Dear Mr. Horta-Osório,

I am writing to you today on behalf of more than 260 organisations from 48 countries to seek clarity and action from your bank on a matter that is of great concern to us, namely your bank’s relationship with the fossil fuel industry. Specifically, we seek to understand whether Lloyds Bank is willing to put in place a concrete strategy in the coming decade to fully disengage from this industry which, as you will be aware, is the principal driver of the worsening climate crisis. We believe that your bank is well placed to take such steps.

We all live in countries that are now impacted in one way or the other by accelerating climate change: affected by heat waves, droughts and water shortages, by excessive rainfall and floods, by cold waves and blizzards, by hurricanes and hail storms, by failing crops and burning forests, by steadily rising sea levels and warming oceans, by the accelerating extinction of plant and animal species, by forced migration and other climate related disruptions of community and livelihood, and yes, also by deaths directly linked to a rapidly changing climate.

Preventing Climate Breakdown

The Paris Climate Agreement of 2015 aims to limit the global average temperature rise to well below 2°C, aiming for 1.5°C, to prevent the worst impacts of climate change from unfolding. Yet the recent Intergovernmental Panel on Climate Change (IPCC) Special Report makes clear that 2°C of warming is not a safe limit, and we must make all efforts to avoid exceeding the lower limit of 1.5°C stated in the Agreement. That extra half a degree is the difference between widespread human suffering and ecosystem collapse, and a fighting chance of adaptation. Unless drastic and urgent additional action is taken by state, civil society and private sector actors we are inexorably heading towards a 3°C or even 4°C average temperature rise, with catastrophic consequences.

To prevent this scenario from unfolding requires that the root cause of climate change – the continued exploration, extraction, and subsequent burning of coal, oil and gas – is decisively dealt with. To have a reasonable chance of limiting warming to 1.5°C, carbon budgets calculated by the IPCC indicate that less than 570 gigatons of CO2 can still be released into the atmosphere. Further analysis has found that currently operating oil and gas fields and coal mines around the world already contain 940 gigatons of potential CO2 –

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1 With ‘fossil fuel industry’ we refer to all coal mining, the exploration and exploitation of oil and gas reserves anywhere in the world, all fossil fuel-based energy production and all infrastructure that exists to bring fossil fuels to market, while acknowledging that not all fossil fuels are used for energy production.
2 The Intergovernmental Panel on Climate Change (IPCC), 2018: Special Report, Global Warming of 1.5 °C. (SR1.5)
3 IPCC SR1.5 estimates that the remaining global CO2 budget for a 66% probability of staying 1.5°C of temperature rise was 570 Gt at the beginning of 2018.
far more than the world can afford to burn.⁴ The conclusions are clear: the expansion of the fossil fuel industry must be brought to an immediate end, and many currently operating facilities must be closed ahead of schedule.

**The role of Lloyds Bank**

This brings us to the current relationship of Lloyds Bank with the fossil fuel industry.

Lloyds Bank has been working to improve its climate strategy in the past year, having introduced some exclusions governing the financing of oil and gas in addition to already existing coal finance exclusions, and aims to be a British leader in supporting sustainability.

There is an opportunity for Lloyds Bank to really advance this goal and become a climate leader in the financial sector by publicly making the following commitments on fossil fuel finance:

- to immediately end your support for all new fossil fuel projects, including exploration, extraction, transportation and power
- to publish a robust plan for phasing out your support for all existing fossil fuel projects and companies in your portfolio, on a timetable consistent with what is necessary to limit warming to 1.5°C.

No bank with exposure to the fossil fuel industry has yet taken these steps, which are crucially important given that the UN Emissions Gap report from November 2018 warns that the world must increase its efforts fivefold to cut emissions or face climate breakdown.⁵ In addition, the International Energy Agency has said that even limiting warming to 2°C means no new fossil fuel infrastructure can be built.⁶

**Being a Climate Leader**

Given the above, we urge Lloyds Bank to make the commitment to exclude finance for all new fossil fuel projects and to commit to an overall phase out of fossil fuel finance. Such a commitment would gain Lloyds Bank public recognition for its stance on climate change – especially in light of intensifying public concern on this most urgent matter – setting it apart from other UK banks, while having a low impact on the bank’s portfolio. The banking sector has been slow to move on its fossil fuel finance, and Lloyds Bank could help to set the new standard of best practice for genuinely responsible banks.

In particular, we believe that progress by banks like yours towards becoming fossil free can have a significant impact on the banking sector, both at the national level within the UK and globally. The 33 worst bankers of fossil fuels in the world, including four of your British competitors, as exposed by the Banking on Climate Change Report Card 2019,⁷ are coming under increasing pressure from civil society to exit the fossil fuel industry. Those of them that refuse to do the right thing must and will become increasingly isolated as other banks take up the mantle of climate leaders within the financial sector.

With the 25th UN Climate Summit taking place in early December, we urge you to take concrete steps towards ending your bank’s fossil fuel finance by that time. With so much at stake for the world, we trust that you will want to side with us in ending the fossil fuel era by terminating your support for the sector in order to avoid breaching the 1.5°C limit.

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⁵ The current to cut emissions “needs to be roughly tripled for the 2°C scenario and increased around fivefold for the 1.5°C scenario”: [https://wedocs.unep.org/bitstream/handle/20.500.11822/26879/EGR2018_ESEN.pdf?sequence=10](https://wedocs.unep.org/bitstream/handle/20.500.11822/26879/EGR2018_ESEN.pdf?sequence=10).


We look forward to your response to this letter, either to the email address below or in a public statement as described in the demands above.

Yours sincerely,

Johan Frijns, director BankTrack

For an up to date list of all organisations endorsing this campaign see www.fossilbanks.org.

For all correspondence about this letter please contact Claire Hamlett, climate campaigner, at claire@banktrack.org.