

The Financing Behind Fossil Fuels FAQ



The *Fueling the Fire: Why Any Fossil Fuel Industry Bailout Would be Disastrous for Communities of Color* report exposes the role of the financial sector and government subsidies in propping up the fossil fuel sector. This FAQ and the Financing Behind Fossil Fuels Beginners Guide are supplementary tools intended to help strengthen local fights against corporate polluters by helping community activists identify the financial actors behind the polluters.

What are fossil fuels?

Fossil fuels are non-renewable sources of energy derived from prehistoric plants and animals that have been dead for millions of years and have gradually been buried by layers of rock.¹ Over time, these combinations of organic matter became different sources of fossil fuels, including oil, coal, and natural gas that are burned to produce energy for electricity or refined for other uses such as heating and transportation.²

What are some examples of fossil fuel corporations?

- ExxonMobil
- Chevron
- Shell
- BP
- ConocoPhillips
- Peabody Energy
- Consol Energy
- Arch Coal ³

How is the fossil fuel industry creating a global climate crisis?

Fossil fuel corporations, like Chevron and ExxonMobil, profit from exploiting finite resources that can pose irreparable harm to the environment.⁴ All fossil fuels emit greenhouse gases, such as carbon dioxide, methane, and nitrous oxide, among other harmful pollutants, when burned.⁵ The use of fossil fuels is the primary source of carbon dioxide being emitted into the air.⁶ Carbon emissions trap heat in the Earth's atmosphere and cause climate change.⁷ If the earth experiences greater rises in global temperatures above 1.5 degrees Celsius, we will be facing a global climate catastrophe.⁸ Scientists predict this modest increase in global temperatures will cause sea levels to rise, extreme weather, loss of biodiversity and species extinction, as well as food scarcity, severe threats to human health, and increases in global poverty.⁹ Recent reports have stated that the world may have already staggered beyond the point of no return and if the level of carbon emissions remains constant, substantial climate change is unavoidable.¹⁰

Do fossil fuel emissions threaten people's health?

Yes. The pollutants emitted by oil, gas, and coal facilities are not only harmful to our environment and atmosphere but also pose serious health risks to humans.¹¹ When people live near coal fired power plants or biomass power plants, they are more likely to suffer from a range of negative health issues¹² due to increased exposure to toxic airborne pollutants such as mercury, sulfur dioxide, particulate matter, and carbon monoxide, to name a few.¹³

Prolonged exposure to pollutants from fossil fuel facilities can lead to people suffering from fatal and worsened health outcomes, including increased rates of asthma, a greater likelihood of heart attacks, lung disease, birth defects, and learning difficulties, among other chronic health issues.^{14 15} In 2018 alone, air pollution from the fossil fuel industries killed 4.5 million people, and on average, each death was associated with a loss of 19 years of life.¹⁶

Who is harmed most by the fossil fuel industry?

Black, Brown, and Indigenous communities are disproportionately harmed by the industry in the United States and abroad.^{17 18 19} In the United States, studies have shown that race is the single greatest indicator of whether a person lives near a hazardous, toxic facility, such as oil refineries, coal-fired power plants, waste processing plants, and landfills.^{20 21} In particular, Black people are 75 percent more likely to live near facilities that produce harmful emissions than the other Americans.²² Black people are hospitalized for asthma at three times the rate of white people and the death rate from asthma is 172 percent higher for Black people than white people.²³ Additionally, Black and Latinx people face higher risk of cancer from oil and gas facilities toxic emissions.²⁴

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Indigenous communities are frequently targeted for resource extraction and resource-development projects on or adjacent to their lands.²⁶ This may entail oil and gas drilling or the building of fossil fuel pipelines. Indigenous leaders have asserted these types of projects have caused environmental degradation²⁷, exposed community members to adverse health risks,²⁸ and destroyed sacred cultural sites.²⁹

Who is responsible for polluting and poisoning our communities?

According to the CDP Carbon Majors Report 2017³⁰, 100 fossil fuel corporations are responsible for more than 70% of the global, industrial carbon emissions emitted over the last thirty years.³¹ Big corporations such as ExxonMobil, Shell, BP and Chevron are identified as being among the highest emitting investor-owned corporations since 1988.³² While companies like ExxonMobile, BP and Chevron may be recognizable as key drivers of our climate crisis, it is the Wall Street firms, like banks, asset managers, private equity and hedge fund firms that profit from, fund, and provide financial support that sustain the existence of this extractive and destructive industry.³³ In fact, Wall Street

firms have financed the survival of the dirty fossil fuel industry to the tune of \$2.7 trillion between 2016 and 2019,³⁴ despite warnings about the financial and climate risks.³⁵

Our research shows that the top financial firms are invested in 39 publicly-traded fossil fuel corporations,³⁶ which are responsible for nearly 25% of all carbon emissions. Corporations like Arch Coal (99%), Ovintiv (98%) and Peabody Energy (97%) are nearly 100% owned by Wall Street financial firms.³⁷

Who are some of the major players financing the fossil fuel industry?

BlackRock, State Street, and Vanguard have played a particularly crucial role in financing the climate crisis, totaling a combined \$300 billion in fossil fuel investment portfolios using money from people's private savings and pension contributions.³⁸ These asset managers have continued to expand billion-dollar stakes in some of the most carbon-intensive companies four years after the United Nations reached the landmark Paris Agreement aimed at accelerating the investments needed for a low carbon future.³⁹

Although asset management firms do not own the companies in which they invest, they often exercise shareholder rights on behalf of clients to vote on company policy issues. Between 2015 – 2019, BlackRock and Vanguard opposed over 80 percent of motions related to curbing climate change at fossil fuel companies.⁴⁰ However, after increasing pressure from climate activists and legislators, BlackRock CEO Larry Fink announced a set of new policies to take climate change and sustainability into BlackRock's business model in January 2020. As the world's largest asset manager with almost \$7 trillion in assets under management, this was surprising but fell woefully short of the change our planet and communities desperately need to prevent further devastation and tragedy.⁴¹

Why does this matter?

Wall Street is not only a major driver of climate change by investing in the fossil fuel industry — it also plays a significant role in extracting wealth in Black and Brown communities. Blackstone, Geode Capital Management LLC., UBS Group, The Vanguard Group, SSGA Funds Management, Inc. have investments in every corporation listed above. From UBS Groups' peddling of illegal debt⁴² on the island of

Puerto Rico to Blackstone exploiting families as a corporate landlord,⁴³ Wall Street firms' predatory behaviors have wreaked havoc on our communities. Wall Street should not be permitted to profit from extracting wealth and endangering the health of Black, Brown, and Indigenous communities.

What do we do?

The survival of our planet and safety of frontline communities of color and indigenous communities is deeply dependent on a transition away from these extractive industries. Abolishing the fossil fuel industry requires 100% divestment from Wall Street firms that continue to seek profit from this destructive industry. Here are some key ways we can reduce the power of the finance industry and build up our own power to influence a transition away from extractive industries:

- Campaign for Wall Street to divest from the fossil fuel industry.
- Campaign for government regulation that prohibits the financial sector from supporting the fossil fuel industry.

To Abolish the Fossil Fuel Industry We Must Follow the Money

To be successful, we believe our communities need the tools to uncover the financial firms profiting off of environmental degradation in our communities. Accompanying this report is the [Financing Behind Fossil Fuels Beginners Guide](#). Our step-by-step guide is made for organizers and community advocates who are interested in finding the money behind publicly traded, fossil fuel corporations located in their communities. Unfortunately, every publicly traded company will not have information listed, but we hope it provides some helpful research steps when the corporations do have data available.

A Note About Our Numbers

We used LionShare data to identify all investors of publicly traded, fossil fuel corporations listed in the 2017 Carbon Majors Report. From this list, we focused on financial firm investors. In this report, financial firms are defined as enterprises whose primary business and function is to collect money and invest in assets. This definition does exclude insurance companies, although they too are financial drivers of the fossil fuel industry.

ACRE'S Wall Street Financial Firm Definition:

An institution whose primary business and function is to collect money from the public and/or institutional investors to manage or invest it in financial assets.

Types of Firm Included in Wall Street Financial Firm Definition:

- Bank Investment Division
- Broker
- Closed-End Fund
- Exchange Traded Fund
- Family Office
- Fund of Funds Manager
- Fund of Hedge Funds Manager
- Hedge Fund Manager
- Investment Adviser
- Market Maker
- Mutual Fund-Open End
- Mutual Fund Manager
- Operating Divisions (of Banks)
- Private Banking/Wealth Mgmt
- Private Company
- Stock Borrowing/Lending
- Subsidiary
- Variable Annuity Fund
- Venture Capital/Private Equity
- Open-End Fund

Appendix A: Top 20 Financial Firms Invested in Listed Publicly Traded Companies
(based on March 2020 Lionshare Ownership Data)

List of Financial Firms	Total Value of All Holdings (in Publicly Traded Companies)
Blackrock Consolidated	\$59.35BB
The Vanguard Group Consolidated	\$55.41BB
Capital Group Consolidated	\$26.71BB
SSGA Funds Management, Inc.	\$24.45BB
Fidelity Investments Inc. Consolidated	\$9.53 BB
Wellington Management Group Consolidated	\$9.35 BB
Northern Trust Corp Consolidated	\$9.01 BB
JPMorgan Chase & Co. Consolidated	\$8.35 BB
UBS Group Consolidated	\$8.27 BB
Geode Capital Management LLC	\$7.75 BB
Legal & General Investment Management Ltd.	\$7.29 BB
Dimensional Fund Advisors LP	\$6.73 BB
Capital Research & Management Co.	\$6.63 BB
Aberdeen Standard Investments (Consolidated)	\$6.55 BB
BYN Mellon Consolidated	\$5.26 BB
T. Rowe Price Associates, Inc. (Investment Management)	\$5.17 BB
State Farm Investment Management Corp.	\$3.72 BB
Invesco Advisers, Inc.	\$3.64 BB
Dodge & Cox	\$3.61 BB
Charles Schwab Investment Management, Inc.	\$3.57BB
TOTAL	\$270.45 BB

Appendix B: Publicly Traded Companies listed as Top Carbon Emission Producers from 1988-2015 (The Carbon Majors Database⁴⁴)

Arch Coal Inc	ExxonMobil Corp
Ovintiv	BP PLC
Peabody Energy Corp	Teck Resources Ltd
Apache Corp	Chesapeake Energy Corp
Consol Energy Inc	Sasol Ltd
Southwestern Energy Co	Total SA
Noble Energy Inc	Glencore PLC
Vistra Energy	BHP Billiton Ltd
EOG Resources Inc	Repsol SA
Hess Corp	RWE AG
Occidental Petroleum Corp	Petroleo Brasileiro SA (Petrobras)
Marathon Oil Corp	Eni SPA
Devon Energy Corp	Lukoil OAO
ConocoPhillips	Statoil ASA
Suncor Energy Inc	YPF SA
Chevron Corp	OMV AG
Rio Tinto	Gazprom OAO
Anglo American	Ecopetrol SA
AP Moller (Maersk)	Bumi Resources
Royal Dutch Shell PLC	

ENDNOTES

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38 For the purposes of this report, ACRE defines a Wall Street financial firm as an institution whose primary business and function is to collect money from the public and/or institutional investors to manage or invest it in financial assets. A comprehensive list of the types of firms used in our defini

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