

Meeting Notes

People & Planet, NUS, Platform, Royal Bank of Scotland

Wednesday 20 August 2008, 3.30pm, NUS HQ

Present:

Andy Cave, Head of Corporate Responsibility, RBS

Andy Mason, CR Analyst, RBS

Mark Smythe, CR Team, RBS

Emily Cantrell, Head of Campaigns and Outreach, People and Planet

Bronwen Smith-Thomas, Climate Change Campaigner, People and Planet

Hannah Schling, Ditch Dirty Development Campaigner, People and Planet

Mika Minio-Paluello, Platform

Mel Evans, Platform

Dave Lewis, National Treasurer, NUS (Chair)

Alex Jones, Public Affairs Coordinator, NUS

Item 1: Introductions

1. The Chair (DL) welcomed all attendees and there was a round of introductions.
2. The Chair (DL) explained the NUS policy and involvement in the People & Planet/Platform campaign, which involved signing up, constructive engagement, reporting back to NUS Annual Conference and recognition of the role of People & Planet as the definitive student voice on these issues.
3. It was agreed that the agenda items would be addressed in order and that the minutes of the meeting could be circulated by participants.
4. RBS (AC) welcomed the opportunity to discuss the issues.

Item 2: Embedded emissions from project and corporate finance. Monitoring and reporting. Item 3: Setting a cap on embedded emissions.

5. The Chair (DL) asked for an update on the campaign and how it would progress in the future, and RBS asked for specific comment on how P & P and Platform were engaging with banks, both individually and collectively.
6. Platform (ME) explained that a key aspect of the campaign was to accept that the financier of a project should take a share of the responsibility for carbon emissions.

7. In response to questioning from RBS (AC) on whether a standard methodology existed for assessing the responsibility of a financier, Platform (ME) said that there was work in the pipeline on such a standard but there was inevitable debate on the appropriate methodology, particularly due to lack of publicly available information. Platform (ME) reiterated their request for RBS both to monitor and report on their embedded emissions.
8. RBS (AC) agreed that as part of risk management procedures it was important to attempt to monitor emissions from customer projects , but questioned whether it was reasonable to expect reporting, particularly given the difficulties of agreed methodology and measurement. RBS (AC) outlined their environment programme and group environment board set up in 2007, which had four working groups: RBS environmental footprint, employee engagement, product and service innovation, and environmental risk. The last of these would cover risks associated with property and financing, but also risks to reputation and to the environment. However, RBS (AC) maintained that it was categorically not an option to report on individual projects' carbon emissions in corporate responsibility reporting.
9. RBS (AC) explained they were involved in debates within the sector as to how the banking industry engaged with the issue of climate change, but that as well as the philosophical issues around the extent to which RBS could disclose this information the lack of any agreed methodology on assessing and monitoring portfolio emissions presented difficulties to all banks. Particular issues identified were whether syndicated emissions would drop as a loan was paid off and the responsibilities of arrangers of finance.
10. Platform (ME) identified increasing public demand for information and transparency.
11. RBS (AM) explained the stakeholder research and focus groups on CSR it carried out, as well as analysis of social risks and the effects on communities. However some emissions were liable to varying definitions and there were dangers of double or triple counting emissions.
12. Platform (MMP) acknowledged there was no standard methodology across NGOs and inevitable flaws in their model, but noted that there was unanimous recognition of responsibility, and therefore an impetus for the banking industry to engage and calculate such a standard. Banks were capable of assessing and calculating this liability. Platform

agreed that double and triple counting were valid concerns, and, for instance, RBS own operational emissions would be shared across the boundaries with the airlines it used, and shared responsibility for these emissions exists.

13. Asked by RBS (AC) about the Carbon Disclosure Project – CDP – Platform responded that the CDP was very important but needed to be expanded and that there should be scope for sector specific schedules to recognise the different roles of the energy and banking industries. For example, BP would not just report emissions from their operations, but also from the oil they sell. RBS (AC) asked whether Platform (MMP) considered customer emissions to come under scope 3 of the Greenhouse Gas Protocol, Platform (MMP) said yes but that scope 1 may also be applicable.
14. RBS (AC) agreed that it was essential that there was a level playing field for the banking industry.
15. Platform (ME) argued that despite the previously discussed issues around fine-tuning methodology, there was scope to compare different banks. RBS had invested significantly more than other banks, according to Platform's Coal Report. There was a need for co-operation within the sector, a cross-industry banking working group. Someone would need to take the lead.
16. Platform (MMP) gave Bank of America as an example of a Bank calculating embedded emissions. The methodology was flawed, but a start – could be seen as best practice.
17. People and Planet (EC) said RBS should be taking a lead as they have particular responsibilities.
18. RBS (AC) put the debate around calculation and disclosure to one side and explained that RBS was a very large energy bank, and Europe's largest commercial bank. It had been really strong on energy financing since the North Sea opened. RBS' position meant that it was unsurprising that it had significant energy financing but that did not mean that other banks would be unwilling to do the same business if they had been in a stronger position. This record in energy financing was also reflected in RBS' position as a leading financier of renewable energy.

19. People and Planet (EC) suggested that RBS had expressed doubt about climate change science in recent statements, while also disputing the definition of embedded emissions.
20. RBS (AC) said they fully recognised climate change, which was reflected in the updated policy of its environment working group. It was not merely window-dressing.
21. NUS (DL) asked whether it was part of RBS strategy to be a market leader in environmental projects.
22. RBS (AC) said they had not published an "energy vision" but that the RBS Chairman had outlined the company's aim to be number one financier of renewable energy at the low carbon summit that. RBS had held with Government in June 2008, attended and addressed by the Prime Minister. RBS offered a copy of the Chairman's speech outlining this approach to the meeting attendees.

AC said that there is a gulf between RBS' desire to finance renewable energy and the availability of projects to fund.

23. Platform (MMP) stressed the importance of a shift towards renewables, but also away from "dirty" fossil fuels.
24. RBS (AC) said engagement with NGOs had inaccurately suggested that they had deliberately withheld money from renewables. There was a huge challenge faced by the Government and Energy Minister Malcolm Wicks to 'keep the lights on,' in which RBS had a role to play. Platform (MMP) suggested that RBS could not be responsible for Malcolm Wicks or the Energy White Paper, but it could be responsible for representing the views of shareholders and customers.

In reference to the 'Energy gap,' Platform (MMP) referred to a recent report by Greenpeace demonstrating that there was not an 'energy gap.'

25. RBS stressed that it could not get ahead of Government policy or investor sentiment, but that it had a role to play – as outlined in the RBS Chairman's comments.
26. NUS (DL) asked how regulation and legislation, and NGOs could support RBS in its work in tackling climate change.
27. RBS (AC) said they would continue to be involved in sector discussions around new initiatives on climate change. However, it was frustrating

to have NGOs protest at attempts to engage with Government on climate change, such as at the low carbon summit.

28. Platform (MMP) said that RBS financing “new coal” while sponsoring conferences on low carbon, would appear to be hypocritical to those NGOs protesting. It was not RBS’ core businesses to run conferences but to make decisions about financing.
29. RBS (MS) said that to achieve transition it was essential to invest in existing plants to produce new technologies, such as carbon capture. RBS (AC) said there would be a huge shift needed to even get to 15% renewables and that switching off was therefore not an option until there was a viable alternative.

Item 4: No go-areas

30. The Chair (DL) moved the discussion on to no-go areas.
31. People and Planet (BST) asked whether RBS would rule out certain projects on the basis of moral, social or environmental principles. These included new coal power, tar sands and Sudan. Platform (MMP) noted that US banks had accepted this with reference to rainforests.
32. RBS (AC) said it had internal policy guidance and risk assessment procedures . There were areas in which it would not invest, but it could not declare or state them. . RBS (AC) said it had no direct investment in Sudan, which was questioned by Platform (MMP) in respect of a joint billion \$ loan to Lundin Petroleum which was clearly for investment in Sudan as there were not any other investments going to Lundin at this point in time.

RBS (AC) confirmed he would look into it.

33. NUS (DL) asked whether RBS had a strategic commitment to monitor embedded emissions.
34. RBS (AC) said he wouldn’t call them “embedded emissions” but that RBS were interested in the CDP and in sensible frameworks to allow better disclosure. However, specific figures would not be in the RBS corporate responsibility report, .
35. NUS (DL) asked about opportunities to feed into internal guidelines on no-go areas. RBS (AC) confirmed that as a customer NUS would directly have the opportunity to do so.

36. RBS (AC) said that they were happy to receive views from stakeholders and that People & Planet and Platform could be added to the formal stakeholder consultation process.
37. NUS (DL) asked about how RBS could offer green banking solutions and solutions for individuals' daily lives. RBS (AC) said that they already had in place a number of consumer offerings and that he was particularly interested in supporting People & Planet's green campuses league table and other projects which might give rise to opportunities for green asset finance for universities.

Item 5: Industry wide standards for energy financing

38. People & Planet (EC) asked about Low Carbon Leadership principles and the role RBS had played. RBS (AC) said that they were conducting due diligence on relevant principles, and suggested that similarly NGOs should look to work together on developing a proposed methodology for the monitoring of portfolio emissions rather than have competing approaches.
39. Platform (ME) asked where dialogue with RBS would go from here and whether there would be a willingness to meet with other banks. RBS (AM) said they were open to this suggestion and that Andy Mason would be the point of contact.

NUS (DL) said it wanted as many meetings as were useful to ensure engagement with the banking industry and that NUS, Platform and People & Planet were involved in shaping corporate social responsibility.