ROYAL BANK OF SCOTLAND: QUIT COAL!

This briefing is one in a series published by **BankTrack**, an international NGO that tracks banks and campaigns to transform their impact on people and planet, and is part of our **Banks: Quit Coal!** campaign. Visit www.coalbanks.org for extensive data and coverage of the banking sector's global coal financing. For any additional information or feedback, contact BankTrack's Climate and Energy Campaign Coordinator Yann Louvel at: yann@banktrack.org

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THE NEW 'GREEN BANK' THAT STILL CAN'T SHAKE OFF COAL SECTOR FINANCING

Is coal financing finally on the way out at Royal Bank of Scotland? The bank's most recently published figures for its 2014 coal investments certainly show promising declines on fairly consistent – and big – coal numbers every year since 2010 (see graph).

RBS's financing of coal mining underwent the sharpest drop, down to 337 million dollars in 2014, while coal power financing saw a more modest decrease with 912 million dollars shovelled out to companies around the world. Nonetheless, the overall total committed to the coal industry still nudged just over 1 billion dollars.

As we await disclosure and a full breakdown from RBS of its 2015 energy portfolio, recent press reports have been gushing in their praise of an apparent deep cut in RBS's fossil fuel investments across the board in 2015.

This reported '70% cut' in RBS oil and gas financing, with suggested further cuts to its exposure to the coal industry last year, comes with one rather hefty caveat: the still crisis-ridden bank has been undertaking a massive exit from overseas markets in order to refocus its business primarily in the UK.

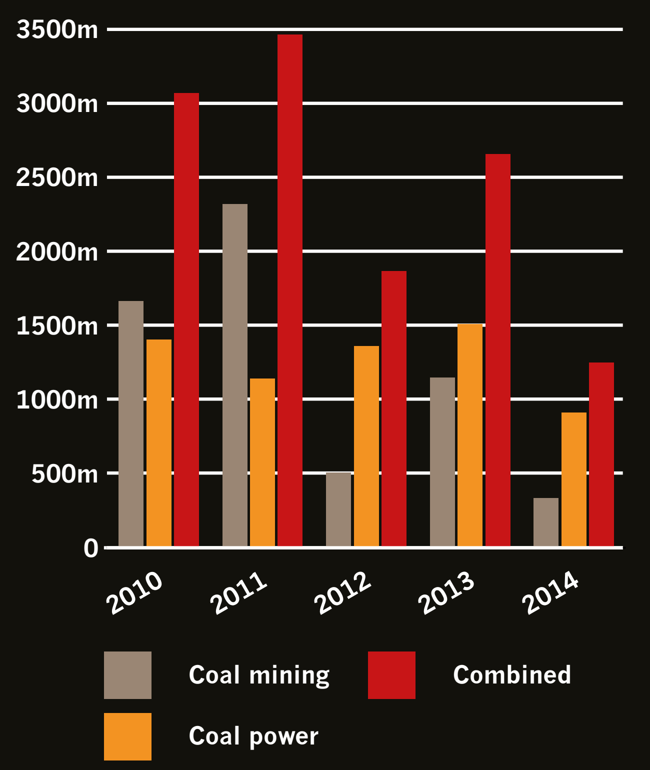
It's less a glorious RBS pull-out from fossil fuels, therefore, than an enforced pull-out of its international business, which previously – obviously – included a lot of fossil fuel client companies.

A further caveat relates to the state of coal finance policy coverage at RBS. While we await a revised coal mining policy from the bank, it made it be known at the Paris climate summit in December that it is now committing to "not provide funding to undiversified thermal coal mining companies". That means a major sigh of relief for some of the biggest polluters – and big RBS clients in recent years – such as Anglo American, BHP Billiton and Glencore which are highly *diversified* natural resources companies.

Meanwhile, a much-needed update to the bank's dated coal power finance policy, now being rapidly overtaken by policy revisions taking place at rival banks, does not appear to be in the works.

Rather than wrapping itself in the 'green bank' clothes which it now finds itself in as a result of wider business factors, RBS should instead be shaking itself down and taking a pro-active approach to climate change. It can now do so with a definitive tightening of its policy coverage in order to finally consign its coal financing to history.

RBS COAL LOANS AND UNDERWRITING FOR SELECTED COMPANIES, 2010-2014 (IN MILLION DOLLARS)



THE RBS COAL LEGACY IN COLOMBIA – A SHOCKING REMINDER OF THE NEED TO END DIRTY FINANCING FOR GOOD

A string of abuses and controversies related to coal mining in Colombia has surfaced in recent years. One problematic project is the vast Cerrejón mine in the La Guajira region of Colombia, the largest coal mine in Latin America covering 69,000 hectares, which has relied on a $3.5 billion corporate loan from four UK banks: Barclays, HSBC, Lloyds and RBS.

The Cerrejón mine, which produces 32 million tonnes of coal a year (or 37 percent of Colombia's total output), is owned by the mining giants Anglo American, BHP Billiton and Glencore. All three companies are long-term RBS clients and may, as diversified mining companies, continue to be so in the future – the latest RBS commitment to not finance coal mining companies only applies to "undiversified thermal coal mining companies".

A LEGACY OF ABUSES, STILL ONGOING

According to Colombian campaigners, since its opening in 1976 the Cerrejón mine has involved the forcible displacement of farming communities, and has also polluted water supplies.

As Rogelio Ustate of the Federation of Communities Displaced by Mining in La Guajira (Fecodemigua) describes, "The coal that comes from Cerrejón is dirty coal, stained by the blood and sweat of the people of La Guajira. Coal mining in Colombia has led to the destruction of the social fabric ... and the destruction and disappearance of sacred sites."

Controversy continues to stack up around Cerrejón. Strike action by unionised workers at the mine, related to discontent with wage, benefits, education, health and housing, was narrowly avoided after an eleventh hour agreement was reached with the company in March this year. Just last month the death of a two-year-old brought the number of children to have died from malnutrition this year alone in the La Guajira province to 25. All 25 children belonged to the Wayuu indigenous community, and locals have apportioned some of the blame for the deaths to the neighbouring Cerrejón mine.

The most troubling recent example of what Cerrejón continues even now to inflict on communities was described by Richard Solly of the London Mining Network in an address to HSBC's board of directors during that bank's annual general meeting last month: "After many years of local, national and international pressure, Cerrejón Coal has put some effort into improving its community relations, but on 24 February this year there was another brutal eviction of a farming family on behalf of the company by the notorious Colombian riot police squadron, ESMAD. Over a dozen people were injured, including a young man with learning difficulties and a pregnant woman who suffered a miscarriage as a result."

CLOSER TO HOME

An advocacy tour to Scotland undertaken by Colombian campaigners in October 2014 sought to raise awareness of the country's reliance on so-called Colombian 'blood coal'.

According to UK government figures, nearly four million tonnes of Colombian coal was imported to Hunterston in North Ayrshire in 2013. A substantial portion ended up being burnt in Scotland's biggest power station at Longannet.

One of the organisers of the tour, Coal Action Scotland, has demanded that Longannet cease burning Colombian coal, and be closed in order to cut pollution and carbon emissions. According to the group, "By burning this coal Scotland is complicit in the human rights abuses and massive environmental damage caused by opencast mining in Colombia."

As a financial facilitator of such mining facilities as Cerrejón, RBS has a heavy responsibility too. The bank may be – finally – getting its act together on community- and climate-killing coal, with investments in the sector now seemingly in terminal decline. However, the sooner RBS knocks its coal financing numbers down to zero for real, via a new, ambitious 'No coal' finance policy regime, the better.

The Cerrejon coal mine in Columbia is divided into three main areas: Cerrejon North Zone, Cerrejon Central Zone and Cerrejon South Zone. Image licensed under Creative Commons: Santiago La Rotta.