

Fossil Finance

The huge climate footprint of Italian banks and investors

With assets of around US\$100 trillion, global finance is able to influence the organisation of our economies and therefore society.

When mobilised for the collective interest, this wealth can help reduce inequalities, and create the conditions for a more inclusive, equitable and sustainable economic model. But when the pursuit of short-term profit solely defines the management of these resources, their impacts can be disastrous. Nowhere is this more clear than in the case of the climate crisis.

Since the signing of the UN Paris Climate Agreement, the world's largest banks have provided fossil fuel companies with more than EUR 1,200 billion in finance. This flow of money has enabled these companies to further expand their coal, oil and gas reserves leading to dangerous increases in greenhouse gas emissions.

In 2019, Italian banks and investors caused the emission of 90 million tons of CO₂ through their financing of the fossil fuels industries: the equivalent of Austria's total annual emissions.

UniCredit and Intesa Sanpaolo were responsible for 80 percent of these emissions (73 million tons of CO₂); four times those generated by all coal-fired power plants in Italy. Each bank caused more emissions than those produced by the entire Italian agricultural sector.

The next worst offenders are investment funds such as Anima and Azimut, and the insurance company Generali. The latter also provides insurance coverage for its projects, and is particularly active in Eastern Europe.

Compared to other sectors, finance is Italy's third-largest contributor of emissions, generating a volume of greenhouse gases similar to that of the energy sector, and higher than that of the entire industrial sector. Adding finance to the total emissions calculation would increase Italy's climate footprint by more than 20 percent.

It is particularly alarming to note that both Intesa Sanpaolo and UniCredit are lending billions of Euros to energy companies that continue to build and expand new coal-fired power stations and mines, such as the Finnish state-owned utility, Fortum, through its subsidiary Uniper, and the German utility RWE's expansion of its Garzweiler mine which is threatening local villages

Generali is also deeply implicated in this scandal, securing some of the most polluting companies in Europe, such as Polish state-owned utility PGE, and the Czech utility, CEZ - both of which are actively hindering the energy transition in Europe.

Following an intense pressure campaign, Generali and UniCredit have both introduced fossil fuel policies that exclude certain companies active in coal – and non-conventional sectors such as fracking – from their portfolio. However, these policies contain a number of "exceptions", which considerably limit their effectiveness.

Intesa Sanpaolo stubbornly refuses to take action, making it one of the last banks in Europe not to have adopted any restrictions on fossil fuel financing.

2020 marks the fifth anniversary of the signing of the historic UN Paris Climate Agreement, but for the moment there is little to celebrate: rather there is an urgent need for concrete action to change course and defend the planet.

For Italian finance, this means immediately ending finance for the expansion of fossil fuels, or soon there will be nothing left to finance.

Our requests

To avoid the most catastrophic consequences of climate change, Italian finance urgently needs to align its business with the objective of limiting the global average temperature increase to 1.5 degrees centigrade, as established by the [IPCC](#).

For **banks and investors**, this means implementing the following measures:

1. Immediately stop funding companies that are building new coal-fired power stations and mines;
2. Implement a plan to fully phase-out financing of coal by 2030, with an immediate exclusion threshold of 20 percent coal exposure to be tightened regularly;
3. Immediately stop funding companies active in non-conventional fossil fuel sectors, including fracking, shale gas, tar sands, Arctic drilling, ultra-deep mining;
4. Implement a comprehensive phase-out plan from fossil fuels in line with the UN Climate Agreement.

For **Insurance**,

1. Immediately end the provision of insurance cover to companies that are building new coal-fired power stations and mines, without exception;

2. Implement a plan to fully phase-out insuring coal by 2030;

3. Immediately discontinue the provision of insurance cover to companies operating in the non-conventional fossil fuel sector;

4. Implement a comprehensive phase-out plan from fossil fuels in line with the UN Paris Climate Agreement, including both the insurance and investment sides.