concludes: “The trick is not for BankTrack to become a bureaucracy-heavy, top-down organisation with a vast range of regulations and management tools – but we need to listen to our members, not to mention local communities affected by projects all over the world. And there have been requests to improve accountability and rigour, in order ultimately to ensure good results. It’s essential that we are not complacent, and it’s encouraging that collectively BankTrack wants to take some necessary steps forward in our network’s development – together.”

## Videos

### Stop the Belo Monte Monster Dam!



[amazonwatch.org/take-action/stop-the-belo-monte-monster-dam](https://amazonwatch.org/take-action/stop-the-belo-monte-monster-dam)

### Bankers are Mostly Human



[www.youtube.com/watch?v=z4fIYxN0oe8](https://www.youtube.com/watch?v=z4fIYxN0oe8)

### Voices from Lake Turkana



[youtu.be/0mFjZnKeOnE](https://youtu.be/0mFjZnKeOnE)

### The Nam Theun 2 Hydropower Project



[youtu.be/qxf\\_SBfLBIY](https://youtu.be/qxf_SBfLBIY)

### Dam Building in the Himalayas



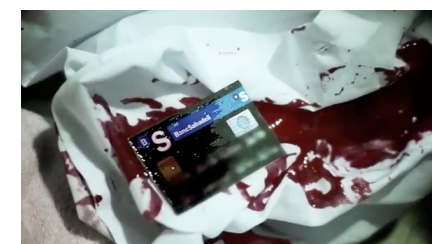
[www.internationalrivers.org/blogs/252/video-connect-the-drops-dam-building-in-the-himalayas](https://www.internationalrivers.org/blogs/252/video-connect-the-drops-dam-building-in-the-himalayas)

### RBS Protest Song



[youtu.be/V26AyA8ZKGI](https://youtu.be/V26AyA8ZKGI)

### Your bank invests your money in ammo!



[youtu.be/IYj4AshqZUQ](https://youtu.be/IYj4AshqZUQ)

### Coal's Burial



[youtu.be/VByGM0VkV0o](https://youtu.be/VByGM0VkV0o)

### Where Have All the Fish Gone



[youtu.be/Xut28h\\_jvh8](https://youtu.be/Xut28h_jvh8)



# Financial summary

The full financial report over 2011 can be found on our website [www.banktrack.org](http://www.banktrack.org).

## RECEIVED IN 2011 (IN EURO)

### Grants (spent in 2011)

CS Mott Foundation	57.929
Sigrid Rausing Trust	82.140
Oxfam Novib	193.421
Vrom	– 608
JMG Foundation	6.189

Total Grants	339.070
Interest	3.760
Other contributions	15.456

TOTAL RECEIVED	358.287
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## EXPENSES IN 2011 (IN EURO)

### Project costs

Member activities support	23.252
Bank monitoring and engagement	52.994
Project campaigns	46.929
Focus campaigns	68.000
Evaluation	15.153

Total project costs	206.328
Overhead costs	133.350
Addition to reserve account 2011	18.608

TOTAL EXPENSES	358.287
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Personnel costs (4,85 fte)	211.916
Reservations long term income	115.531
Total reserve account as per December 31st, 2011	95.128

## colophon

**Written:** Greig Aitken, Johan Frijs

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**Photography:** Front: ICA watch, Andritz protest, p2-3: Human Rights Association, p4-5 clockwise, starting from ‘p26’: Friends of the Earth Scotland, Greenpeace, CEE Bankwatch Network, Bern Declaration, B. Arnold, Amazon Watch, Amazon Watch, Greenpeace, BankTrack, BankTrack, p6: Daniel Beltrá, Greenpeace, p8: Greenpeace, p9: Amazon Watch, p10: Pieter Delputte, CEE Bankwatch Network, p11: Jiri Rezac, Greenpeace, p14: Rainforest Action Network, p16: Liu Feiyue/Greenpeace, p20: Anna Vanaerschot, p22: BankTrack, p25: Komala Ramachandra, p27, friends of the Earth Scotland, p28: BankTrack, p30: Jiri Rezac, Greenpeace, p33: BankTrack, p38-39: Jiri Rezac, Greenpeace.

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Tar sands by night. Night view of Syncrude upgrader plant north of Fort McMurray, northern Alberta, Canada.



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