

To:

NAME CEO

BANK

Subject: Your client Ithaca Energy's proposed North Sea oil and gas field Rosebank

March 20, 2024

Dear [Name CEO],

We are writing to you as CEO of [BANK] to ask you to carefully consider your relationship to the controversial Rosebank oil field. Your bank has a recent financial relationship with Rosebank's minority owner, Ithaca Energy.

While the UK oil and gas regulator has [approved](#) Rosebank, the development of the oil field is not aligned with pathways required to meet the 1.5C temperature goal under the Paris Agreement, and is therefore also incompatible with your commitments as a member of the Net Zero Banking Alliance.

Because of Ithaca Energy's plans to develop the Rosebank field, [BANK'S] client relationship with Ithaca Energy is incompatible with your bank's own climate commitments, and exposes your bank to significant reputational, legal, financial and other risks. We set out our call on your bank at the bottom of this letter and hope to meet with you to discuss this further.

## The Rosebank oil & gas field

The Rosebank oil and gas field is located in the North Sea, 130 kilometres off the coast of the Shetland Islands. It is the largest undeveloped oil field in the North Sea, containing an estimated [500 million barrels of oil equivalent](#) (boe). Burning Rosebank's oil and gas would produce over 200 million tonnes of CO<sub>2</sub>.<sup>1</sup> These emissions are equal to [more than the annual CO<sub>2</sub> emissions of all 28 countries](#) categorised as low-income by the World Bank combined. The field would be developed by Equinor, which holds an 80% stake, and Ithaca Energy, which holds a 20% stake.

The approval of Rosebank by the UK regulator does not absolve your bank of its own responsibility to align its financing with the goals of the Paris Climate Agreement and commitments it has made under the Net Zero Banking Alliance and elsewhere.

## Ithaca Energy

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<sup>1</sup> Uplift (2022). Estimates based on resources from Rystad Energy for Rosebank phase 1 and 2. Emissions calculated against conversion factors from Oil Change International and [Statistics Norway](#).

## Climate Plan incompatible with a 1.5 °C scenario

The Rosebank oil field is far from the only expansion project that Ithaca Energy is planning or developing. The company has stakes in [six of the ten largest producing fields](#) in the UK North Sea and in two of the three largest prospective developments, the Cambo and Rosebank fields. While Ithaca Energy has a [net zero emissions target](#) for 2040, this target only covers its production emissions and not the emissions resulting from burning the oil and gas it extracts. According to the [Global Oil and Gas Exit List \(GOGEL\)](#), 89.9% of its short-term expansion plans overshoot the 1.5 °C scenario.

At the same time, the company does not invest at all in renewables. This while the IEA's last [World Energy Outlook](#), published in September, emphasises that “simply cutting spending on oil and gas will not get the world on track for the NZE Scenario; the key to an orderly transition is to scale up investment in all aspects of a clean energy system”. Besides, an [analysis from BloombergNEF](#) found that, in a 1.5 degree scenario, “from 2021 to 2030, for each dollar invested in fossil fuel energy supply, four would be invested in low-carbon energy supply”. By continuing to invest in fossil fuels and not investing in renewable energy, it is clear that Ithaca Energy has no intention to contribute to achieving net zero by 2050.

## Parent company doing business in Occupied Palestinian Territory

Ithaca Energy is [a subsidiary](#) of the [Delek Group](#), an Israeli company operating mainly in the petroleum industry. Not only does the Delek Group [aim to become an international 'pure-play'](#) oil and gas extraction and production company, but it also features on a [UN list of 112 companies](#) operating in Israeli settlements in the Occupied Palestinian Territories, regarded as illegal under international law. [According to the UN Human Rights office](#), these companies are engaged in activities “that raised particular human rights concerns”. The Delek Group is also involved in the [extraction](#) of gas from disputed maritime areas. In addition, the company is a shareholder of Delek Israel Fuel, which [operates](#) various gas and service stations in and around Israeli settlements. The company is included in the UN Database because its services are supporting the maintenance and existence of settlements.

Norway's largest pension fund KLP [divested](#) from the Delek Group in 2021 over its business links to Israeli settlements. KLP [stated](#): “Our assessment is that there is unacceptable risk that the excluded companies contribute to violations of human rights in war and conflict situations through their affiliation with the Israeli settlements in the occupied West Bank.” There is media interest in banks that are linked to Ithaca, as can be seen [in this article](#) published on the 19th February, and [in this article](#) published on the 22nd of February.

## Risks to the bank

By signing up to the Net Zero Banking Alliance (NZBA), your bank has [committed](#) to align its financing with the goals of the Paris Agreement, and more specifically to reach net-zero financed emissions by 2050 or sooner, based on the “best available science”. It has also committed to engage with its clients on their own transition.

The [IEA's Net Zero by 2050 Roadmap](#), published May 2021, found that in order to reach the Net Zero by 2050 goal, “no new oil and natural gas fields are required beyond those that have already been approved for development”, i.e. with final investment decisions in 2021. This was again reaffirmed in the [IEA's Net Zero by 2050 Roadmap update](#) published in September 2023. With a final investment decision [taken](#) in September 2023, the development of the Rosebank oil field is clearly not aligned with limiting global warming to 1.5°C. Its licence would allow Rosebank to produce until 2051 - a year after the deadline for the UK's legally binding net zero targets. Combined with already producing fields, emissions from Rosebank [would push](#) the UK's oil

and gas industry beyond its emissions reduction targets set out in the North Sea Transition Deal, according to analysis from the nonprofit Uplift.

Rather than align with this scenario, which translates into year-on-year reductions in financed emissions, the new project adds to Ithaca Energy's carbon footprint, and therefore to your bank's financed emissions. In light of the bank's commitments, any future financing, including advisory services, to Ithaca Energy would expose your bank to significant risks if the company moves forward with the Rosebank field and other expansion projects. These include risks to the bank's reputation, possible legal and regulatory claims, as well as potential impact on investor expectations.

### **Reputational risks**

The provision of finance to a company developing a new oil field in the North Sea, with a parent company with links to human rights violations, poses severe reputational risks for the bank. By joining the NZBA, [BANK] has recognised the material risk of climate change and publicly committed to align its financing to mitigate this risk. Should the bank inadequately consider, consciously disregard or wilfully ignore foreseeable climate-related impacts linked to the emissions of this project, this will lead to public scrutiny and very vocal opposition from activists, all contributing to reputational risks. In addition, financing Ithaca Energy risks exposing [BANK] to the human rights violations perpetrated by the parent company in Israel and can therefore also lead to major reputational or even legal risks.

### **Legal and regulatory risks**

Your bank's commitment to align its financing with Net Zero by 2050 [necessitates](#) that climate risk must be integrated into its strategy. If your bank continues to provide financial and/or advisory services to Ithaca Energy, it may imply inadequate risk management, and expose your bank to significant risk of litigation. [BANK] should note that several companies and banks have faced legal challenges concerning the climate risks of their financing activities. For example, Shell was subject to [litigation](#) in the Netherlands concerning the inadequacies of its climate plan and was ordered to reduce its global emissions by 45% by 2030 compared to 2019 levels. BNP Paribas currently faces [a lawsuit](#) in French courts over its fossil fuel financing. More recently, Milieudefensie (Friends of the Earth the Netherlands) [announced](#) a new climate court case against Dutch bank ING over its fossil fuel financing.

The Rosebank development would expose [BANK] to similar enforcement and litigation risks. Possible subjects of litigation and enforcement could be Ithaca Energy as the owner of the field; bank financiers of Ithaca Energy; or related parties such as the UK government. Possible areas of such [litigation and enforcement](#) could be action regarding due diligence, inadequate management of risk, and greenwashing. It is worth noting that [the UK Government is already facing legal action](#) over their decision to approve Rosebank in September 2023.

In addition, continued support for Ithaca Energy could also bring [BANK] into conflict with its human rights responsibilities under international law and standards. For example, human rights experts from the United Nations have [issued a warning letter](#) to the banks financing Saudi Aramco stating that their financing for the company may be in violation of human rights law referring to the human rights impacts of climate change caused by the exploitation of fossil fuels by the company. This letter came after ClientEarth [filed a legal complaint](#) accusing Aramco of committing the largest ever climate-related breach of human rights law by a business.

### **Investor expectations**

[BANK] is accountable to its shareholders and is likely to face increased shareholder pressure if it continues to finance Ithaca Energy, if it progresses with the Rosebank oil field. Investors expect your bank to fulfil its climate commitments and not carry out activities that are not aligned with limiting global warming to 1.5°C. Recent years have seen [increasing numbers](#) of shareholder climate resolutions, as well as [public pressure](#) from investors. Through continuing to provide services to a client developing a project that is clearly in conflict with Net Zero scenarios and that would raise public concern about North Sea fossil fuel expansion, the bank would open itself up to increasing shareholder pressure, engagement, and votes against the bank's directors.

## Our call on the bank

As a member of the NZBA, your bank has [committed](#) to engage its clients and support their transition. Given the inconsistency of the Rosebank field with Net Zero by 2050, your bank should therefore engage Ithaca Energy on its plans to develop the oil field. If Ithaca Energy continues to pursue development of the Rosebank field, [BANK] should commit to terminating its relationship with the company.

### We therefore call on [BANK] to:

- Engage Ithaca Energy to end its planned development of the Rosebank oil field and develop a comprehensive transition plan compatible with limiting global warming to 1.5°C, which includes the emissions related to the end-use of the oil and gas produced.
- In the event that Ithaca Energy proceeds with the Rosebank field, or other projects that are incompatible with meeting the 1.5C climate goal, refrain from providing any future financing to the company, including facilitating capital market activities and providing advisory services.
- Adopt a formal policy requiring all of the bank's existing and new clients to have in place a Paris-aligned transition plan, and excluding financing, including the facilitation of capital market activities and the provision of advisory services, for companies that develop or expand fossil fuel production.

**We would welcome a response to this letter as soon as possible** and we would be pleased to discuss this issue further with you.

With kind regards, on behalf of the undersigned organisations,

1. Africa Institute for Energy Governance (AFIEGO)
2. Allied Health Professionals Network
3. Andy Gheorghiu Consulting
4. BankTrack
5. Bank on our Future
6. Bank.Green
7. Bury Climate Action
8. Centre for Citizens Conserving Environment (CECIC)
9. Christian Climate Action
10. Climate Choir Movement
11. Climate Craic CIC
12. Climate Justice Coalition
13. Coal Action Network
14. Corporate Europe Observatory
15. Defund Climate Chaos

16. Earth Circus Network
17. Earth Ethics Inc.
18. Ecojustice Ireland
19. Energy Embargo for Palestine
20. Environment Government Institute Uganda (EGI)
21. Extinction Rebellion Bangor
22. Extinction Rebellion Calderdale
23. Extinction Rebellion Cardigan
24. Extinction Rebellion Leeds
25. Extinction Rebellion North Lakes
26. Extinction Rebellion Norwich
27. Extinction Rebellion Sheffield
28. Extinction Rebellion Trafford
29. Extinction Rebellion UK
30. FaithJustice
31. Fossilvrij NL
32. Fossil Free Parliament
33. Fridays for Future Northern Ireland
34. Friends of the Earth France / Les Amis de la Terra France
35. Friends of the Earth Malta
36. Friends of the Earth Netherlands
37. Friends of the Earth Scotland
38. Future in our Hands (Framtiden i våre Hender)
39. Global Compassion Coalition
40. Global Extractivism and Alternatives Initiative
41. Global Justice Now
42. Global Witness
43. Grandparent Climate Action Durham
44. Greenpeace UK
45. Habitat Recovery Project
46. High Peak Green New Deal
47. Laudato Si' Animators
48. Leave it in the Ground Initiative (LINGO)
49. London Catholic Worker
50. Machars and Cree Valley Climate Action Network
51. Make My Money Matter
52. Methodist Zero Carbon Group
53. Nidderdale Climate and Environment Group
54. North East Climate Justice Coalition
55. Oak Tree Sustainable Living Centre
56. Ocean Rebellion
57. Oceana UK
58. Parents for Future UK
59. Platform London
60. Quakers in Britain
61. Rainforest Action Network
62. Reclaim Finance
63. Re-set: platform for socio-ecological transformation

64. Rinascimento Green
65. SEE sustainability
66. SoCal 350 Climate Action
67. Stand.earth
68. Stop Rosebank
69. Stop Rosebank North East
70. Stowarzyszenie BoMiasto
71. Stowarzyszenie Ekologiczne EKO-UNIA
72. Strategic Response on Environmental Conservation
73. The Climate Reality Europe
74. The Toxic Bonds Network
75. Tipping Point UK
76. Uplift
77. Urgewald
78. West Wales Climate Coalition
79. Yorkshire and Humber Climate Justice Coalition
80. 350.org Brooklyn
81. 7 Directions of Service