Cashing in on Tar Sands:
RBS, UK banks and Canada's "blood oil"

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Cashing in on
TAR SANDS

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Petrol companies have been aware for a century of the vast quantities of oil rich bitumen lying beneath the boreal forests of Alberta. But these 'tar sands'[1] lay relatively untouched during the second half of the twentieth century when oil was plentifully and readily available from more accessible sources. In those years, it was simply too expensive and uncompetitive to extract oil from the tar sands. However as the oil sources available to Western oil majors became scarcer, the relative commercial attractiveness of tar sands improved and significant investments in their extraction began.

Over the past decade there has been growing international opposition to the development of the tar sands of Alberta. These extraction ventures – dubbed 'the most destructive project on earth'[2] – have become recognised as threatening to have a devastating impact on the global climate. The unprecedented scale of the projects and the intensity of their energy usage means that they constitute an industrial tipping point, a step change from one form of hydrocarbon – conventional oil – into a far more carbon intense form – unconventional oil.[3]

Canada is the international oil industry's test site – if it becomes acceptable to finance the tar sands of Alberta, then the global finance sector will have normalised a disastrously high-carbon development path. It is for this reason that the Canadian tar sands have become a frontline in the struggle

against the destruction of the climate though the extraction of hydrocarbons.

All new fossil fuel infrastructure is extremely capital-intensive to construct and tar sands are even more costly due to the extra processing required to produce the oil, the pipelines to bring in gas to heat the tar sands and so on. Estimates from industry analysts for the capital investment needed over the next 20 years to expand tar sands production in the Alberta region range from $120-220 billion.[4] Outside of North America, London is home to the highest concentration of financial institutions investing in tar sands extraction.[5]

This report summarises some of the main problems witnessed with tar sands extraction in Canada. It presents evidence about the impacts of tar sands extraction on local peoples' health, land rights and livelihoods, as well as on the environment. It documents which UK banks are involved in providing financial backing for tar sands, how much money they are providing, and to which oil companies. It finds that:

- The three main high street banks in the UK (Barclays, HSBC and the Royal Bank of Scotland) are all involved in providing significant sums of project or corporate finance for oil extraction from Canadian tar sands.
- In the three year time frame examined between 2007-2009, the Royal Bank of Scotland (RBS) has led underwriting for the largest amount in loans to companies operating in tar sands in Canada, to a total of more than $7.5 billion.
- Since the initial recapitalisation of UK banks took place in October 2008, RBS has underwritten corporate debt and equity worth nearly $2.5 billion with tar sands related companies.
- In the same period Barclays Bank has led the most corporate debt and equity to tar sands-related companies, more than $14 billion.

Out of the many tar sands related companies that have received finance from these banks, three are examined as case studies to give a snapshot as to the nature of the companies, how they conduct their business in obtaining tar sands and the public controversies they have been involved in.

The particular role of RBS in financing tar sands is further examined in the context of its well known position as the UK bank most heavily associated with financing all fossil fuel sectors, and that with 84% of RBS now owned by the UK taxpayer there is an extra dimension of public accountability in how the bank invests.

All of the major banks in the UK have responded to public

concern about climate change to some extent, through public statements or through the involvement in various sets of voluntary principles. An examination of several of these industry-led efforts like the Equator Principles, shows that the reality of the investment decisions stand in stark contrast to the rhetoric of the various initiatives.

While tar sands extraction has become synonymous with Canada in the minds of most people, geologists and engineers have been able to identify and evaluate major deposits of 'unconventional' oil in many other parts of the world. Although many of these deposits have been previously identified, the cost of extracting them has been considered prohibitive. But as investment in technology in Alberta brings down the price of producing synthetic crude and as oil prices fluctuate in higher ranges, companies are re-assessing the potential of operations in other countries. If extraction can be undertaken on the scale envisaged in Alberta then it opens the floodgates for unconventional oil extraction around the world. Throughout the report, three of these countries – Jordan, the Republic of Congo and Madagascar – are examined in greater detail.

Tar sands developments in Canada have resulted in very serious consequences for the local ecosystems and communities, despite the fact that Canada is a county that has a regulatory framework that is relatively robust with regards to human rights and the environment. There is real concern that extraction in many of those countries that are not as regulated as Canada could result in even worse impacts.

Indigenous communities in Alberta have been the most heavily impacted by the tar sands boom. Three people from some of those communities have written first-hand accounts of how they have seen the projects develop and how their communities have been affected, and these testimonies have been included throughout the report. In addition, an account has been included of a UK-based campaign to support shareholder resolutions that have been tabled for the upcoming BP and Shell Annual General Meetings, raising concerns about the involvement of the companies in tar sands.

Finally, the report makes a number of recommendations to UK banks, the international banks that are signatories to the Equator Principles and to the UK Treasury, the institution that has the power to provide strategic direction to RBS through its majority shareholding in the bank. These recommendations are:

To the UK banking sector

- Create a moratorium on providing finance of any kind to companies that are actively engaged in extracting tar sands or any other forms of 'unconventional oil'.

- Develop revised investment mandates drawing on expertise and guidance from independent sources and best practices in the financial sector to identify which activities, such as tar sands extraction, should not be funded in future.
- Make Free, Prior and Informed Consent of Indigenous and/or local communities a condition of all forms of project finance.

To the UK Treasury, the Chancellor of the Exchequer, Treasury Select Committee and Minister for Business, Innovation and Skills

- Use the majority public ownership of RBS to immediately impose lending standards on the bank to prevent the financing of companies that:
  - o are engaging in the extraction of tar sands or other forms of unconventional oil exploration, development or transport; and
  - o do not ask for the Free, Prior and Informed Consent of Indigenous and/or local communities.
- Include enhanced standards for environmental and human rights protection in the current parliamentary discussion of the re-regulation of the banking sector in the wake of the financial crisis.
- Provide incentives for long-term, sustainable behaviour by linking executive pay to the companies' long-term performance and to the bank's environmental and social performance.

To banks that are signatories to the Equator Principles

- Include in the Principles the climate impact of proposed projects as an integral part of all risk assessments. Commit to a process of continuously tightening the conditions for financing under the Principles, if required, to meet the challenges posed by an unfolding climate crisis.
- Include additional principles that categorically exclude the financing of all new projects involving the exploitation of tar sands and other forms of unconventional oil.
- Commit to working with groups such as Carbon Disclosure Project and BankTrack to develop workable instruments for measuring financed (or 'embedded') emissions, and adopt reduction targets for each bank. Provide a stringent timeline for this.

IMPACTS OF EXTRACTION

The impacts of tar sands extraction have been well documented in publications like *Unconventional Oil – Scraping the bottom of the barrel?*[6] by WWF and the Co-operative Bank, and *Dirty Oil – How the tar sands are fuelling the global climate crisis* by Greenpeace Canada.[7] Such detailed analysis of the various impacts of mining operations is beyond the scope of this report, which does no more than provide a brief overview of the principal impacts.

Climate impacts

There is no dispute that the process of tar sands extraction is more emissions intensive than that of conventional oil sources, due to the extra energy involved in mining the tar sands, or in the use of large amounts of natural gas in order to super-heat the bituminous mass in the *in situ* process.

There is however disagreement as to the magnitude of the increased emissions intensity. The lower end of the spectrum of calculations (10-15% more emissions intensive than conventional fuels) made by the oil industry itself and the Albertan government have been challenged by Canadian climate change academics.[8] In contrast, the Pembina Institute has calculated that 28.6 kg of CO_2 is emitted in the production of a conventional barrel of oil, while the average barrel of oil produced from tar sands is responsible for pumping 85.5 kg of CO_2 into the atmosphere, an increase of just under 300%.[9] These calculations do not include factors

such as carbon released into the atmosphere through deforestation as a result of the mining process, or carbon leaked from tailings ponds, so the reality is that the figure would be substantially higher.

Regardless of the magnitude of the increase in emissions intensity, there still remains the sheer scale of the carbon emissions locked into the amount of tar sands in Canada that could be extracted and burned. The province of Alberta has proven reserves of 174 billion barrels of oil,[10] which makes it second only to Saudi Arabia in terms of proven reserves.[11] Scientists and many civil society organisations around the world have called for atmospheric carbon to be stabilised at below 350ppm[12] in order to avoid the worst impacts of runaway climate change.[13] Current levels of atmospheric carbon are already at 387ppm and rising at about 2ppm annually. It is estimated that the exploitation of Canadian tar sands and US tar shale reserves would result in 'well to wheel'[14] emissions that would increase atmospheric carbon in the region of 49 and 65ppm.[15] Tar sands exploitation moves us even further away from the possibility of stabilising at below 350ppm.

Other environmental impacts

The exacerbation of climate change is one the most serious consequences of tar sands extraction, but a number of other, more localised, environmental impacts have also been documented. The extraction of bitumen and the production of syncrude are very water intensive, with each barrel requiring an estimated two to four barrels of water. The Athabasca River in Alberta is the primary source of water for the 539 million

How are tar sands extracted?

Tar sands are found in the ground in the form of bitumen, which is solid at normal temperatures and mixed in with sand, clay and water. The bitumen is found in two locations: when it's closer to the surface it is extracted using giant open pit mining techniques, and when it's further down, high pressure steam injection (*in situ*) technology is required to remove it.

Open pit mining strips away the trees from the top layers of the earth to expose the bitumen beneath it. This process destroys the local environment and ecosystems, leaving gaping open pit mines up to 75 meters deep as scars on the landscape.

In situ mining, the technique needed to reach 80% of the bitumen, requires injecting the bitumen with high-pressure steam to separate the oil from the sand so that it can be piped to the surface. Heating the water to produce the steam requires large quantities of natural gas.

cubic metres of water that mining operations are currently licensed to divert.[16] With only 5-10% of this volume being clean enough to return to the river, the Athabasca is already showing signs of acute ecosystem stress.[17]

As bitumen is extracted and separated from unwanted material, many production sites leave behind 'tailings', a mix of sand, water, silt, clay, hydrocarbons and toxic chemicals that cannot be discharged into the river and so are left to accumulate in giant toxic lakes.[18] In 2009, tailings lakes covered an area of 130km^2 and contained 720 million cubic litres of this toxic waste.[19] Many of these tailings lakes are situated next to the Athabasca River, and represent a potential ecological catastrophe should one of the walls be breached and the toxic tailings be released into the downstream ecosystems. A report published in 2008 calculated that the tailings lakes are already leaking over 11 million litres a day of contaminated water into the environment.[20]

Tar sands deposits are stretched over 138,000 square kilometres of primary boreal forest in Canada. Half of the world's remaining boreal forest is found in Canada, with 11% of the global terrestrial carbon sequestered in its bogs, peat, soil, and trees. Deforestation is not only occurring in the large areas where tar sands are being strip-mined, it is also creating large scars across the landscape where roads, pipelines and drills have been constructed.

Seismic exploration for tar sands also plays a huge role in deforestation. A report in 2003 showed that the clearing of boreal forest as a result of seismic exploration for all fossil fuels in Canada was equal to that cleared by the forestry industry itself.[21] Steam Assisted Gravity Drainage projects (SAGD), do not require the same intensity of deforestation as strip mining projects, but they still contribute to substantial forest loss and biodiversity impacts – particularly through the fragmentation of forests.

From a conservation perspective, studies have shown that caribou populations, which require large areas of connected forest to survive, have declined significantly in recent decades, in part due to tar sands extraction.[23] Another report looking at the impact of tar sands on birdlife estimates that the habitat loss as a result of strip mining could result in a loss of 4.8 million and 36 million young birds over a 20-year period, whereas strip mining could harm as many as 14.5 million breeding birds from direct habitat loss and as many as 76 million birds from fragmentation and habitat degradation over a 30 to 50 year period.[24]

Impacts on First Nation communities

Canada's First Nation communities are those that are bearing the heaviest brunt of tar sands developments. Despite the fact that a series of treaties were signed in the late 19th century covering Alberta and the surrounding area that

guaranteed Indigenous Peoples the "right to pursue their usual vocations of hunting, trapping and fishing throughout the tract", many First Nation citizens have felt obliged to stop or reduce such activities for fear of toxic contamination through tar sands extraction. There is increasing anecdotal evidence of fisherfolk finding boils and lesions in fish, and hunters finding tumours in game.

Fort Chipewyan, which is located on the shore of Lake Athabasca and downstream from numerous tar sands mines, has been described as 'ground zero' for the devastation caused by Alberta's oil boom. A local doctor has raised concerns over alarmingly high rates of what should be very rare bile duct cancers in the town, as well as reported abnormal rates of immune-system related conditions.[25] A study commissioned by the Alberta Health Services confirmed in 2009 that there were indeed elevated cancer rates in the community.[26]

High levels of dangerous toxins in the Athabasca River have been found in areas downstream from tar sands developments. A study in 2007 commissioned by the local health authority of Fort Chipewyan revealed high levels of arsenic, aluminium, chromium, cobalt, copper, iron, led, phosphorous, selenium, titanium, and phenols in the water.[28] It found high levels of arsenic, cadmium, polycyclic aromatic hydrocarbons (PAHs) and resin acids in the sediment, as well as high levels of mercury in tested fish.

Of these substances, the three contaminants of most concern for human health are arsenic, PAHs and mercury. While PAHs and their carcinogenic levels vary, they are all considered toxic and linked to cancer, vascular damage, kidney damage, liver and skin damage. Arsenic is a potent carcinogen that is also known to have a synergistic effect in contributing to cancer when combined with other elements — for example, combining exposure to both arsenic and PAHs can increase the risk of cancer by 8 to 18 fold. Threats from high levels of mercury include nerve damage, cognitive impairment, kidney failure, respiratory failure and death.

Although establishing a direct causal relation between increases in medical complaints and specific pollutants is notoriously tricky, people from the local communities are adamant that tar sands are the source of their health problems.

The right of Indigenous Peoples to Free Prior and Informed Consent to developments that take place on their lands is one that has been recognized by the United Nations. Despite the fact that some contracts have been signed between tribal leaders and oil companies, many communities feel that this has often taken place in a way that encourages a 'divide and conquer' strategy that offers benefits to relatively few but disregards the interests and wishes of indigenous communities generally. In 2008, the International Indian Treaty Council[29] made a submission to the United Nations

Human Rights Council that asserted that, "the expanding tar sands development has taken place without Right to Free Prior Informed Consent of many of the Indigenous Peoples whose health, ecosystems, subsistence and way of life are being impacted."[30]

A number of First Nation communities are organising to resist the expansion of tar sands on their lands, ranging from grassroots activities, to legal challenges such as the one that the Beaver Lake Cree Nation is mounting against the Albertan and Canadian governments. The First Nation communities are asking for an injunction against any new tar sands developments on their land, citing more than 17,000 infringements on their treaty rights, by every major oil company in the world. [31]

Tar Sands in other parts of the world: The Republic of the Congo (Congo-Brazzaville)

In July 2009, a coalition of groups, including Congolese human rights organisations and Campagna per la Riforma della Banca Mondiale, published a report, *Energy Futures* that examined Italian oil company Eni's investment in developing tar sands (as well as palm oil and reducing gas flaring as a carbon offset project) in the Congo basin.[33] Despite the fact that Congo is Africa's fifth largest oil producer,[34] 70% of the population lives below the poverty line.[35] Congo is a classic example of an African country where oil deposits have resulted in the 'resource curse' – the paradox in which countries with an abundance of resources (often fossil fuel resources) have a tendency to have lower levels of economic growth and

worse development outcomes than countries with less natural resources.

In May 2008, Paolo Scaroni, the CEO of Eni signed a deal with Bruno Itoua, the Energy Minister for the Republic of Congo, for a projected €3 billion investment over several years. This deal included permits for tar sands exploration in two areas covering a total of 1,790 square kilometres. The size of the Congo tar sands reserves are as yet unknown, but Eni estimates that at least 500 million barrels are recoverable, with up to a further 2.5 billion barrels that may evade discovery, or not be economically or technologically feasible to extract.[36]

The forests of the Congo Basin provide vital regional and global 'ecological services' as a carbon sink and water catchment basin, as well as playing a critical role for global biodiversity conservation.[37] Questions have been raised on the impact that tar sands extraction will have on forests in Congo given that large-scale arboreal devastation has been one of the more documented impacts of mining operations in Canada. There have been contradictory statements from Eni as to how much forested land will be affected. In July 2009, CEO Scaroni said that, "our tar sands are not in a tropical forest area otherwise we wouldn't do it."[38] In contrast, a report in March 2009 from the company's Exploration and Production division said that, "the results [of remote sensing and mapping] show that tropical forest and other very sensitive environments of biosphere (e.g. marshlands) represent about 50% to 70% of the [tar sands] permits."[39]

Congo has been categorised in Index of African Governance as one of the ten worst performing countries.[40] There is real concern that the lack of environmental and human rights regulation in Congo could result in even more serious impacts on communities and ecosystems than have been witnessed in Canada.

While Eni is still at the exploratory stage of tar sands extraction in Congo, evidence has already surfaced of communities being adversely impacted by bulldozers destroying land and crops while clearing access routes to sampling sites. According to field research carried out by tar sands researchers in Congo in 2009, "four farmers interviewed stated that they (and others) were not consulted prior to the destruction of their land and crops, and that no compensation has been paid."[41] As of July 2009, Eni admitted that it had not carried out any public consultation with local communities about their plans for tar sands extraction in the region.[42]

Billy Joe Laboucan, Peace River Region

"This year 2010, I will be 56 years old, so it's about a half century since I was small boy living with my parents, brothers, sisters, grandparents and all of the aunts, uncles and cousins in the trapping community of Bison Lake, Alberta, approximately 800 km north of Edmonton. It was populated by industrious and successful trappers and fur buyers who plied the trappers with whiskey in order to get the best trades. It was accessible only to horse and dog teams and some White trappers in small tractors and bush planes, but we lived well. Our lifestyle and livelihood depended on fur-bearing animals who depended on a clean environment with fresh water, and it seemed like there was no end in sight. We took this bounty for granted and we made a good living. Often the yearly trapping income would surpass wage earners and the salaried folk alike. For us in this region, this trend would continue into the late 1970s.

Then, the fur economy fell through, dealt a crippling blow by the European fur embargo led by actors such as Bridget Bardot. For the first time, the Cree/Metis people living among the communities of Bison Lake, Haig Lake, Marten River, Cadotte Lake, Little Buffalo, and Lubicon Lake had to rely on the provincial and federal government programs to survive. It was the beginning of hard times. But first let's step back fifty years and work towards the present. For the next economic engine would be driven by the extraction of crude oil, natural gas, and later bitumen, or what's known as tar sands.

Life in Bison Lake during the winter and spring was hard but rewarding, and it was the only time people stayed there. After the spring trapping was over in mid-April, the community would vacate to homes to the other communities south or to continue living off the land elsewhere. My father and the whole family would travel there by horses and wagon.

We would spend wonderful days at our summer home at Prairie Lake (now known as Lubicon Lake). This is where we prepared for the trapping season; and sometimes we came back to spend the Christmas holidays there. Our garden was there too. By wagon trails, the distance from our summer home to the winter place in Bison Lake was about 160 kilometres. We travelled year round. In the winter, travel was with a horse-drawn caboose heated with a small wood heater.

Then, in the fall, after families helped immigrant farmers clear land for agriculture, we would all move back north to our trapping homes. It was also about that same time, that the oil companies started exploring for oil and gas. Soon there were a myriad of seismic lines carved out in the forests. Then, the oil boom struck. In Canada, the oil and gas, and now, tar sands extraction leaves behind a

disastrous legacy especially for Aboriginal communities. The moose, fur-bearing animals, the fish and birds are decreasing in population. The water is contaminated and the air is polluted with people becoming sick with respiratory illnesses and diseases such as cancer. However, now in order to survive and earn a living to raise families some participate. There are presently almost no alternatives.

I've tried to illustrate that Indigenous people in North America, and indeed globally, often participate in the depletion and pollution of the natural environment by being workers on these extraction projects but far too often, we are the ones who are left with the consequences. Other than local workers receiving wages, the local communities receive little benefit from the extraction of natural resources in their territories with the majority of the revenue flowing south or internationally. For example, the Aboriginal people of the Athabasca Delta suffer the toxic results of the tar sands upon which their trap-lines are located. For us in the Bison Lake area, much of the virgin forests have been clearcut, forcing moose and their predators to move onto neighbouring lowlands and windbreaks within the agricultural areas. On top of that, pump jacks (or 'nodding donkeys') that pump oil and gas are poisoning animals such as moose, water fowl and fish.

Having been raised there, I still find solace in the bush and often take my youngest son, twelve, hunting moose, rabbits or grouse. It is disturbing to find more and more moose in this region in poor health bearing the brunt of a contaminated habitat. Just last year, I hunted a moose, only to find that it was befouled by tumors in its carcass. Likewise fisherman on the Athabasca River find deformed fish and have to limit their weekly consumption due to mercury levels.

All along we as Indigenous people here on earth have to some extent participated in the destruction of home and Mother Earth, I think now is the time to seek environmental justice; and help in cleaning up our aquifers, air and soil. We need to resort to our stewardship ideologies that were practiced before immigrants settled here in North America.

Billy Joe Laboucan is a Cree linguist and specializes in Cree language and cultural instruction, curriculum development, Indigenous storytelling, and filmmaking workshops to protect, preserve and promote Indigenous languages and culture.

UK BANK FINANCING

Financial data presented here are based on underwriting league tables compiled by Bloomberg for January 1, 2007 to December 31, 2009. Totals are derived from loans, corporate debt and equity issuances involving companies with significant operations in the tar sands listed in Appendix I. Figures are based on reporting by banks to Bloomberg, but may be incomplete due to undisclosed proprietary banking relationships.

Table 1 looks at the finance that RBS, Barclays and HSBC have made to companies that are engaged in tar sands over a three year period from January 2007 through to December 2009 and has been collated using a Bloomberg terminal.[43]

The data has been broken down into loans, corporate debt underwriting[44] and equity underwriting.

The totals represent underwriting to companies that (a) have an ownership stake in existing tar sands projects and projects under development; or (b) own, operate or are developing pipelines primarily being used to transport tar sands products.

All the figures in the table are in millions of US dollars and the full listing of all the individual loans and underwritings can be found in Appendix I. Totals may not reflect actual lending, rather they represent the full value of loans where the bank acted as lead book-runner (also called managing underwriter, lead manager, etc). Where the bank was one of

multiple lead book-runners, value is awarded pro-rata.

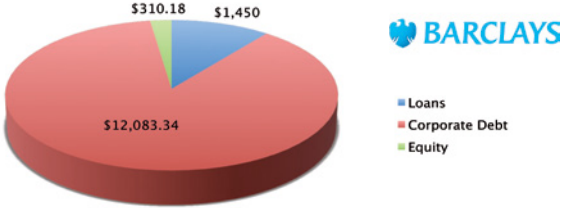
The data shows that RBS led underwriting for over $7.5 billion in loans to tar sands related companies, over five times more than Barclays and over eleven times more than HSBC. This figure for RBS represented 11.5 per cent of the total global figure of the 26 banks that were surveyed in this period, and is the highest figure for any bank outside of North America.[45]

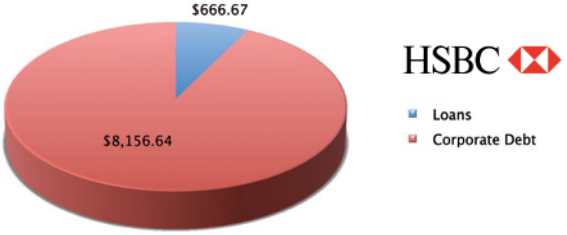
Barclays topped other banks in lead underwriting of corporate debt and equity, with a total of $12.4 billion.

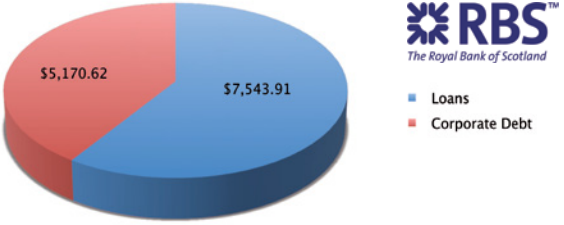
The combined total of underwriting loans, equity and corporate debt for all 26 banks that were examined using Bloomberg was $205.92 billion. The combined UK total of $35.92 billion means that the UK banks were responsible for 17.4 percent of the global total – the highest share of any country outside of North America.

Table 1 – all figures in US$ million

Bank	Loans	Corporate Debt Underwriting	Equity Underwriting
RBS	7,543.91	5,170.62	0
Barclays	1,450	12,083.34	310.18
HSBC	666.67	8,156.64	0







Mike Mercredi, Fort Chipewyan – Doing time in the tar sands

Fort McMurray is under siege by oil companies. The Province of Alberta is run by the corporations stationed in down town Calgary and not in the Province's capital of Edmonton where the legislation building sits. Alberta is not run by the Liberals, Conservatives/Tory, Green party or NDP, it is run by Imperial oil, Suncor, Shell/Albian, CNRL, Syncrude and so on – the global oil commanders of the world market. The by-products of oil/tar sands are everywhere, in everything we use everyday.

I started working in the oil mines in the 1990s and witnessed the tar sands boom, the influx of people from all over the planet and the devastating dismantling of Northern Alberta, 400 tons at a time. I used to drive the biggest trucks in the world, around the biggest earth moving equipment on the planet, on the biggest construction projects known to mankind. I was on top of the world with my royal bank account and gas tank always full in my new Chevy truck. At the job site I was surrounded by the latest technology with engineers and scientists from everywhere. Everyone and everything was there to do one thing: extract the bitumen from the sand under the boreal forest, using water from any and every source available. The boreal forest is a traditionally sacred area to First Nations in the region because it holds acres of traditional medicinal plants used for healing and prayer. It also a scientifically crucial region in Canada with an ecology that took tens of thousands of years to form. It cannot be recreated or reclaimed. Right now the oil companies have laws allowing them to cut down the trees, remove the top soil, drain the water and dig out every ton of tar sands.

When I was working in the mines I started receiving phone calls from friends and relatives about people getting sick and dying from back home in Fort Chipewyan. In one year it was scary to pick the phone because I knew who was calling and that they were going to tell me that another person was diagnosed or sick, or had passed on. Then I hear it's coming from the water. I didn't think about my job as being a part of health problems happening in Fort Chipewyan. But, I had in the back of my mind, like most First Nations people working there, wondering what was actually happening.

When you're raised in the region you never get taught that what you are doing is destroying a way of life and killing innocent people. It took some time and questions from people I worked with to make me think about this more, after witnessing, thinking and doing the actual destruction I decided to leave the tar sands industry. I had no plans of becoming one of the voices from Fort Chipewyan speaking out against the tar sands development. I went back home to Fort Chipewyan better known as ground zero and thus began my fight against the industry. I lost family to this atrocity – this destruction of a community and continued genocide

– happening right now in a small town of 1,200 people in northern Alberta, Canada.

The environmental effects of these projects are so astronomically high that the government and industry have invested millions into making it seem like little is happening, when in fact, they are actually allowing the people of Fort Chipewyan to die – they knew exactly what the effects of this project would do. This is a form of war where a nation allows people within their country to die for the sake of profit; it is continued genocide of the First Nations people of Canada.

From extermination programs that wiped out the now extinct Beothucks First Nations in the province of Newfoundland, to forcing and stealing First Nations children to be raised in residential schools to demoralize and break the spirit of the First Nations people. There is also the biological warfare that's started in the 1800's with the introduction of small pox infected blankets and the war continues today by yet again the government allowing rare cancer to kill the people of Fort Chipewyan.

So since I moved I have become an advocate, speaking out against the industry at every opportunity I receive. I will continue until I can no longer continue on, then others will take my place and ensure the fight continues against big oil and corporotocracy.

Mike Mercredi is a member of the community of Fort Chipewyan, where he was raised. He was born in Fort McMurray and used to work in the tar sands industry.

This section examines in more detail three companies with whom financing deals have been made with UK banks, all of which involve the Royal Bank of Scotland. The companies have been chosen to cover a range of projects from oil major's extraction projects to pipelines.

ConocoPhillips

RBS has underwritten $8 billion in loans and corporate finance over the past three years, which includes six deals since, and two previous to, the recapitalisation.For Barclays the figure is more than $2.5 billion; HSBC has not financed the company over this period.[46] In January 2010, ConocoPhillips announced plans to expand their Albertan tar sands operations, moving from producing 27,000 barrels of bitumen per day to 110,000.[47] They are positioning themselves to become "a leading *in situ* producer in the Athabasca oil sands region, with more than a million net acres of leaseholdings."[48]

Although the company advertises a commitment to sustainable development, ethics, honesty and integrity on their website,[49] they have in recent months been working alongside several organisations that have sought to undermine climate legislation in the US. ConocoPhillips is a member of the American Petroleum Institute,[50] whose imitation 'grassroots citizens campaign' in Autumn 2009 against the US climate bill was labelled "devious and

dishonest" by The Guardian.[51] The company is also an affiliate of the Consumer Energy Alliance,[52] which alongside the National Petrochemical & Refiners Association is currently trying to sue the state of California over their Low Carbon Fuel Standard in part because it excludes tar sands and tar shale oil from the standard.[53]

The Beaver Lake Cree Nation is currently taking legal action claiming that the approval of oil and gas developments, including ConocoPhillips' operations, infringes upon the Beaver Lake's Treaty rights.[54] The company's controversies with regards to Indigenous Peoples is not limited to Canada. It is currently the leading holder of exploration acreage in Peruvian Amazon with over 10.5 million acres. Many tribes-people live within this area, including some living in voluntary isolation. ConocoPhillips has been accused of risking future conflict by failing to guarantee that the Free Prior and Informed Consent of these people will be respected. [55]

The expansion plans of ConocoPhillips include increasing their refinery at their facility in Ponca, Oklahoma and two other refineries in the US by the end of 2013 in order to be able to process the tar sands-derived crude being piped down from Canada. The Ponca facility has existed for the last 50 years on the land of the Ponca Nation. Casey Camp-Hornik, a member of the Ponca Nation who works with the Coyote Creek Center for Environmental Justice, has expressed concern about the effects of increasing the refinery's output when her community is already suffering from the pollution of the facility. In an interview she said that, "we are saturated, we're beyond saturation, with the pollution from that already. We have an extraordinarily high cancer rate, our groundwater is poisoned, the air from the refinery has toxic qualities to it and the earth itself, we're not capable of growing anything on it anymore."[56]

ConocoPhilips also part-owns Syncrude, a crude oil producer based in Alberta, Canada. On the 28th April, 2008, a delay in the company's bird-deterring sound cannons[57] lead to the death of 1606 ducks as they landed on Syncrude's toxic tailing ponds and sank under the weight of the heavy toxic waste. [58] It is feared that these expanding tailing ponds are placed too close to river systems.[59]

Enbridge

RBS underwrote a loan to Enbridge worth $166.67 million in December 2008; Barclays underwrote a loan of $200 million in April 2009; and HSBC underwrote $467 million of corporate finance in March 2008 and May 2007.[60] Enbridge operates the world's longest crude oil and petroleum products pipeline system, transporting approximately two-thirds of Canada's crude oil, much of which is derived from tar sands.[61] They are expanding rapidly with four expansion projects, which will result in an additional 851,600 barrels per day of crude oil and increased US access.[62]

Controversially, Enbridge is applying for permission for its Northern Gateway pipeline. This would be laid through British Columbia, across more than 50 First Nation's territories and pristine ecosystems, through to Kitimat on the coast, opening the Canadian tar sands to Asian markets.[63] If oil from Canadian tar sands is rendered unusable by legislation in the USA or selected states in the USA, Asian markets will be an important impetus to continue development in the area.[64] The planned port from where the oil would be exported is expected to service 225 tankers a year, including some Very Large Crude Carriers (VLCCs) that have a capacity of 2 million barrels of oil or more – almost double the capacity of the Exxon Valdez.[65]

There are 60 Indigenous communities living along the route and on the coastline near the planned port – and they are all opposed, including the Gitga'at of Hartley Bay, a small settlement of just 160 people. Ha'eis Clare Hill, Eagle Clan Chief-in-waiting of the Gitga'at describes how Enbridge sent its President to consult with the community:

"Enbridge came in with the argument that it would help create jobs in Hartley Bay. We would be on call and trained in case there's a disaster. So we would be the garbage clean-up people! Of course, the people who cleaned up the Exxon Valdez spill are now sick and dying as a result… We had our chiefs there, we had elders, and everyone who got up said 'no, we don't want this.'"[66]

A major concern is the risk of leakages and spills. Following a 3,000 barrel leak in January 2010 in North Dakota[67] concerns have been raised by environmental observers over the impact of spillages on wild salmon habitats[68] along the proposed Northern Gateway pipeline. According to a Northern Gateway spokesman, Enbridge has 50 or 60 leaks a year, well above the industry average,[69] but varying from half a barrel to, in this case, 3,000.[70]

A new report from the Pembina Institute also raises concern over the upstream impacts the pipeline would bring as a result of creating extra capacity.[71] They assert that the pipeline would bring approximately a 30 per cent increase in production, boosting Alberta's annual greenhouse gas emissions by 6.5 million tonnes[72] as well as the associated environmental and social impacts tar sands induce already raised in this report.

> *"The Wet'suwet'en want to protect our land, we want to protect it from any type of pollution, any type of industrial development, because we need to make sure the lands are available for our children and our unborn children."*
>
> *– Toghestiy (Warner Naziel), hereditary chief of the Fireweed Clan for the Wet'suwet'en Nation who are fighting the Enbridge pipeline.[73]*

Shell

RBS underwrote two amounts of corporate debt worth $192 million each to Royal Dutch Shell in February and March 2007. HSBC also underwrote the March 2007 debt, as well as underwriting with Barclays $2.2 billion of corporate debt in May 2009. Barclays underwrote a further $1.375 billion of corporate debt to Shell in December 2008, as well as $1.25 billion in March 2009.[74]

Shell owns 60%, a majority share, of the Athabasca Oil Sands Project. Consisting of the Muskeg River Mine located north of Fort McMurray, and the Scotford Updgrader, beside Shell's refinery in Fort Saskatchewan, the Project's website describes it as, "currently one of the largest construction projects on the planet."[75] The current production capacity of this project is 155,000 barrels per day of crude oil, although approval has already been granted for an expansion that would increase production by 100,000 barrels per day.[76]

Although tar sands currently account for 2% of Shell's total oil and gas production, analysis of its resources show that 30% of their Total Resources are tied up in the Canadian tar sands.[77] This significantly high percentage of reserve illuminates the extent to which the tar sands factor into Shell's future. No other oil major has staked its future on tar sands to such an extent.[78]

In 2009, Shell abandoned written agreements with the Oil Sands Environmental Coalition, to significantly reduce greenhouse gas pollution of expansion projects. These agreements had helped inform the approval of the expansion projects in 2004 and 2006 and were supposed to have prevented an estimated 900,000 tonnes of carbon from being emitted.[79]

Shell have a long history of environmental and human rights controversies in their operations in the Niger Delta. In June 2009, they made an out of court settlement worth $15.5 million in was accused of having collaborated in the execution of the writer Ken Saro-Wiwa and eight other anti-Shell activists.[80] A court case against Shell will be resumed in Summer 2010 in the Netherlands brought by four Nigerians, in conjunction with Friends of the Earth Netherlands, who say they lost their livelihoods when oil from leaking Shell pipelines contaminated their farmland and fishing ponds.[81]

Shell are currently facing shareholder questions over its tar sands operations. A number of shareholders, coordinated by FairPensions have filed a motion to Shell's 2010 AGM, raising concerns of the profitability, environmental consequences, and community impact of its activities in tar sands extraction.[82]

Tar Sands in other parts of the world: Jordan

Jordan is believed to hold over forty billion tons of tar shale,[83] a form of tar sands distinct from those found in Canada. Known locally as "the rock that burns", tar shale refers to rocks that will give up synthetic crude when heated to extreme temperatures. Shell has committed to spend $540 million dollars exploring 22,500 square kilometres[84] – an area covering one quarter of the country and larger than Wales and sees its Jordan venture as a long-term investment to build up future reserves.[85] Analysts expect that extraction would start around 2035, and continue until 2080.[86]

Shell has announced that it will introduce its proprietary '*in situ* conversion process developed in Canada[87], which boils the oil out of the ground by injecting hot steam into deep holes. This means steam-generating plants, many oil wells and extensive gas and syncrude pipelines will have to be built.

A chronic lack of water resources in Jordan poses an obvious challenge to Shell's plans. Jordan is the fourth poorest country in the world in terms of water[88], with annual per capita supply of 200 cubic metres per person[89] – compared to a world average of 8,900 cubic metres.[90] Current use of non-renewable fossilized deep-water aquifers combined with a burgeoning population means that by 2025, water supply per person is expected to halve.[91]

Generating one barrel of oil from tar sands in Canada uses between 1 and 5.7 barrels of water.[92] Shell's plans will need 50-500 million tonnes of water, every year – water that Jordan just does not have. A possible water source will be the controversial Red Sea-Dead Sea Canal. Heavily criticised by environmental campaigners in Amman, this proposed $10 billion project is intended to pump seawater 200 kilometres from the Red Sea to the Dead Sea, where it will be used to cool nuclear reactors.[93] Local opponents have warned of damage to protected coral reefs in the Red Sea and wider impacts on the Jordan Valley.[94]

Clayton Thomas-Muller – Tar sands and treaty rights

The tar sands is the biggest and most destructive project in the history of mankind. Never before have the words "We live at ground zero" from frontline Indigenous Peoples living in Fort Chipewyan rang more true. Globally Canada is being looked at as a best practice for heavy oil development and the technology being refined in the Athabasca Tar Sands region will be used as far as the deserts of Jordan, the Republic of Congo and Venezuela.

The situation playing out in downstream communities like Fort Chipewyan, Alberta, is one of the worst cases of environmental racism globally. Environmental racism in this context, is the failure of colonial government programs to adequately consult with or address environmental protection, natural resource conservation, environmental health, and sacred/historical site issues affecting traditional Indigenous lands and its Indigenous peoples.

For many years the leadership in Fort Chipewyan have been calling for a government-funded baseline health study to confirm or disprove the communities' concern about tar sands encroachment nearer to their lands and the effect this development is having on their health.

Decades ago, the Alberta government enticed First Nations council leadership to lease their treaty reserve lands to the tar sands industry as a means for economic development and jobs. The tar sands industry with the blessings of the provincial government are expanding even further, and First Nations leadership and community members are feeling pressured by Alberta, the federal government of Canada, and the industry to support it. Many of the oil companies involved have well funded public relations campaigns coming into the First Nation communities, schools, and senior citizen facilities campaigning on how tar sand expansion would be good for the Dene, Cree and Métis people.

The First Nations and Métis living in the tar sands region have been raising concerns about the impacts of tar sands development on their treaty and aboriginal rights for some years. More recently, Canadian, American and European campaigns against tar sands development have been initiated by both Indigenous and non-Indigenous groups including many environmental non-governmental organizations, that have shifted to directly supporting the concerns of First Nations and Métis in the region.

Many elected tribal leaders in the tar sands are faced with the real woes of trying to provide economic revenue streams for their communities while at the same time protecting their culture and ecological integrity of their traditional territories. What ends up playing out more often than not is leadership being put in position where they have to choose between

jobs for the people or the destruction of their lands, water, air and way of life.

First Nation/Indigenous communities must lead all work that is challenging the Alberta tar sands, as well as the broader fossil fuel regime in Canada. The rationale behind this is that their Aboriginal title and treaty rights to large areas of land throughout Canada supercedes the rights of the province of Alberta and the corporations operating in the region. It is a legal term that recognizes Aboriginal interest in the land. It is based on Aboriginal peoples' long-standing use and occupancy of the land as descendants of the original inhabitants of Canada.

First Nations and Métis are not mere stakeholders or the public, but are political and legal entities that have Aboriginal and treaty rights with Canada. The government of Canada and the courts understand treaties between the Crown and Aboriginal peoples. These treaty rights are special rights to lands and entitlements that First Nation people legally have as a result of these treaties.

Dene, Cree and Métis communities and their leadership must look beyond a dependence on a fossil fuel regime and be visionaries and doers on supporting the development of clean production and clean renewable energy within their lands. There needs to be a clear strategy to motivate First Nations leadership and their grassroots communities to get active in energy and climate change policy, at the provincial, federal and international levels.

There is a need for Indigenous-led advocacy and training for First Nations on media strategies to be more visible and lead locally, nationally and internationally in anti tar sands campaigns.

There is a great need for organizations to prioritize bottom-up organizing and create spaces for First Nations to speak for themselves on this issue on a local, regional, national and international level.

Accountability is a major issue as we move forward in terms of ensuring that messaging in the US, Canada, and globally are in sync and accountable to the local First Nations' position so that solutions being proposed do not further magnify social and cultural inequities faced by frontline and fenceline communities.

Many First Nations and Métis in the regions are demanding the Alberta government halt tar sands expansion, address environmental damages, initiate remediation, and address human health issues.

There are also demands that the Canadian government recognize Aboriginal Treaties 8 and 6, legally binding and constitutionally protected agreements between the federal

government and First Nations that define the unique land, water and cultural rights of First Nations including the right to hunt, fish and trap.

There is an emerging political will of First Nations to exercise their sovereign rights by implementing their own environmental and health infrastructure to regulate and enforce their own laws within their land and territory. This has been best expressed by the multitude of First Nations litigations being brought forward against the government of Alberta and the Federal government of Canada for failure to uphold their obligation to consult First Nations over potential impacts of the tar sands operation. We will continue to see First Nations engage networks in North America and abroad to join them in the fight for Energy and Climate Justice.

Photo: Mike Russell

Clayton Thomas-Muller, of the Mathais Colomb Cree Nation, also known as Pukatawagan in Northern Manitoba, Canada, is an activist for Indigenous rights and environmental justice and tar sands campaign organizer for the Indigenous Environmental Network. He works across Canada, Alaska and the lower 48 states with grassroots indigenous communities to defend against the sprawling infrastructure that includes pipelines, refineries and extraction associated with the tar sands.

PUBLIC MONEY

RBS is the UK bank that has received the biggest injection of public money in order to keep it afloat in the wake of the banking crisis in late 2008. Following two separate rounds of recapitalisations and the launch of the Asset Protection Scheme in November 2009, the UK government owns 84% of the bank's shares.[95]

Civil society groups have argued that the public ownership of the bank means that there should be accountability for the way that the public money is being used by the bank. An investigation by *The Guardian* showed that in the first six months following the bank's initial recapitalisation in October 2008, RBS had been involved in loans worth nearly £10 billion to oil, coal and gas companies – a quarter of the total amount of public funds put into RBS at that point.[96]

On the first year anniversary of RBS becoming majority-owned by the public, 30 public figures, including MPs, faith-leaders and members of the business community, wrote an open letter to the Chancellor, Alastair Darling, calling on the Treasury to take a more active role in managing the bank. The letter said that, "we believe that the Treasury has failed to push RBS and the other bailed-out banks towards supporting the investments our country needs. In doing so, the government has effectively written a blank cheque for the rescued banks to finance anything from destructive fossil fuel companies driving climate change to hostile take-overs that threaten UK jobs."[97]

This perspective has also been echoed in reports that come from Parliament itself. In its pre-budget report of 2009, the Parliamentary Environmental Audit Committee recommended that, "the Treasury examine and report on how some form of environmental criteria for the investment strategies pursued by these banks might be imposed, and what impacts this might have on UK sustainable development objectives."[98] The financial services company PricewaterhouseCoopers echoes this recommendation that the government's majority shareholding of RBS presents a good "opportunity for reform" and thus management of these shares should take an approach "broader than a narrow financial goal. There should be focus on the wider social and economic objectives."[99] Despite this, the Treasury is adamant that the shares will be managed "on a commercial basis" on behalf of the HM Treasury and UK taxpayers at "arms-length" by UK Financial Investments (UKFI), a wholly government owned company set up for this purpose.[100]

In February 2010, UKFI finally published a sustainability policy.[101] Although acknowledging the need for such a policy is a welcome first step, the policy itself falls short of standard industry best practice. In particular, it fails to describe any monitoring processes, does not put in place any positive strategic vision for RBS, and fails to recognise that the main shareholders in the bank – UK taxpayers – have interests other than their financial stake in the recovery of RBS' share value.

> *"As RBS is an important provider of finance to fossil-fuel and carbon-intensive industries, it, together with the businesses in which it invests, is attempting to externalise the risks of climate change which, sooner or later, will fall on taxpayers. Those are the same taxpayers who now own RBS, so those external costs are no longer carried by a third party. We can cut the long-term cost to the taxpayer by acting now on sustainability. That is the important message."*
>
> *– Andrew Smith MP, during a Parliamentary debate on banking reform.*[102]

The Treasury maintains that any sort of intervention would jeopardize the share price of RBS and would diminish the shareholder return of the UK taxpayer. There are two arguments that expose how this reasoning does not stand up beyond the most short-termist perspective. The first is that by continuing to pour money into new fossil fuel investments, we are committing the world, not just the UK, to infrastructure that will be responsible for decades of commensurate carbon emission increases. As The Stern Review convincingly showed, the longer that we delay the necessary changes we need to make to our societies and our economies in the low-carbon transition, the higher the annual percentage of GDP that will end up being paid in order to adapt to the consequences of a destabilised climate. The interests of the taxpayer are better served by

> *In the long term, any oil company that believes it can continue to externalise environmental costs, especially carbon, to society at large will have significant difficulty. Carbon caps are going to be a reality and at the moment carbon capture and storage does not look cost effective or even technically feasible at the scale necessary.*
>
> *– Marc Brammer, the Head of Business Development for Europe at Risk Metrics Group.*[103]

trying to avoid the longer-term consequences of failure to rein in the worst excesses of runaway climate change rather than by simply going for 'a quick buck' by trying to boost the share price by investing in projects and companies that might yield short-term profits.

The second argument against the Treasury's non-interventionist position is that while banks like RBS can appear to be institutionally locked into maintaining an investment portfolio of ongoing fossil fuel finance, there is a growing body of analysis that maintains that these carbon-intensive investments could turn out to be a source of financial risk rather than return to the taxpayer. Since receiving public funds, RBS has entered a new period in which the risks and objectives associated with its investment decisions must be calculated differently.

In a report published in 2009, insurance company Swiss Re has predicted that we will see a sharp rise in instances of litigation resulting from climate change, a phenomenon that caused many companies in the asbestos industry to file for bankruptcy when faced with similar legal challenges. The report predicts that, "climate change-related liability will develop more quickly than asbestos-related claims and believe the frequency and sustainability of climate change-related litigation could become a significant issue within the next couple of years."[104]

The financial risks of tar sands investments have been singled out as being of particular concern. Reports like *Shifting sands: How a changing economy could bury the tar sands industry* have outlined how: "International Oil Companies face significant challenges to their current business plans for oil production. While risk is nothing new to the oil industry, the kind of structural change being signalled today is unprecedented."[105]

One of the challenges to tar sands is that there is a trend internationally to develop low carbon fuel standards (such as the Fuel Quality Directive in the EU and the Low Carbon Fuel Standard in California[106]), which would prohibit fuels with lifecycle CO_2 emissions 'well to wheel' greater than those from conventional fuels. The successful development of these standards could have an enormous impact in restricting the access of companies engaged in tar sands

to their primary markets. The potential threat of this is so great to the oil companies concerned that the National Petrochemical & Refiners Association are currently suing the State of California over the potential exclusion of tar sands derived fuels.[107]

RBS should now be exiting its investments in tar sands and re-channelling them into projects that are in line with the wider public interest, such as renewable energy. There exists a unique opportunity for government to utilise its shareholdings towards tackling climate change, an issue firmly in the public interest. Investing public funds into projects such as tar sands is antithetical to this end. As Andrew Smith MP has argued, "we need to question very seriously whether, at a time when we rightly voice the priority that must be given to combating climate change, those are the investment priorities that public funds should be underwriting."[108]

Since the initial recapitalisation took place in October 2008, RBS has underwritten corporate debt and equity worth nearly $2.5 billion with tar sands related companies. This use of public money is counter to growing public expectations and political demands that RBS operate to a different standard than simply the pursuit of a bottom line agenda.

Banks and their response to climate change

While all banks have publicly acknowledged the importance of addressing climate change, there is a wide disparity in the effectiveness of their responses. While The Co-operative Bank has long had a policy not to finance any fossil fuel project,[110] other banks have limited their engagement to taking part in signing up to voluntary, industry-led initiatives.

Over the past seven years, a number of these initiatives have been established by groups of banks. They ostensibly seek to monitor, influence and lessen the harmful social and environmental impacts of the operations of companies which the banks finance. These standards include the Equator Principles, to which all three major UK banks with investments in tar sands projects (RBS, HSBC and Barclays) are signatories, and the Climate Principles, which all three commented on, and to which HSBC signed up. The case of tar sands financing offers a lens to consider the effectiveness of guiding principles which are voluntary and unenforceable in the breach.

A more detailed examination of the shortcomings of both the Equator Principles and the Climate Principles can be found in Appendix III.

Case study: Pension funds & shareholder revolts

Oil companies with operations in the Canadian tar sands form a cornerstone of the portfolios of UK pension funds. In 2009, BP and Shell alone provided pension funds with a quarter of UK corporate dividends, offering a vital income-generating lifeline to these large investors.[120] According to Paul Taylor, Capita Registrar's head of dividends: "Oil has fuelled the engine of UK dividends in the last two years. The increasing dominance of oil companies has left investors highly dependent on a few big stocks to provide them with an income."[121]

In essence the long-term health of UK pension funds and of Shell and BP are, currently, inextricably bound up together. Senior executives at the two oil majors may come and go but the pension fund members of Britain are in for the long haul. This means that failed investment decisions made by BP and Shell will have a big impact on working people in the UK who are saving for their retirement through a pension plan. After the hit sustained by pension funds as a result of the collapse and near collapse in 2008 of prominent banks and financial companies which, like BP and Shell, were key stocks in their portfolios, pension funds are today in far too delicate a position to be careless about risk management at the oil majors.

It was partly with this delicate situation in mind that investors came together in late 2009 to file resolutions at BP and Shell which call upon the boards of both companies to present a comprehensive strategic justification of their allocation of capital to Canadian tar sands projects. Tar sands not only pose an almost unparalleled environmental risk to the world but, an increasing number of institutional investors are concerned at the risk they pose to investor assets. Even within the oil industry some prominent figures have doubted the good sense of tar sands investment. Lord Browne, CEO of BP from 1995 to 2007, was one of those. In 1999 the company sold almost all its Canadian tar sands interests and as recently as 2004 he declared that there were "tons of opportunities" beyond the sector.[122] His successor Tony Hayward reversed this decision on his appointment as CEO in 2007.[123] Oil in 2007 was hovering at the $100 dollar per barrel level, a price that appeared to make tar sands a logical investment. Nevertheless since 2007 the world has moved on again, and in ways which once more cast real doubt on the financial prudence of heavy capital expenditure in the oil sands. What has changed?

"It's very clear that in the mature markets of the West, the peak for gasoline consumption was in 2007. The industry will not sell more gasoline in either the US or Europe than it did in 2007. Ever. As government regulation and policy drives efficiency into the transport fleet... it's a challenge for companies like BP. It's why our refining and marketing businesses are so challenged right now because there's a lot of surplus capacity which is not going to go away" Tony Hayward, Today Programme, 4th February 2010.

As Hayward himself put it so clearly in early 2010, the extraordinary market conditions which oil companies enjoyed in 2007 when BP decided to move back into the Canadian tar sands, no longer exist and look unlikely ever to return. Shell's new CEO, Peter Voser, appears to have come to a similar conclusion since being appointed CEO in mid 2009. In an interview with the Financial Times in early 2010, Mr Voser pronounced that Shell, which is in the potentially uncomfortable position of having a third of its global oil resources sitting in the tar sands of Alberta, would be slowing down planned expansion in Canada. The reason given was that other global opportunities now seemed attractive in comparison.[124]

What is becoming increasingly clear is that the oil majors face a situation of great strategic uncertainty, reflecting the disarray and indecision of the UN climate negotiations in Copenhagen at the end of 2009. The world has no legally binding international agreement to reduce carbon emissions, and yet ostensibly, the international will to move decisively towards a lower carbon model of global economic activity remains strong. This poses an uncomfortable dilemma for oil companies and in turn a significant risk for any pension funds dependent for dividends on BP and Shell. Investors in both companies have an opportunity at the Spring 2010 Annual General Meetings (AGMs) of BP and Shell to demand clearer answers on this risk. FairPensions, working with a coalition of investors and NGOs, has succeeded in coordinating shareholder resolutions to be discussed at BP and Shell's 2010 shareholder meetings.[125] Members of pension funds, including working people in every sector of the UK economy, should be watching this situation with interest. Indeed, they can do more than watch; they can now also actively engage by expressing support for the tar sands resolutions, by contacting their pension provider (most easily via www.countingthecost.org.uk) to urge votes in favour of the resolutions.

In recent years, many people in the UK have written letters to RBS and the Treasury, or taken part in actions and demonstrations at local branches at their headquarters to demand an end to the finance of projects that exacerbate climate change or disregard human rights. These actions represent an attempt by civil society to make it possible for 'ordinary' people to have their voices heard in boardrooms where key decisions are made. The 2010 UK corporate AGM season represents a similar attempt for citizens who are concerned about tar sands to engage the finance sector in demanding financially and environmentally responsible voting decisions at the BP and Shell AGMs. This is a unique opportunity for people who care about tar sands to exercise influence in decisions being made that will impact us all.

For further info about the tar sands resolutions and FairPensions' plans to mobilise pension fund members nationwide contact: catherine.howarth@fairpensions.org.uk

> We are seeing a terrifyingly high rate of cancer in Fort Chipewyan where I live. We are convinced that these cancers are linked to the tar sands development on our doorstep. It is shortening our lives. That's why we no longer call it 'dirty oil' but 'bloody oil'. The blood of Fort Chipewyan people is on these companies' hands.[27]
>
> – George Poitras, a former chief of Mikisew Cree First Nation

Tar Sands in other parts of the world: Madagascar

In 2004, Madagascar Oil was created specifically to develop the heavy and ultra-heavy oil resources (including tar sands) on the western side of Madagascar. The heavy oil fields are located in two fields, Bemolanga and Tsimiroro and are both approximately 70km² in size.[111]

It is estimated that the fields possibly contain a combined 26,385 million barrels. Madagascar Oil believes these two fields could produce more then 280,000 barrels a day for over 20 years[112] and at least a further 180,000 barrels for 10 years after that.[113] In September 2008, Total paid $100 million for the 60% ownership of the Bemolanga field.[114]

Near the Tsimiroro field is the 1,520km² Tsingy de Bemaraha nature reserve. This was inscribed as a UNESCO World Heritage site in 1990, due to its limestone karst landscapes, undisturbed forests and mangrove swamps.[115]

The Tsimiroro site is also very close to the source of the important Manambolo River. Almost 120,000 people live in a large number of villages that make up the Morafenobe commune within the Bemolanga field. On March 17, 2009, democratically elected President Marc Ravalomanana transferred power to the High Transitional Authority (HTA). The US state Department considered this move tantamount to a military coup d'état and therefore does not recognize the HTA.[116]

The World Bank placed Madagascar 91st on its 2008 Control of Corruption Indicator, and 134th on its 2009 Doing Business Ranking.[117] Madagascar Oil admit that the oil contracts "contain attractive terms and conditions."[118] Under the current contracts, even after thirty years of commercial production, the government of Madagascar will only be receiving 4% of the oil revenues.[119]

CONCLUSIONS

CONCLUSIONS

In light of the climate crisis, as well as the devastating impacts that tar sands are having on communities and ecosystems in Canada, and their potential to wreak havoc in other parts of the world, this report calls for all parties involved to act responsibly and find ways to stop financial institutions providing the finance to companies to expand such operations.

Recommendations to the UK banking sector

- Create a moratorium on providing finance of any kind to companies that are actively engaged in extracting tar sands or any other forms of 'unconventional' oil.
- Develop revised investment mandates drawing on expertise and guidance from independent sources and best practices in the financial sector to identify which activities, such as tar sands extraction, should not be funded in future.
- Make Free, Prior and Informed Consent of Indigenous and/or local communities a condition of all forms of project finance.

Recommendations to the Chancellor of the Exchequer and the UK Treasury, the Treasury Select Committee, and the Minister for Business, Innovation and Skills

- Use the majority public ownership of RBS to immediately impose lending standards on the bank

to prevent the financing of companies that:
  - o are engaging in the extraction of tar sands or other forms of unconventional oil exploration, development or transport;
  - o do not ask for the Free, Prior and Informed Consent of Indigenous and/or local communities.
- Include enhanced standards for environmental and human rights protection in the current parliamentary discussion of the re-regulation of the banking sector in the wake of the financial crisis.
- Provide incentives for long-term, sustainable behaviour by linking executive pay to the companies' long-term performance and to the bank's environmental and social performance.

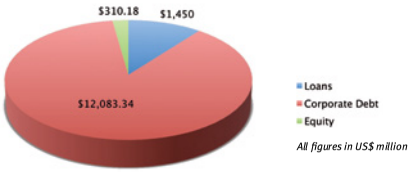
Recommendations to the Equator Principles Steering Committee and all Equator Principles signatories

- Include in the Principles the climate impact of proposed projects as an integral part of all risk assessments. Commit to a process of continuously tightening the conditions for financing under the Principles, if required, to meet the challenges posed by an unfolding climate crisis.
- Include additional principles that categorically exclude the financing of all new projects involving the exploitation of tar sands and other forms of unconventional oil.
- Commit to working with groups such as Carbon Disclosure Project and BankTrack to develop workable instruments for measuring financed (or 'embedded') emissions, and adopt reduction targets for each bank. Provide a stringent timeline for this.

Access for Western oil companies to conventional forms of oil production has been increasingly difficult to secure. Meanwhile governments, the banking sector and oil companies have collaborated to cash in on tar sands by ensuring that this dirty and devastating form of energy is guided into the global energy market. The grave threat of climate change to people's lives and livelihoods across the globe remains unparalleled, yet investments in tar sands expansion ensure the energy model responsible for the crisis is further entrenched. We need to seize the opportunity to take steps towards considerable investment in renewables and energy efficiency whilst reducing consumption in order to prevent the worst impacts of climate change.

The failure by governments and businesses to truly recognise the enormity of the threat means that the rights and lives of Indigenous Peoples and the most cash-poor people in the world are being ignored, ruined in the rush to obtain profits from tar sands cloaked in the rhetoric of energy security. Legal action in the UK and Canada, BP and Shell shareholder concern, civil society campaigns and grass roots activism are coalescing to redress this wrong.

Appendix I: Financial Data



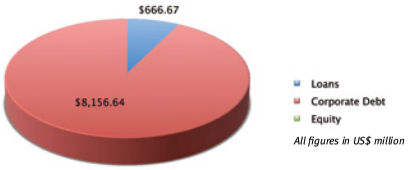
Total Tar Sands Financing = $13,843.52

Total fees earned from tar sands issuances = $38.5

Issuer Name	Date	Amount (US$ million)	Product
ConocoPhillips	5.5.2008	200	Corp
Shell International Finance BV	8.12.2008	1375	Corp
Kinder Morgan Energy Partners LP	16.12.2008	166.67	Corp
ConocoPhillips	29.1.2009	250	Corp
ConocoPhillips	29.1.2009	375	Corp
ConocoPhillips	29.1.2009	375	Corp
Chevron Corp	26.2.2009	750	Corp
Chevron Corp	26.2.2009	750	Corp
Chevron Corp	26.2.2009	1000	Corp
StatoilHydro ASA	4.3.2009	378.52	Corp
StatoilHydro ASA	4.3.2009	379.83	Corp
StatoilHydro ASA	4.3.2009	411.48	Corp
Shell International Finance BV	18.3.2009	1250	Corp
Shell International Finance BV	6.5.2009	1111.21	Corp
Shell International Finance BV	6.5.2009	1111.21	Corp
Occidental Petroleum Corp	12.5.2009	187.5	Corp
ConocoPhillips	18.5.2009	71.43	Corp
ConocoPhillips	18.5.2009	214.29	Corp
ConocoPhillips	18.5.2009	142.86	Corp
Korea National Oil Corp	23.7.2009	166.67	Corp
Kinder Morgan Energy Partners LP	11.9.2009	100	Corp
Kinder Morgan Energy Partners LP	11.9.2009	150	Corp
Cenovus Energy Inc	15.9.2009	266.67	Corp
Cenovus Energy Inc	15.9.2009	433.33	Corp
Cenovus Energy Inc	15.9.2009	466.67	Corp
Kinder Morgan Energy Partners LP	27.2.2008	165.89	Equity
Kinder Morgan Energy Partners LP	9.6.2009	85.14	Equity
Kinder Morgan Energy Partners LP	1.12.2009	59.15	Equity
ConocoPhillips	4.4.2007	1250	Loan
Enbridge Energy Partners LP	9.4.2009	200	Loan

Appendix I: Financial Data

HSBC



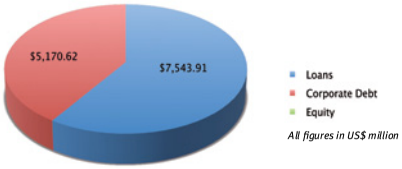
Total Tar Sands Financing = $8,823.32

Total fees earned from tar sands issuances = $31.12

Issuer Name	Date	Amount (US$ million)	Product
Total Capital SA	22.1.2007	197.56	Corp
EnCana Corp	7.3.2007	212.07	Corp
Shell International Finance BV	8.3.2007	192.83	Corp
Enbridge Inc	31.5.2007	200	Corp
Total Capital SA	24.7.2007	103.1	Corp
Husky Energy Inc	6.9.2007	100	Corp
Husky Energy Inc	6.9.2007	150	Corp
TransCanada Pipelines Ltd	2.10.2007	500	Corp
Total Capital SA	8.10.2007	101.8	Corp
Enbridge Energy Partners LP	31.3.2008	133.33	Corp
Enbridge Energy Partners LP	31.3.2008	133.33	Corp
Petro-Canada	12.5.2008	200	Corp
Petro-Canada	12.5.2008	300	Corp
Total Capital SA	3.7.2008	99.17	Corp
TransCanada Pipelines Ltd	6.1.2009	375	Corp
TransCanada Pipelines Ltd	6.1.2009	625	Corp
Total Capital SA	13.3.2009	387.5	Corp
Total Capital SA	19.3.2009	239.16	Corp
Canadian Oil Sands Ltd	6.5.2009	250	Corp
Husky Energy Inc	6.5.2009	250	Corp
Husky Energy Inc	6.5.2009	250	Corp
Shell International Finance BV	6.5.2009	1111.21	Corp
Shell International Finance BV	6.5.2009	1111.21	Corp
Total Capital SA	7.5.2009	368.22	Corp
Total Capital SA	2.6.2009	165.8	Corp
Nexen Inc	27.7.2009	75	Corp
Nexen Inc	27.7.2009	175	Corp
Total Capital SA	17.11.2009	150	Corp
Husky Energy Inc	3.7.2007	666.67	Loan

Appendix I: Financial Data

RBS™
The Royal Bank of Scotland



Total Tar Sands Financing = $12,714.53

Total fees earned from tar sands issuances = $23.23

Issuer Name	Date	Amount (US$ million)	Product
Total Capital SA	11.1.2007	320.1	Corp
Shell International Finance BV	9.2.2007	195.12	Corp
Shell International Finance BV	8.3.2007	192.83	Corp
Total Capital SA	23.05.2007	403.78	Corp
Kinder Morgan Energy Partners LP	18.6.2007	183.33	Corp
Total Capital SA	26.9.2007	100.79	Corp
Kinder Morgan Energy Partners LP	5.2.2008	300	Corp
Kinder Morgan Energy Partners LP	5.2.2008	150	Corp
Total Capital SA	19.3.2008	100.18	Corp
Total Capital SA	25.4.2008	96.69	Corp
ConocoPhillips	5.5.2008	133.33	Corp
ConocoPhillips	5.5.2008	166.67	Corp
ConocoPhillips	5.5.2008	200	Corp
Total Capital SA	10.6.2008	154.67	Corp
Kinder Morgan Energy Partners LP	16.12.2008	166.67	Corp
Enbridge Energy Partners LP	17.12.2008	166.67	Corp
Devon Energy Corp	6.1.2009	83.33	Corp
Devon Energy Corp	6.1.2009	116.67	Corp
ConocoPhillips	29.1.2009	250	Corp
ConocoPhillips	29.1.2009	375	Corp
ConocoPhillips	29.1.2009	375	Corp
StatoilHydro ASA	4.3.2009	378.52	Corp
Total Capital SA	7.5.2009	132.69	Corp
ConocoPhillips	18.5.2009	71.43	Corp
ConocoPhillips	18.5.2009	214.29	Corp
ConocoPhillips	18.5.2009	142.86	Corp
China National Petroleum Corp	28.2.2007	43.91	Loan
Koch Resources LLC	10.7.2007	1250	Loan
ConocoPhillips	7.9.2007	3750	Loan
ConocoPhillips	1.10.2008	2500	Loan

Appendix II: RBS and its history of fossil fuel finance

RBS' high level of tar sands investment must be viewed within the context of their involvement in financing the fossil fuel sector more generally. In the last decade it has been one of the most significant funders of the oil and gas sector in the UK. Between 2001 and 2006, RBS provided over $10 billion in oil and gas loans, and structured the loan agreements and acted as financial adviser on over $30 billion of oil and gas projects, according to a report published in 2007.[126] The report also calculated that the 'embedded emissions'[127] within RBS project finance to oil and gas projects exceeded 36.9 million tonnes in 2005, equivalent to those of 6.2 million homes (one quarter of UK households).

In 2008, the report Cashing in on Coal, analysed the investments of HSBC, Barclays and RBS in coal-related companies over the period May 2006 to April 2008. It found that whilst HSBC had participated in 3 different loans, and Barclays in 17, RBS invested in 27 different loans to the coal industry, totalling an estimated $15.93 billion.[128]

It is not only the climate impacts of projects and companies that RBS has financed that have raised concerns. Like their investments in tar sands, many projects have been criticised for being associated with human rights abuses, other forms of environmental degradation, or for operating in politically and/or environmentally sensitive regions. In the last year these have included:

- Providing two rounds of finance to Tullow Oil, which is exploring for oil on the Ugandan – Democratic Republic of Congo border, an area which has seen intense conflict in recent years, conflict which is now being exacerbated by competing demands for control over resources [129]. In March 2009 it helped provide financing worth $100 million and acted as joint global co-ordinator and bookrunner with Bank of America Merrill Lynch in a share sale raising £925 million for the company in January 2010.[130] The Production Sharing Agreements were analysed in a recent report[131] that makes the case for changes in the contract between Tullow and the Ugandan government on account of resource sovereignty and environmental concerns.[132] Jacob Mayindo of the Uganda Wildlife Society said that, "there are significant and justifiable concerns about environmental safeguards relating to oil exploration and production in Uganda, including the lack of a strategic environmental assessment. The negative impacts to biodiversity and tourism, and air, water and land pollution have yet to be adequately addressed. There is currently little evidence of the companies' [Tullow and Heritage] commitment to create, monitor and enforce environmental protections."[133]

- Issuing loans worth $100m to Sterlite, which is 60% owned by Vedanta, the mining company facing controversy over its plans for an open cast bauxite mine on Niyamgiri mountain in Orissa, India. Vedanta's Niyamgiri mine project has been criticised by the UK government, and caused the Church of England to sell its £3.8million stake in the company, following evidence that indigenous tribes would be displaced and ancient forests severely degraded if the mine were to go ahead.[134]

RBS is not only a leading arranger of finance to the fossil fuel sector, it also deploys its expertise to source, finance and structure loan agreements and provide key advisory services to the sector. In September 2009, in conjunction with Oil and Gas UK, RBS sponsored, and provided a key speaker for seminars on how to revitalise the oil and gas industry in the wake of the financial crisis.[135] RBS has built close relationships with Cairn Energy, which is currently establishing itself to drill up to four oil wells in the Arctic off the coast of Greenland. RBS acted as joint arranger with Merrill Lynch, placing shares worth £116 million in March 2009.[136] RBS' Hoare Govett has made public statements to create enthusiasm within the market for Cairn's Arctic exploration, describing the company's announcement to bring drilling forward from 2011 to 2010 as an "early Christmas present" in December 2009.[137]

RBS' intimate financial links with the fossil fuel industry have not gone unnoticed by an increasingly climate-conscious public in the UK. In May 2009, RBS came bottom in a league table of UK high street banks created by *Ethical Consumer* magazine, partly as a result of its fossil fuel finance.[138] Later on in the year, RBS was named and shamed as a 'villain' in the *New Statesman's* '20 green heroes and villains' feature.[139] The disclosure of the extent of RBS' involvement in tar sands at a time when the issue is becoming an international scandal is likely to contribute to further brand damage to RBS.

Appendix III: Equator Principles and Climate Principles – The banking sector's response to climate change

The case of the Equator Banks

The Equator Principles[140] claim to offer an international standard for project finance, the kind of lending in which banks directly invest in specific projects undertaken by a company, or 'sponsor'. Established in 2003, there are now 69 signatories including RBS, HSBC and Barclays. The Equator banks "adopted these Principles in order to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices."[141] Thus in Equator-compliant projects, "negative impacts on project-affected ecosystems and communities should be avoided where possible".

Concerns have been raised over the value of the Equator Principles in the wake of numerous harmful projects being financed by Equator banks, including Mountain Top Removal coal mining in the US, the Rio Madeira dam in Brazil, and a gas pipeline in Papua New Guinea.[142] The water, ecosystem and community impacts – related both to health and indigenous land rights – of Canadian tar sands' extraction, conversion to syncrude and transportation are all issues covered by the International Finance Corporation's Performance Standards (currently under review[143]) to which the Equator Principles are aligned[144], but nonetheless 26[145] Equator banks have financed Canadian tar sands projects and companies operating in the tar sands.

In response to climate change, the Equator Principles commit signatories to "promote the reduction of project-related greenhouse gas (GHG) emissions in a manner appropriate to the nature and scale of project operations and impacts". BankTrack, an international network monitoring banking finance, recently convened close to 100 organisations worldwide to call for "major reforms..[of the Principles]..on transparency, accountability, implementation and climate change."[146]

The call, in the form of a letter, also pointed out the narrowness of the Equator Principles with regards to the climate change impacts of projects, as they only take into consideration emissions which result from energy use in the production process and not resulting from the ultimate combustion of a product of a specific project (oil, gas, coal fuel). In effect, there is no disincentive to persuade or direct banks not to finance massive fossil fuel exploration and exploitation projects that will lead to billions of tons of greenhouse gases being released into the atmosphere."[147]

The Equator Principles are limited in their scope partly because they are applicable only to project finance as opposed to other forms of finance. Lack of liquidity in the wake of the recent financial crisis has meant that there

has been a significant decline in the more capital-intensive project finance market.[148] If banks use corporate loans to finance companies involved in tar sands extraction, they can effectively evade their commitments under the Equator Principles.

Managing climate change

The more recently drawn up Climate Principles,[149] which were announced in December 2008 with six signatories including HSBC, look at different types of financing to coalesce guidance on the "risks and opportunities" posed by catastrophic climate change. Much of the content outlines new markets associated with low carbon transitions, and bypasses the question of financing activities that cause climate change.

The Principles assume disincentives for fossil fuel consumption lie only with governments and consumers, conveniently overlooking the crucial cog in the fossil fuel economy that is finance. Yet in 2006, HSBC acknowledged that its "most significant impact [on climate change] is the investment and lending decisions we make."[150]

In the Climate Principles, only projects emitting more than 100,000 tons of CO_2 warrant climate risk consideration, which itself involves no more than an assessment of emissions and possible reduction options by the sponsor.

The recently published Climate Principles Progress Review by financial sector accountant and consultant PricewaterhouseCoopers notes a lack of open discussion around "guidance for investment decisions where climate change considerations are a crucial part of the process."[151]

Inappropriate and inadequate responses to the scale of the problem

The Equator Principles and the Climate Principles could both be used by banks to limit investment in tar sands related projects if bank participation was conditional on certain policy features. The financing of tar sands projects and companies operating in tar sands exploitation demonstrates not only the lack of limitations imposed on lending and investments, but crucially that these banks are still willing to put money into highly contested companies and projects. If banks can continue to fund companies that are actively involved in 'the most destructive project on earth' and still claim compliance with the Equator or Climate Principles, it is surely compelling evidence that such principles need urgently to be strengthened.

Importantly, these Principles and wider discourse within the financial sector around climate change, display not a failure to respond to climate change – most acute in the Climate Principles' focus on 'opportunities' – but a refusal by many banks to accept responsibility for investment

choices that harm communities and ecosystems and drive climate change, despite public statements to the contrary. HSBC claimed in late 2008 that "The [tar sands] policy is under review."[152] But in the subsequent year it proceeded to underwrite loans, debt and equity worth more than $6 billion[153] to tar sands related companies.

It does not need to be like this. There are examples of good practice which RBS and others can follow. Two signatories of the Equator Principles have taken bold steps forward by creating their own specific policies. German bank West LB recently published a policy on restricting finance for coal-fired power generators,[154] and French bank Dexia set global best practice standards on releasing Energy Sector Guidelines stating the bank "will not provide financing to... projects related to oil sands or oil shales which adversely impact, in a non-reversible manner, critical natural habitats or freshwater resources used for supply for drinking water."[155]

And in the UK The Co-operative Bank has long had a policy not to finance any fossil fuel project,[156] and supports campaigns to stop tar sands extraction.[157] One year ago it updated policies committing the bank to "extend its exclusion beyond the extraction and production of fossil fuels to those businesses engaged in the distribution of fuels with a particularly high global-warming impact, particularly unconventional oil sources (such as tar sands) and certain biofuels. The development of these fuels has the potential for significant local environmental impacts and will accelerate increases in global greenhouse gas emissions."[158]

Endnotes

1 Oil companies and their PR firms have insisted on referring to Canadian tar sands as 'oil sands', as 'tar' is more readily identified as negative than 'oil'. By placing these deposits in the same category as crude oil it becomes easier for the company to gain acceptance and expand its existing 'social licence to operate'. In a similar way we will refer to 'oil shale' as 'tar shale' in this report.

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Links & Resources

PLATFORM
http://www.platformlondon.org
World Development Movement
http://www.wdm.org.uk
People & Planet
http://peopleandplanet.org
Indigenous Environmental Network
http://www.ienearth.org
Rainforest Action Network
http://ran.org
Friends of the Earth – Scotland
http://www.foe-scotland.org.uk
Friends of the Earth – England, Wales and Northern Ireland
http://www.foe.co.uk
Friends of the Earth – Europe
http://www.foeeurope.org
Indigenous People Links
http://www.piplinks.org
New Internationalist
http://www.newint.org
BankTrack
http://www.banktrack.org

For more information on tar sands

Indigenous Environmental Network Tar Sands Campaign
http://www.ienearth.org/cits.html
Oil Sands Truth http://oilsandstruth.org
UK Tar Sands Network
http://tarsandsinfocus.wordpress.com/tour/
Tar Sands Blow http://tarsandsblow.com
Dirty Oil Sands http://www.dirtyoilsands.org

For more information on RBS and fossil fuel finance

The Oyal Bank of Scotland http://oyalbankofscotland.com
Bank Secrets http://www.banksecrets.org
PLATFORM – The Carbon Web http://www.carbonweb.org
WDM – Clean The Banks
http://www.wdm.org.uk/global-financial-crisis
P&P – Ditch Dirty Development
http://peopleandplanet.org/ditchdirtydevelopment

Join the facebook group 'Stop RBS Using Public Money to Finance Climate Change'
http://www.facebook.com/group.php?gid=2370015501

FairPensions shareholder action
http://www.countingthecost.org.uk

“Investment decisions taken now will have a major impact on current and future global greenhouse gas emissions and, hence, on the world’s climate.”

– The Institutional Investors Group on Climate Change[109]

We are seeing a terrifyingly high rate of cancer in Fort Chipewyan where I live. We are convinced that these cancers are linked to the Tar Sands development on our doorstep. It is shortening our lives. That's why we no longer call it 'dirty oil' but 'bloody oil'. The blood of Fort Chipewyan people is on these companies' hands.

– George Poitras, former chief of Mikisew Cree First Nation

Tar sands extraction in Canada is devastating Indigenous communities, wildlife and vast areas of boreal forests, as well as being many times more carbon-intensive to produce than 'conventional' oil.

The higher oil prices in recent years have meant that it's become a more attractive prospect for oil companies to expand their operations in the costly process of obtaining and processing the thick bitumen into a usable form. It's estimated that the industry is looking for a capital investment of $120-$220 billion over the next 20 years to build the new pipelines, mines, refineries and upgraders that are necessary to sustain the boom.

This report looks at the role that UK banks are playing in providing the necessary capital, and how RBS, which is 84% owned by the UK public, has been the bank the most heavily involved in underwriting loans to companies engaging in tar sands extraction.

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