BANKTRACK GREENPEACE WATERKEEPER® ALLIANCE FOSSIL BANK BRIEFING

UBS: QUIT FOSSIL FUELS!

This briefing is one in a series published by BankTrack, the international tracking, campaigning and NGO support organisation targeting private sector banks. Visit www.banktrack.org for extensive data and coverage of the banking sector's finance for fossil fuels and other environmental and social impacts. For any additional information or feedback, contact BankTrack's Climate and Energy Campaign Coordinator Yann Louvel at yann@banktrack.org

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MULTI BILLION UBS SUPPORT FOR HEALTH AND CLIMATE ABUSERS HAS TO END

Talking up "UBS's ongoing commitment to sustainable investing" in its annual report, the bank's Chairman and CEO refer shareholders to a number of "groundbreaking initiatives". Of course two 'ground destructive' and water polluting 'initiatives' involving major UBS clients don't get a mention in the bank's official dispatches, but they do on the back page of this briefing – we're talking about Energy Transfer, the company behind the Dakota Access Pipeline, and Duke Energy.

And for any talk of sustainable investing at UBS, let us present a $15 billion elephant in the room: the amount (see graph) which we conservatively estimate UBS splashed on the most polluting, most harmful to communities and most carbon-intensive forms of fossil fuel in 2013-2015.

UBS has got to start tackling its deeply unsustainable lending to dirty energy companies full on, and in urgent, much more convincing ways than the recent tinkering with its coal policy, which was disappointingly 'updated' last month.

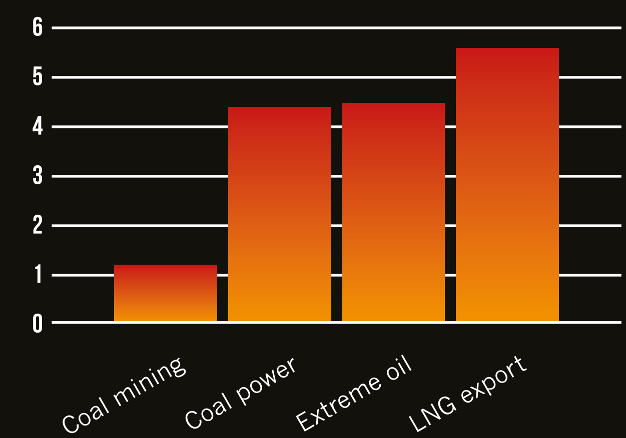
Remarkably, while almost every other major European bank has now closed the door on financing coal mine projects globally, the new UBS policy fails to do so. The Paris Agreement on climate change has been effective since November – UBS needs to cut out direct financing for coal mining, and fast. Equally, on coal power financing, the bank should now be in drastic catch-up mode. Eight other European banks have totally excluded direct coal power plant financing worldwide, yet the new UBS policy again fails the global climate challenge by only ruling out coal plant finance in high-income OECD countries.

Such a policy gap leaves UBS vulnerable to massive public protest in the developing world, for instance in the Philippines, already a major battlefront in the global campaign against new coal plants. Over the last three years UBS has provided $240 million in financing for Korea Electric Power Corporation and San Miguel Corporation, two companies planning new coal plants in the Philippines. To keep on supporting clients intent on major new coal expansion would contribute to smashing the now widely accepted global carbon budget.

In the Philippines and elsewhere, UBS must stop financing companies which have more than 30% of their business tied to coal or mining, or which burn more than 20 million tons of coal per year.

A large number of proposed coal plant and coal mine projects in the Philippines are provoking huge opposition across the country

UBS FINANCING (IN $ BILLION, 2013-2015) TO COMPANIES ACTIVE IN:



All financing figures are taken from research published in the Fossil Fuel Finance Report Card 2016, see: www.ran.org/shorting_the_climate

UBS BANKROLLING OF SERIAL US RIVER POLLUTER CANNOT BE TOLERATED ANY LONGER

Between 2014 and 2016, UBS provided and arranged $1.3 billion in financing to Duke Energy, one of the most notorious polluter companies in the United States, and the object of numerous criminal violation charges by federal prosecutors.

UBS is backing a loser – Duke currently has a clean-up liability for its criminally negligent coal activities totalling $4.5 billion – and the bank must now join the Norwegian Pension Fund in blacklisting this serial public health and climate offender from future financing.

In February 2014, environmental organisations were already suing Duke Energy for the negligent handling of its waste when 140,000 tons of coal ash and toxic waste water from one of Duke's coal-fired power stations spilled into North Carolina's Dan River. For 112 kilometres the river was coated with toxic gray sludge from 60 years of burning coal.

The coal ash spill into the Dan River was symptomatic of Duke Energy's negligent handling of waste from its coal-fired power plants. Coal ash is the waste material left after coal is burned, and it contains a host of highly toxic substances which pose grave risks to human health when released into the environment. Yet the company continues to dump much of its coal ash in unlined – and leaking – earthen pits next to waterways.

Since the Dan River catastrophe in 2014, Duke has been responsible for four other major spills into North Carolina's rivers, the most recent being the Lee plant which had three coal ash ponds – containing roughly one million tons of coal ash – fully flooded by the Neuse River in October 2016. The company stores more than 114 million tons of coal ash in 32 dumps in North Carolina and, according to State environmental officials, all of Duke's unlined waste pits are contaminating groundwater at these sites.

State legislation now requires Duke Energy to provide a permanent source of clean drinking water to the more than 800 residents using wells within 800 metres of its leaking coal ash waste pits – the price is estimated at $29.5 million dollars.

Lawsuit settlements for eight of 14 sites require Duke Energy to fully excavate approximately 37 million tons of industrial waste at 23 of their 32 leaking coal waste pits. The price of the clean up is estimated to cost $4.2 billion dollars. Lawsuits are still pending by Waterkeeper Alliance and other groups for the remaining sites, with the largest waste pits containing 77 million tons – or 68% percent – of Duke Energy's coal ash. More legal settlements requiring full excavation at these remaining sites could drive future clean up costs to more than $12 billion.

In September 2016, the Norwegian Pension Fund fully divested from Duke Energy, selling 4.7 million shares worth approximately $335 million. After more than a year of investigation and engagement with Duke Energy and its subsidiaries, the Norwegian Council of Ethics made the divestment decision "due to the unacceptable risk of these companies being responsible for severe environmental damage."

No matter how it might attempt to wriggle out of its responsibility for Duke's repeat attacks on the environment and public health, UBS's $1.3 billion input has contributed to these atrocities. The bank simply has to stop financing Duke Energy, and now.

A coal ash pond next to the Dan River ruptured in 2014 causing 112 kilometres of toxic river sludge. The criminally negligent culprit, Duke Energy, remains one of UBS's top coal clients. Photo: Rick Dove, Waterkeeper Alliance.

BY STICKING WITH DAPL COMPANIES, UBS IS NOW A GLOBAL PIPELINE PROTEST TARGET

Over the last nine months, UBS, like many major international banks, has found itself caught up in the huge international outcry over the financing of companies behind the Dakota Access Pipeline (DAPL) in the US.

Led by the Standing Rock Sioux tribe, and supported by the tribal governments of over 280 other tribes and allies from all over the world, this enduring global resistance opposes DAPL because the pipeline route cuts through Native American sacred territories. And the originally intended pipeline routing was diverted across tribal land without consultation with the Standing Rock Tribe, in violation of the UN's Declaration on the Rights of Indigenous Peoples. DAPL also threatens the air and water resources of more than 17 million people.

Only now that the oil pipeline has been permitted and engagement with the DAPL companies has failed, by refusing to cut its ties – and even extending its support – to the same companies, UBS appears determined to drag its name further through the mud.

Like fellow Swiss bank Credit Suisse, UBS has a history of participating in numerous revolving credit facilities and term loans to the Energy Transfer family of companies involved in DAPL, though did not provide direct financing for the carbon bomb project and potential stranded asset.

Nonetheless, even after numerous meetings with NGOs and escalating violence against protesters at the Standing Rock camp, UBS has failed to take any action to respect either its own policies related to human and indigenous rights or the UN's Declaration on the Rights of Indigenous Peoples .

While a number of global banks have now publicly condemned the situation on the ground, divested, and have kept their promises to stop dealing with companies related to DAPL, the ongoing bankrolling of DAPL companies by UBS stands in stunning contrast. A meeting earlier this month between an Indigenous Women's' Divestment Delegation from Standing Rock and representatives from UBS and Credit Suisse resulted in little more than weasel words from the banks, and an abject failure from UBS to step away from the companies behind the DAPL debacle. It is not too late for the bank to end its business relationship with Energy Transfer.

As more highly controversial fossil fuel pipelines in the US such as Keystone XL are being prepared to come down the financing track, it can only be assumed for now that UBS may be tempted again. If it involves itself in more such projects, however, it is a certainty that it will face an escalation in global public protest.