



IT'S THE FINANCE SECTOR, STUPID

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Banks, insurers and pension funds are as culpable for the climate emergency as the fossil fuel industry - especially those attending the World Economic Forum in Davos

GREENPEACE

“The financial sector must be at the heart of tackling climate change.”

- Mark Carney, governor of the Bank of England and newly appointed UN special envoy for climate action and finance, François Villeroy de Galhau, governor of Banque de France and Frank Elderson, chair of the Network for Greening the Financial System⁽¹⁾

“Climate change and environmental risks are mission-critical.”

- Christine Lagarde, president of the European Central Bank⁽²⁾

“We have entered an age of environmental crises and of widening social divides. Incremental improvements to address these challenges are no longer enough; our economic system requires a fundamental upgrade to sustainability.”

- Al Gore, politician and environmental activist who served as 45th Vice President of the United States from 1993 to 2001⁽³⁾

“We risk a ‘climate apartheid’ scenario where the wealthy pay to escape overheating, hunger, and conflict while the rest of the world is left to suffer.”

- Philip Alston, UN special rapporteur on extreme poverty and human rights⁽⁴⁾

“We can’t keep our promise to the next generation to build an economy fit for the future, unless we ensure our planet has a future.”

- Philip Hammond, former UK Chancellor of the Exchequer from 2016 to 2019⁽⁵⁾

“Climate change is an economic issue we can’t afford to ignore.”

- Mary Daly, President and Chief Executive Officer of the Federal Reserve Bank of San Francisco⁽⁶⁾

Overview

To continue financing fossil fuel expansion is today's equivalent of betting the bank - and the global economy - on subprime mortgage backed securities over a decade ago; fuelling a crisis, which even if it generates short-term profit, will inevitably cause economic catastrophe alongside the climate emergency.⁽⁷⁾

As temperatures rise, economic losses increase, with low and middle income countries set to be most affected.⁽⁸⁾ According to the Economist Intelligence Unit and the Financial Times, climate change could cost the global economy between US\$43 trillion⁽⁹⁾ and US\$54 trillion⁽¹⁰⁾ in today's prices. That's at least 30% of the world's entire stock of manageable assets. An estimated US\$90 trillion is needed in the next 10 years⁽¹¹⁾ to achieve the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development. Yet, fossil fuels still attract approximately 3 times more taxpayer-funded subsidies than climate solutions.⁽¹²⁾

The UN Intergovernmental Panel on Climate Change 1.5°C report found coal use must be cut by at least two thirds by 2030 and fall to almost zero in electricity production by 2050.⁽¹³⁾ Oil and gas will need to decline rapidly too. The

IPCC says global oil consumption would need to decline by 37% by 2030 from 2010 levels and gas by 25%, which correspond to even higher cuts from current levels.⁽¹⁴⁾

Banks, pension funds and insurance companies, supported by the governments signed up to the Paris Agreement, still pump trillions into the very fossil fuels corporations driving the climate emergency. These same financial actors claim to support the Paris accord.

The finance sector is also being warned about rising debt potentially triggering a crash similar to that of 2008, with the International Monetary Fund reportedly describing the situation as a repeat of the years running up to the last financial crisis.⁽¹⁵⁾ In December 2019 the World Bank said the global wave of debt in emerging and developing economies is the largest and fastest in fifty years.⁽¹⁶⁾

The economic and environmental warnings of the UN, the IMF, the World Bank, alongside several other leading bodies including 34 central banks,⁽¹⁷⁾ are being largely ignored by the finance sector or are being too slowly handled with incremental voluntary measures.⁽¹⁸⁾

These warnings are not new: five years ago the governor of the Bank of England, Mark Carney, warned that “stranded assets”- the coal, gas, and oil that need to be left underground and all fossil fuel infrastructure that will lose its value - amount to a US\$20 trillion “carbon bubble” that far exceeds the housing bubble that sparked the 2008 financial crash.⁽¹⁹⁾

Regulators missed the warning signs in the 2000s. Finance actors driven by short-term profit did not understand or ignored the risks then, and most of those that survived that crisis did so because taxpayers bailed them out. Financial institutions cannot be allowed to make the same disastrous mistake again as this time no bailout will be possible - for them or the planet.

Fossil fuel companies would not be able to function without the finance sector, but banks, insurers and pension funds would still be able to successfully operate without conducting business with fossil fuel companies⁽²⁰⁾ so what is stopping them from making the right decisions?

It is usual for most of the world’s biggest financial actors to gather at the World Economic Forum’s Annual Meeting in Davos, Switzerland. The mission of the World Economic Forum is cited as “improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas.”⁽²¹⁾

Greenpeace International has analysed which banks, pension funds and insurers go to the annual Davos meeting but fail to live up to the Forum’s stated goal of “improving the state of the world” from an environmental and economic perspective. Using data from a range of publicly available sources including BankTrack, UnfriendCoal and the Center for Responsive Politics, Greenpeace International has looked at how much money financial actors attending the Annual Meeting in Davos have pumped into fossil fuels since the Paris Agreement and how their stated climate stances and financial actions do not match. It also illustrates how lobbyists and PR firms are engaged by these actors and fossil fuel companies to work against the Paris Agreement.

The time for talking shops and PR spin is over. We are in a climate emergency and the financial sector must stop operating as if it is business as usual, and regulators must be allowed to do their jobs before it is too late.

Following this overview are snapshots of ten global banks, three pension funds and five insurance companies, which are all represented at the World Economic Forum’s Annual Meeting in Davos, detailing their funding and/or policies regarding fossil fuels. The sections that follow delve into what the CEOs of these financial institutions have said about climate change, showing how their words do not match their actions. There is a final section illustrating the PR and lobbying crossover between finance actors and fossil fuel companies. This big picture of how the finance sector is as culpable for the climate emergency as the fossil fuel industry is interactively mapped out at www.worldeconomicfailure.com. Greenpeace International recommendations for the finance sector, the methodology and sources are provided at the end of this report.

Banks at Davos: SNAPSHOT

Banks are always critical to the financial system. Performing various duties in the economy, they are meant to ensure the proper use of funds, monitor and adapt to risks and market shocks, contribute to economic growth and have a role in corporate governance.⁽²²⁾

In Support of Prosperity and Growth: Financial sector statement on climate change

Scientific research finds that an increasing concentration of greenhouse gases in our atmosphere is warming the planet, posing significant risks to the prosperity and growth of the global economy. As major financial institutions, working with clients and customers around the globe, we have the business opportunity to build a more sustainable, low-carbon economy and the ability to help manage and mitigate these climate-related risks. Our institutions are committing significant resources toward financing climate solutions.

Signed by:













JPMorgan Chase, Bank of America, Goldman Sachs, Wells Fargo, Morgan Stanley and Citi

Extract, Ceres 2015⁽²³⁾

Since the Paris Agreement was signed, 33 major global banks have collectively poured US\$1.9 trillion into fossil fuels.⁽²⁴⁾ 24 of these banks attended the World Economic Forum's 2019 Annual Meeting in Davos⁽²⁵⁾ and are likely to attend this year's event. These 24 banks have funded fossil fuels to the tune of **US\$1.4 trillion** since the adoption of the Paris climate accord in 2015 and up to the end of 2018.⁽²⁶⁾ US\$1.4 trillion is the same amount as what the world's 3.8 billion poorest people had in 2018.⁽²⁷⁾

Just ten of the 24 banks are responsible for providing a trillion dollars in financial support for the fossil fuels industry since the Paris Agreement⁽²⁸⁾:

	JP Morgan Chase US\$195.663bn		MUFG US\$80.039bn
	Citi US\$129.493bn		TD Bank US\$74.151bn
	Bank of America US\$106.687bn		Scotiabank US\$69.571bn
	RBC Royal Bank US\$100.537bn		Mizuho US\$67.710bn
	Barclays US\$85.179bn		Morgan Stanley US\$66.931bn

How much is US\$1 trillion?



25 million Tesla Model 3 cars, 2019 model⁽²⁹⁾ = 1 for everyone in Australia.⁽³⁰⁾



A Microsoft, an Apple or an Amazon.⁽³¹⁾

The GDP of Indonesia in 2017⁽³²⁾ - SE Asia's biggest economy and a country with a population of 264 million.

The financial risk reported by 215 of the world's biggest global companies due to climate impacts that are likely to hit within the next 5 years.⁽³³⁾

640GW of solar power⁽³⁴⁾, which is more than the current global capacity of solar power. 2018's global solar power capacity was 480GW.⁽³⁵⁾

The world's largest sovereign wealth fund.⁽³⁶⁾



Twelve banks were identified in the Banking on Climate Change 2019 research as being the world’s worst banks for the financing of all fossil fuels globally from the signing of the Paris Agreement in 2015 to the end of 2018. 11 of these dirty dozen attended the World Economic Forum’s 2019 Annual Meeting in Davos: *JP Morgan Chase, Citi, Bank of America, RBC, Barclays, MUFG, TD, Mizuho, Scotiabank, Morgan Stanley and Goldman Sachs.*



11 of the 12 worst banks for financing the top 100 companies that are expanding fossil fuels were also at the 2019 Annual Meeting in Davos: *JP Morgan Chase, Citi, Bank of America, Scotiabank, TD, RBC, MUFG, Barclays, Mizuho, Bank of Montreal and Deutsche Bank.*



9 banks that went to the 2019 Annual Meeting in Davos appear on both lists as the world’s worst for the financing of all fossil fuels globally and for financing the top 100 companies that are expanding fossil fuels: *JP Morgan Chase, Citi, Bank of America, Scotiabank, TD, RBC, MUFG, Barclays and Mizuho.* All 9 of these banks are in the top ten worst banks for providing finance to fossil fuel companies and that go to the World Economic Forum’s gathering in Davos.

Pension funds at Davos: SNAPSHOT



**"The financial risks from
climate change are too
important to ignore."**

- Guy Opperman, UK Pensions Minister⁽³⁷⁾

Pension funds are an important pillar in the financial world.⁽³⁸⁾ They invest in insurance companies, asset managers, banks and fossil fuel companies. Assets under management of the world's 20 largest pension funds totalled US\$18 trillion in 2018⁽³⁹⁾ but this could be wiped out if financial companies such as insurers, asset managers and pension funds don't reduce their exposure to fossil fuels.⁽⁴⁰⁾

87% of assets managed by the world's 100 largest public pension funds are yet to undergo a formal climate risk assessment, according to the Asset Owners Disclosure Project⁽⁴¹⁾ with only 15% of them adopting a coal exclusion policy, as of October 2018; 65% of these funds have no responsible investment policy with specific references to climate change.⁽⁴²⁾

Collectively, three pension funds that had representatives at Davos 2019 have at least **US\$26 billion**⁽⁴³⁾ in fossil fuel holdings in Shell, Chevron and Exxon, among others, and in fossil fuel banks JP Morgan Chase, Bank of America and Royal Bank of Canada. These pension funds are Ontario Teachers' Pension Plan, Canada Pension Plan Investment Board and PensionDanmark.

How much is US\$26 billion?



The world's biggest IPO to date⁽⁴⁴⁾



65 White Houses⁽⁴⁵⁾

Insurers at Davos: SNAPSHOT



“The sector is concerned that continuing global increases in temperature could make it increasingly difficult to offer the affordable financial protection that people deserve, and that modern society requires to function properly.”

- Nicolas Jeanmart, Insurance Europe, which represents 34 national insurance associations⁽⁴⁶⁾

Insurance companies can play a unique role in accelerating and scaling up the transition to a low-carbon economy. If a sector is not insurable, it is not bankable⁽⁴⁷⁾, and so most fossil fuel projects cannot be financed, built or operated without insurance. In addition, insurers have an estimated US\$24 trillion in assets under management⁽⁴⁸⁾, so their decisions on where to invest also influence the direction of the global economy.

2017 was the costliest year on record for natural catastrophe events, with US\$344 billion in global economic loss, of which 97 percent was due to weather-related events, while insured loss estimates from natural catastrophes totaled US\$140 billion in 2017.⁽⁴⁹⁾

A 2018 report from the Intergovernmental Panel on Climate Change estimated that global economic damages by 2100 would reach US\$54 trillion with a 1.5 degrees Celsius of warming of the planet, US\$69 trillion with 2 degrees Celsius of warming and US\$551 trillion with 3.7 degrees Celsius of warming.⁽⁵⁰⁾

Five of the world’s worst insurance providers when it comes to covering coal, according to the Unfriend Coal scorecard⁽⁵¹⁾, attended the 2019 Annual Meeting in Davos⁽⁵²⁾ and are likely to attend this year.

4 of the 5 have not adopted any public policies to reduce their support for coal projects and the same number have not adopted any public policies to divest from coal and other fossil fuels, despite the Paris Agreement. They are AIG, Prudential, Sompo, Tokio Marine and Lloyd’s.

How much is US\$24 trillion?



OR



The combined economies of the US and the UK, or the combined economies of China, Japan and Germany.⁽⁵³⁾



Ten times the cost to US taxpayers for the Iraq and Afghanistan wars⁽⁵⁴⁾, or ten times Shell’s 2018 annual profit.⁽⁵⁵⁾

The Ten Banks at Davos and their climate claims

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1

JPMORGAN
CHASE & CO.

JP Morgan Chase CEO: James Dimon

JP Morgan Chase is America's largest bank and the world's most valuable by market capitalization.⁽⁵⁶⁾ According to BankTrack, it is the world's worst funder of fossil fuels and fossil fuel expansion. Its Chairman and CEO, James Dimon, was at the 2019 Annual Meeting in Davos⁽⁵⁷⁾ and is likely to attend this year.⁽⁵⁸⁾

In April 2019, the CEOs of some of the largest US banks said at a House Financial Services Committee hearing that climate change poses risks to the financial system. But not Mr Dimon. He reportedly said climate change does not pose direct risks to the financial system. In the same hearing, Mr Dimon said to the lawmakers: "If you want to fix this problem, you are going to have to do something."⁽⁵⁹⁾

This is despite the JP Morgan Chase website stating in its Environmental and

Social Policy Framework, in 2014: "We believe the financial services sector has an important role to play"⁽⁶⁰⁾ and in May 2019, just weeks after Mr Dimon's hearing appearance: "climate change is a global challenge that has presented - and will continue to present - risks for businesses and communities around the world."⁽⁶¹⁾ Mr Dimon has expressed support for the Paris Agreement⁽⁶²⁾ but his bank has actually increased its funding of fossil fuels every year since.⁽⁶³⁾ JP Morgan Chase is actively involved in fossil fuels projects with Poland's Energa Group, PGE in the US, Germany's RWE, the Saudi Arabian state oil giant Saudi Aramco and Brazil's Vale.⁽⁶⁴⁾ Bloomberg data shows that in the first half of 2019, JPMorgan Chase did 90 deals with the fossil fuel industry - and only five with renewable energy companies.⁽⁶⁵⁾ JP Morgan Chase has US\$195.663bn in fossil fuel finance.⁽⁶⁶⁾

2



Citi

CEO: Michael Corbat

On the Citi website, the bank claims that it “has been outspoken in our support of the Paris Agreement. In May 2017, Citi CEO Michael Corbat, along with his counterparts in 30 other large companies, signed an open letter to the US President that laid out the business case for the Paris Agreement. Even though the US announced it would be withdrawing from the Paris Agreement, we signed the “We Are Still In” declaration and continue to voice our support for the global agreement due to the unique and widespread risks that climate change presents to society and to the global economy.”⁽⁶⁷⁾

Yet since the Paris Agreement was signed in 2015, Citi has provided US\$129.493bn to fossil fuel companies, such as India’s Adani, CEZ Group of the Czech Republic, Polish state-controlled energy group Enea, PGE in the US, Germany’s RWE, the Saudi Arabian state oil giant Saudi Aramco and Brazil’s Vale, and for fossil fuel expansion.⁽⁶⁸⁾ The bank is the second worst offender for funding fossil fuels, based on BankTrack’s data. Mr Corbat was interviewed by Bloomberg at the 2019 Annual Meeting in Davos about the challenges facing the global economy⁽⁶⁹⁾ and is likely to attend this year.

3



Bank of America

CEO: Brian T. Moynihan

According to CEO Brian T. Moynihan, “We believe in the science at Bank of America. We believe we have to get off fossil fuels.”⁽⁷⁰⁾ But between the signing of the Paris accord and the end of 2018, Bank of America had pumped US\$106.687bn into fossil fuels, including expansion projects,

with companies such as India’s Adani, Germany’s RWE and Brazil’s Vale.⁽⁷¹⁾ Mr Moynihan is the Chair of the International Business Council⁽⁷²⁾, which is set up by the World Economic Forum and comprises CEOs of the world’s top companies.

4



RBC

CEO: Dave McKay

Dave McKay, CEO of Royal Bank of Canada says the bank is taking the climate change “conversation as seriously as any challenge, and setting a new business target: US\$100-billion in sustainable financing by 2025.”⁽⁷³⁾ But it has been financing fossil fuels for more than that since the Paris Agreement,

is actively involved in Canadian pipelines⁽⁷⁴⁾ and 3 US pipelines, and has active profiles with Germany’s RWE and Brazil’s Vale.⁽⁷⁵⁾ He attended the 2019 Annual Meeting in Davos, describing it as “a subdued affair.”⁽⁷⁶⁾

5



Barclays

CEO: James Edward “Jes” Staley

The CEO of Europe’s top bank for funding fossil fuels, James Edward “Jes” Staley said in May 2019: “Put simply, Barclays fully understands our corporate responsibility in respect of climate change. We are a supporter of the goals of the Paris accord. And we will keep our policy position under constant review to ensure that our actions

align with those goals.”⁽⁷⁷⁾ Mr Staley’s UK bank, since the Paris Agreement, has put over US\$85bn into fossil fuels including expansion projects. It is financing India’s Adani, Germany’s RWE, Brazil’s Vale and CEZ Group of the Czech Republic.⁽⁷⁸⁾ Mr Staley was interviewed by CNBC at the 2019 Annual Meeting in Davos.⁽⁷⁹⁾



MUFG

CEO: Kanetsugu Mike

In its 2019 annual report, the largest bank in Japan,⁽⁸⁰⁾ states: “Drawing on its solid track record, abundant know-how and extensive global network, MUFG is acting as project finance arranger and lender in a way that helps curb the impact of climate change.”⁽⁸¹⁾ However, from 2016-2018, over US\$80bn of MUFG money has been channeled in fossil fuel projects including the Dakota Access Pipeline in the US, and it is financing Poland’s Polska Grupa Energetyczna (PGE), India’s Adani,

Germany’s RWE and Brazil’s Vale.⁽⁸²⁾ MUFG is the world’s second largest lender for global coal developers, providing US\$14.6 billion in lending to companies included in Urgewald’s Global Coal Exit List between 2017-2019.⁽⁸³⁾ MUFG is still considering financing new coal power projects, such as Vung Ang 2 in Vietnam.⁽⁸⁴⁾ The bank’s Chairman Nobuyuki Hirano attended the 2019 Annual Meeting in Davos and MUFG is expected to attend this year.⁽⁸⁵⁾



TD

CEO: Robert “Bob” Dorrance

Toronto Dominion Bank (TD), a top 10 North American bank⁽⁸⁶⁾, states on its website: “One of our greatest opportunities to facilitate environmental progress in society is through lending and banking solutions.”⁽⁸⁷⁾ However, it is actively involved in the Dakota Access Pipeline, Atlantic Coast Pipeline and the Line 3

Pipeline Replacement Project (L3RP) in the US⁽⁸⁸⁾ plus Canada’s Coastal Gas Link.⁽⁸⁹⁾ Since the Paris Agreement, TD has poured US\$74.151bn into fossil fuels. Its CEO Robert (Bob) Dorrance attended the 2019 Annual Meeting in Davos⁽⁹⁰⁾ and is likely to attend this year.



Scotiabank

CEO: Brian J. Porter

Since the Paris Agreement, Scotiabank has pumped US\$69.571bn into fossil fuels. CEO Brian Porter has criticized politicians for not doing enough to support oil export expansion, and says Scotiabank thinks of itself as Canada's "energy bank" and claims to have more credit committed to the energy sector globally than any of its Canadian competitors.⁽⁹¹⁾ Their website says: "Scotiabank is committed to reducing our impact on the environment. A better,

more prosperous future is intrinsically linked to the well-being of our environment. We aim to reduce our own environmental footprint."⁽⁹²⁾ Mr Porter, who was at the 2019 Annual Meeting in Davos⁽⁹³⁾, is quoted in the same factsheet as saying: "Assessing and managing climate-related risks and opportunities are critical to our long-term operations and business success."



Mizuho

CEO: Tatsufumi Sakai

Mizuho Financial Group, Inc. claims to "recognize that addressing climate change is an important issue in the medium to long term. As a financial services group, we... will proactively address climate change and support the shift to a low-carbon society."⁽⁹⁴⁾ But with US\$67.710bn worth of financing in fossil fuels between 2015-2017, Mizuho is not addressing climate change, but rather fueling it. Between 2017-

2019, it was the world's biggest lender for coal developers, providing US\$16.8 billion during this period.⁽⁹⁵⁾ It is involved with India's Adani, Germany's RWE and Brazil's Vale. It is also involved in the Cirebon 2 coal power plant in Indonesia, Vung Ang II coal power plant in Vietnam and the Dakota Access Pipeline in the US.⁽⁹⁶⁾ Two senior staff members from Mizuho attended the 2019 Annual Meeting in Davos.⁽⁹⁷⁾



Morgan Stanley

CEO: James Gorman

“If we don’t have a planet, we’re not going to have a very good financial system,” said Morgan Stanley Chairman and CEO James Gorman at the same US House Financial Services Committee hearing in April that JP Morgan Chase CEO James Dimon attended and reportedly said climate change does not pose direct risks to the financial system.⁽⁹⁸⁾ Mr Gorman’s stance

on climate change begs the question why his bank has at least US\$66.931bn in fossil fuels and involvement with Germany’s RWE, the Saudi Arabian state oil giant Saudi Aramco and Brazil’s Vale.⁽⁹⁹⁾ The Wall Street boss attended the 2019 Annual Meeting in Davos⁽¹⁰⁰⁾ and is likely to attend this year.

For more on these ten banks that are welcomed by the World Economic Forum at the Annual Meeting in Davos, please visit www.worldeconomicfailure.com to see interactive alternative business cards that map their connections to fossil fuel companies and lobbyists.

The remaining 14 fossil fuel banks, which were represented at the World Economic Forum’s Davos meeting in 2019, and bring the amount to **US\$1.4 trillion** are:

11. Goldman Sachs = US\$59.257bn⁽¹⁰¹⁾
12. HSBC = US\$57.808bn⁽¹⁰²⁾
13. Credit Suisse = US\$57.419bn⁽¹⁰³⁾
14. Bank of Montreal = US\$56.577bn⁽¹⁰⁴⁾
15. Deutsche Bank = US\$53.939bn⁽¹⁰⁵⁾
16. Canadian Imperial Bank of Commerce(CIBC) = US\$37.372bn⁽¹⁰⁶⁾
17. Société Générale = US\$36.469bn⁽¹⁰⁷⁾
18. UBS = US\$25.844bn⁽¹⁰⁸⁾
19. ING = US\$25.555bn⁽¹⁰⁹⁾
20. BPCE/Natixis = US\$20.830bn⁽¹¹⁰⁾⁽¹¹¹⁾
21. Standard Chartered = US\$15.244bn⁽¹¹²⁾
22. Santander = US\$14.973bn⁽¹¹³⁾
23. BBVA = US\$12.080bn⁽¹¹⁴⁾
24. Royal Bank of Scotland (RBS) = US\$4.368bn⁽¹¹⁵⁾

The 3 Pension Funds at Davos and their climate claims

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Ontario Teachers' Pension Plan (OTPP) **CEO: Jo Taylor**

1

As of 2017, the OTPP was still pouring a hefty US\$19 billion in total retirement holdings into dirty oil, coal and natural gas projects. Holdings include Chevron, Suncor, Imperial Oil and Phillips. It also has shares in Exxon.⁽¹¹⁶⁾ The OTPP is Canada's largest single-profession pension plan with 185,000 teachers and 142,000 pensioners as members.⁽¹¹⁷⁾

"As an investor, climate change poses a risk to all of our assets and our ability to earn sufficient returns over the long-run. But, the divestment of fossil fuel companies

is not the answer to dealing with these risks."⁽¹¹⁸⁾ In the same 2018 report, the pension fund states "Pension plans and institutional investors are being called on to divest from organizations that have significant exposure to climate change risks, in particular, fossil fuel companies. Our first and foremost responsibility is to provide you, and future generations of teachers, with a secure pension." At Davos 2019, former CEO Ron Mock attended.⁽¹¹⁹⁾ The new CEO Jo Taylor's attendance is anticipated.⁽¹²⁰⁾



Canada Pension Plan Investment Board **CEO: Mark Machin**

With 20 million contributors and beneficiaries⁽¹²¹⁾ the Canada Pension Plan (CPP) is Canada's largest public pension fund.⁽¹²²⁾ Overall it is estimated the pension-plan board has around US\$6 billion in equities associated with the fossil fuel industry, based on Corporate Mapping Project data.⁽¹²³⁾

The Corporate Mapping Project report, called "Fossil Futures,"⁽¹²⁴⁾ says the pension plan's holdings include hundreds of millions of dollars in market value in the Russian energy firms Gazprom, Rosneft, Lukoil, Novatek and Tatneft, as well as Chinese energy giants CNOOC, PetroChina and Sinopec, Japan's Inpex and Canadian Natural Resources. The figures are from CPPIB's foreign publicly traded equity holdings as of March 31, 2019. The CPPIB also has billions of dollars invested in top Canadian oil and gas companies, US gas pipelines and in a gas project off Ireland's coast, according to the report.

The fund's CEO, Mark Machin, who attended the 2019 Annual Meeting in Davos⁽¹²⁵⁾, said in a speech in November 2019: "One such challenge is climate change. The Bank of England predicts that US\$20 trillion of assets could disappear if climate change risks are not addressed properly. Former Governor of the Bank of Canada, and now Bank of England Governor Mark Carney said, that great fortunes could be made by those working to end greenhouse gas emissions. I quote, "There will be industries, sectors and firms that do very well during this process because they will be part of the solution." At CPPIB, we aim to be a leader in understanding the risks and opportunities that Climate Change presents."⁽¹²⁶⁾

The fund could not say whether it was considering axing its fossil fuel holdings when contacted in October 2019 by Canada's National Observer. It also reportedly does not have a stated, specific plan to cut exposure to companies of a certain emissions intensity and is unaware of how much carbon its holdings emit.⁽¹²⁷⁾

PensionDanmark

PensionDanmark

CEO: Torben Möger Pedersen

In a December 2019 article the CEO of PensionDanmark, Torben Möger Pedersen, said, “We do not believe that the divestment approach has any significant impact” and “Thanks to its investors, Shell has transformed itself from a 100% fossil fuel business, to one of the leading companies in the green transition.”⁽¹²⁸⁾

Shell, in April 2019, announced a US\$300m fund for “investing in natural ecosystems” over the next three years, which will help, it claims, to “support the transition towards a low-carbon future.”⁽¹²⁹⁾ But Shell’s annual profit is US\$24bn, making the US\$300m seem like a drop in the ocean.

Renewable energy doesn’t feature in Shell’s summary of financial results and reportedly it has no discrete figure for its income from low-carbon technologies. But

it did pour US\$25bn of investments into oil and gas in 2018, including exploration for new fossil fuel reserves in the deep waters of the Gulf of Mexico and off the coasts of Brazil and Mauritania.

Shell and ExxonMobil are part of PensionDanmark’s Equity portfolio⁽¹³⁰⁾ and it holds equity in JP Morgan Chase, Bank of America, RBC and Tokio Marine.

The WWF gave PensionDanmark a climate score of nine for 2019 out of a top score of 12,⁽¹³¹⁾ making it fifth in comparison to other Danish pension funds. Mr Pedersen, who attended the 2019 Annual Meeting in Davos, said in September “The challenges of climate change are to be recognized as this generation’s moon landing – if not even more comprehensive,”⁽¹³²⁾ yet the fund continues to invest in fossil fuels.

For more on these three pension funds that are welcomed by the World Economic Forum to the Annual Meeting in Davos, please visit www.worldeconomicfailure.com for interactive mapping.

The 5 Insurers at Davos and their climate claims

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1



AIG

CEO: Brian Duperreault

AIG, sponsor of New Zealand's national rugby team the All Blacks,⁽¹³³⁾ is the worst offender for insuring coal, according to Unfriend Coal.⁽¹³⁴⁾

AIG CEO, Brian Duperreault, who attended the 2019 Annual Meeting in Davos, said in November: "The insurance industry is based on the concepts of using truth to make a decision and getting the trust of the people you want to insure."⁽¹³⁵⁾ The UN's Intergovernmental Panel on Climate Change says coal must be phased out to stay within 1.5 degrees Celsius⁽¹³⁶⁾, yet it appears Mr Duperreault does not accept this science as truthful. He is also reported as saying at the same reinsurance conference that climate change and an increasing frequency and severity of natural catastrophes such as hurricanes and wildfires were hitting underwriting returns.

AIG:

- has not adopted any public policies to reduce their support for coal projects.
- has not adopted any public policies to divest from coal and other fossil fuels.
- has not excluded support for the giant Adani coal mine project⁽¹³⁷⁾ in Australia.
- not only insures coal projects, but is also among the few players able to take the lead in conducting due diligence for multi-billion-dollar coal projects.

Mr Duperreault is a veteran of the Bermudian insurance market and Bermuda born. 2019 saw Bermuda hammered by Hurricane Humberto - the fourth serious hurricane to have done damage to the island nation in the past five years.⁽¹³⁸⁾

2



Prudential

CEO: Charles F. Lowrey

The company's website states: "As a leading life insurer and asset manager, Prudential recognizes that a healthy environment creates and preserves value for our customers, employees, and investors - and that deteriorating environmental conditions pose unacceptable challenges to our quality of life and our business."⁽¹³⁹⁾

Prudential:

- has not adopted any public policies to divest from coal and other fossil fuels.

The insurer only sent the most basic of information for the UnfriendCoal scorecard and so ranking was based on publicly available information.

3



Sompo

CEO: Keiji Nishizawa

The Japanese insurer states on its website: "With the adoption of the Paris Agreement in 2015 and the establishment of the Sustainable Development Goals (SDGs), there is a heightened expectations for corporate action on climate change risks. In response, we declared support for the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) and take various actions addressing

climate change and promoting highly transparent information disclosure, as a responsible effort to pass on a hopeful future to next generations."⁽¹⁴⁰⁾

Sompo:

- has not adopted any public policies to reduce their support for coal projects.
- has not adopted any public policies to divest from coal and other fossil fuels.



Tokio Marine

CEO: Satoru Komiya

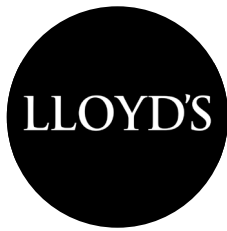
Tokio Marine is one of the sponsors for Japan's 2020 Olympics Games.⁽¹⁴¹⁾ It's website states:

"Climate change and natural disasters represent a global issue and have a significant impact on Tokio Marine Group as we engage in the insurance and financial services businesses."⁽¹⁴²⁾

Tokio Marine:

- has not adopted any public policies to reduce their support for coal projects.
- has not adopted any public policies to divest from coal and other fossil fuels.
- still underwrites new coal projects.





Lloyd's of London CEO, John Neal

Lloyd's is the world's oldest insurance market. It does not underwrite operations directly, but offers a marketplace to almost 90 syndicates of other insurers.

Mr Neal is reported as saying in November 2019 that Lloyd's couldn't lead the industry's charge unless there was a specific regulatory reason to do so – even though it was feeling pressure in cases like the Adani Carmichael coal project in central Queensland, Australia. He also said in the same media interview: “Insurance can be part of the solution to make a 20-year problem into a seven-year problem.”⁽¹⁴³⁾

Lloyd's:

- have not adopted any public policies to reduce their support for coal projects.
- have adopted more rudimentary divestment policies. Most of them do not apply to tar sands or other extreme fossil fuel companies, and do not

stipulate divestment from any company developing new coal capacity. Most policies stipulate immediate divestment from coal shares, but not from bonds – even if they are years away from maturing.⁽¹⁴⁴⁾

By mid-November 2019, 17 insurance companies had stopped insuring new coal projects (albeit with loopholes in some cases) including all leading European insurers except for the Lloyd's market.⁽¹⁴⁵⁾

Most Lloyd's insurers continue to insure both new and existing coal operations.⁽¹⁴⁶⁾ Several are based in Bermuda, which is highly vulnerable to ever more serious hurricanes, yet the island's specialty insurers “remain steadfast, and have largely maintained a consistent appetite” for coal projects, according to Willis Towers Watson.⁽¹⁴⁷⁾

For more on these five insurers that are welcomed by the World Economic Forum at the Annual Meeting in Davos, please visit www.worldeconomicfailure.com for interactive mapping.



Influence and spin by the money men at Davos: SNAPSHOT

“You read constantly that banks are lobbying regulators and elected officials as if this is inappropriate. We don’t look at it that way.”

- James Dimon, JP Morgan Chase CEO⁽¹⁴⁸⁾

On the sidelines of the 2019 Annual Meeting in Davos, the largest annual gathering of the global oil industry took place, and to which were invited the CEOs from many of the world’s biggest banks and fund managers.⁽¹⁴⁹⁾

As reported by Reuters, the two key topics were climate change and pressure from investors with the conclusion being to entice investors with higher returns and to boost PR. Chevron CEO Michael Wirth reportedly had talks with bosses from BP, Shell, Total and Aramco. Darren Woods, ExxonMobil CEO, also participated via telephone.

The meetings were also attended by former HSBC CEO John Flint and Ron Mock, of the Ontario Teachers’ Pension Plan. Mr Mock has now been replaced by Jo Taylor as CEO of OTPP. As of 2017, the OTPP was still putting US\$19bn in total retirement holdings into oil, coal and gas projects. Holdings include Chevron, Suncor, Imperial Oil and Phillips. It also has shares in ExxonMobil.⁽¹⁵⁰⁾ An OTPP 2018 report states: “the divestment of fossil fuel companies is not the answer to dealing with these (climate change) risks.”⁽¹⁵¹⁾



The price of PR

BP, Shell, ExxonMobil, Chevron and Total reportedly spend US\$195 million annually on branding campaigns to portray them as energy transition champions - even as they increase spending on fossil fuel extraction, found a 2019 report by InfluenceMap.⁽¹⁵²⁾ According to the Union of Concerned Scientists' 2018 scorecard⁽¹⁵³⁾, which analyzed what eight major fossil fuel companies are saying they're doing about climate change, most fail to accurately represent climate science in their public communications. ExxonMobil and Chevron score particularly poorly.

The Climate Investigations Center (CIC) revealed in 2019⁽¹⁵⁵⁾ that fossil fuel-related trade associations spent six times more on PR and advertising agencies than renewable energy interests between 2008 and 2017. Described as "the tip of the iceberg", there is allegedly zero transparency about PR contracts with corporate entities, and the only reason there is any data available is because "non-profit" corporate trade associations like the American Petroleum Institute are required by law in the US to list their five biggest contractors on their tax forms.

"Public relations specialists make flower arrangements of the facts, placing them so the wilted and less attractive petals are hidden by sturdy blooms."

– Alan Harrington, novelist⁽¹⁵⁴⁾

Global PR firm Edelman was found to be the top earner, receiving US\$358.9m - \$327.4m from the American Petroleum Institute between 2008 and 2012, and US\$16.5m from the American Fuel and Petrochemical Manufacturers. The American Petroleum Institute has also spent more than US\$96m with FleishmanHillard since 2011. Public relations firm Porter Novelli worked with America's Natural Gas Alliance, a natural gas trade association that was later absorbed by the American Petroleum Institute, earning a total of US\$1.9m in 2013 and 2014.



Who has friends in high places?

On lobbying “designed to control, delay, or block binding climate-motivated policy,” BP, Shell, ExxonMobil, Chevron and Total spend a combined US\$200 million per year, according to InfluenceMap.⁽¹⁵⁶⁾ The UK think tank also states that BP has the highest annual expenditure on climate lobbying at US\$53 million, followed by Shell with US\$49 million and ExxonMobil with US\$41 million. Chevron and Total each spend around US\$29 million every year.⁽¹⁵⁷⁾

“Shell has never lobbied against climate action, not 30 years ago, not 5 years ago, not 10 years ago.”

- Maarten Wetselaar, director of Integrated Gas and New Energies for Shell and a member of the Royal Dutch Shell executive committee⁽¹⁵⁸⁾



Analysing 2019 data sourced from the Center for Responsive Politics⁽¹⁵⁹⁾ and the US Senate Office of Public Records⁽¹⁶⁰⁾, Greenpeace International has found several crossovers between the fossil fuel industry, and those from the finance sector that attend the Annual World Economic Forum Meeting in Davos regarding the use of US lobbying firms.



CGCN Group

CGCN Group⁽¹⁶¹⁾ lobbied the US Congress on behalf of JP Morgan Chase and Goldman Sachs in 2019. The firm also lobbied the US Congress on behalf of clients American Petroleum Institute, Duke Energy, Encana Corp, NextEra Energy, Permian Strategic Partnership, Tellurian Inc, Tinum Group, Noble Energy, TransCanada Corp, American Fuel & Petrochem Manufacturers, and Hess Corp. CGCN Group is a lobbying firm that was hired by 54 clients in 2019, for a total amount of US\$7.7m.



Capitol Tax Partners

Capitol Tax Partners⁽¹⁶²⁾ lobbied the US Congress on behalf of Citi, Goldman Sachs and Morgan Stanley in 2019. Capitol Tax Partners also lobbied the US Congress on behalf of fossil fuel clients American Fuel & Petrochem Manufacturers, Exelon Corp, Invenergy LLC, Koch Industries, Large Public Power Council, Marathon Petroleum, NextEra Energy, Peabody Energy, Tinum Energy, and Westlake Chemicals. The lobbying firm was hired by 67 clients in 2019, for a total amount of US\$9.4m.



Harbinger Strategies

Harbinger Strategies⁽¹⁶³⁾ lobbied the US Congress on behalf of banks Citi and Goldman Sachs, and insurer Prudential. Harbinger Strategies also lobbied the US Congress on behalf of clients General Electric, Hess Corp, NextEra Energy and Royal Dutch Shell. Harbinger Strategies was hired by 52 clients in 2019, for a total amount of US\$8.6m.



The Cypress Group

Cypress Advocacy

Cypress Advocacy⁽¹⁶⁴⁾ has also lobbied the US Congress on behalf of Citi, Goldman Sachs and Prudential. Cypress Advocacy also lobbied the US Congress on behalf of clients Koch Industries and Royal Dutch Shell. Cypress Advocacy was hired by 41 clients in 2019, for a total amount of US\$4.1m.

The logo for Podesta Group, featuring the word "podesta" in a lowercase sans-serif font and "GROUP" in a bold, uppercase sans-serif font, both enclosed within a thin orange rectangular border.

The Podesta Group

The Podesta Group⁽¹⁶⁵⁾ lobbied the US Congress in 2017 on behalf of the Bank of Montreal, Credit Suisse, the Canada Pension Plan Investment Board and the Ontario Teachers' Pension Plan. The firm also lobbied the US Congress on behalf of clients BP, General Electric and Golden Pass Projects. The lobbying firm was hired by 105 clients in 2017, for a total amount of US\$18.4m.



The Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board's ties to the oil and gas industry were revealed by the Corporate Mapping project⁽¹⁶⁶⁾ in 2019. The findings⁽¹⁶⁷⁾ show, for example, that the chairwoman of the board⁽¹⁶⁸⁾ also serves on the board of Royal Bank of Canada, which has put over US\$100bn into fossil fuels since the Paris Agreement; a board member who is president of a company that owns Domo Gasoline; and another board member who is on the board of industrial-products provider Wajax Corp. which is involved in oilsands.

For more, please visit www.worldeconomicfailure.com
for interactive mapping.

Recommendations

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The finance sector is making globally relevant decisions on the basis of poor analysis, remaining focussed on short term goals. Unless regulators with a longer view step in, a repeat of the 2008 financial crash is possible. In order to rapidly move capital from where it is today to where it needs to be tomorrow and shift the global financial sector to a course that stays within planetary boundaries, governments, central banks and other regulatory bodies must ensure financial flows steer towards a sustainable future and not contribute to deepen the climate and biodiversity crisis.⁽¹⁶⁹⁾

- 1.** Governments should end supply-side subsidies and export credit financing for fossil fuels and incentivise investment in renewable energy.
- 2.** Regulations should be introduced to shift lending and investment out of high-carbon sectors.
- 3.** Higher capital requirements - a 'brown penalty' - should be applied to fossil fuel and other high-carbon lending.
- 4.** Central banks should exclude fossil fuels and other energy-intensive industries in their asset-purchasing programmes, and should prioritize those sectors advancing the transition to a low-carbon economy.
- 5.** Central banks should follow the lead of the Bank of England and Dutch Central Bank and include a range of climate scenarios in financial institution stress tests.
- 6.** To avoid any misinterpretation, governments should provide central banks with an explicit mandate to extend their horizon on financial stability to fully encompass climate risk and to be a force for decarbonization.
- 7.** Reporting under the Task Force for Climate Related Financial Disclosure should be mandatory.

Methodology, core sources and endnotes

Below are the core sources and methodology for “It’s the finance sector, stupid” report and www.worldeconomicfailure.com by Greenpeace International.

CORE SOURCES:

Banks

Source: BankTrack

https://www.banktrack.org/article/banking_on_climate_change_fossil_fuel_finance_report_card_2019

<https://www.banktrack.org/search#category=banks>

JP Morgan Chase example link: https://www.banktrack.org/bank/jpmorgan_chase#dodgy_deals

Basic profile information on major banks - address, website, annual reports etc - also sourced from Banktrack.

Pension Funds

PensionDanmark

Source: PensionDanmark

<https://www.pensiondanmark.com/en/investments/investment-strategy/public-markets/equity/equity-list/>

Ontario Teachers’ Pension Plan (OTTP)

Sources:

Now Toronto

<https://nowtoronto.com/lifestyle/ontario-teachers%27-pension-fund-divestment-fossil-fuels/>

The Globe and Mail

<https://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/ontario-teachers-cpp-investment-board-opt-to-maintain-fossil-fuel-assets/article27934831/>

Canada Pension Plan Investment Board

Source: The Corporate Mapping Project

<https://www.corporatemapping.ca/fossil-futures/>

The project is primarily hosted by the University of Victoria, and jointly led by UVic, the Canadian Centre for Policy Alternatives and the Parkland Institute.

Insurance Companies

Source: UnfriendCoal Scoreboard 2019 - <https://unfriendcoal.com/2019scorecard/>

Associated Lobby Firms and Lobbyists

Sources:

EU Transparency Register - ‘Persons accredited for access to European Parliament premises’ as of January 2020: <https://ec.europa.eu/transparencyregister/public/consultation/listlobbyists.do?locale=en&reset=>

JP Morgan Chase example link: <https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=9171899949-17>

Center for Responsive Politics/OpenSecrets.org - Lobbyists and lobby firms representing the financial actors, as highlighted in this report, in 2019 (or year otherwise stated): <https://www.opensecrets.org/>

JP Morgan Example Link: <https://www.opensecrets.org/federal-lobbying/clients/lobbyists?cycle=2019&id=d000000103>

The US Senate Office of Public Records - <https://www.senate.gov/legislative/opr.htm>

Davos Attendees

Source: Prediction of 2020 Davos attendees is based on an analysis of Quartz magazine's list of Davos Attendees between 2016-2019

2016: <https://qz.com/592854/heres-the-list-of-everyone-attending-davos/>

2017: <https://qz.com/881899/the-list-of-whos-attending-the-world-economic-forum-in-davos-2017/>

2018: <https://qz.com/1184584/the-list-of-davos-attendees-for-2018/>

2019: <https://qz.com/1529081/whos-in-davos-attending-the-world-economic-forum-in-2019/>

Attributed Quotes

Various sources attributed in the report and on the www.worldeconomicfailure.com website.

External contributors

Greenpeace International paid for research and design services from digital agency 89up.org.

METHODOLOGY :

Banks

The 33 banks identified in Banktrack's "Banking on Climate Change – Fossil Fuel Finance Report Card 2019" as having provided funds to fossil fuel companies since the adoption of the Paris climate accord at the end of 2015 to 2018 were filtered by Quartz magazine's list of Davos Attendees for 2019, by Greenpeace International. This showed that 24 of the 33 BankTrack banks attended the World Economic Forum's 2019 Annual Meeting in Davos and the Quartz list also identified which staff from each of the banks had attended. Greenpeace International mentions all 24 banks but focuses on the worst ten as they account for the majority of fossil fuel finance by banks. For the lobbying information, Greenpeace International searched the EU Transparency Register, the US Senate Office of Public Records and opensecrets.org to establish connections to the banks.

Pension Funds

The three pension funds included in this research were identified by searching the Quartz list of the 2019 Annual Meeting participants. Greenpeace International carried out desk research into each of the companies. For the lobbying information, Greenpeace International searched the EU Transparency Register, the US Senate Office of Public Records, The Corporate Mapping Project, and opensecrets.org to establish connections to the pension funds.

Insurance Companies

The UnfriendCoal scorecard 2019 focuses on 30 leading insurers, assessing and scoring their policies on coal and tar sands insurance, divestment and other aspects of climate leadership on the basis of a survey with more than 80 questions. Of the 30 companies, 24 responded to the survey or provided other information. Those that did not respond were scored on the basis of publicly available information. The insurers from the UnfriendCoal Scorecard were cross-referenced with Quartz's 2019 list of attendees for the World Economic Forum's Annual Meeting. The five worst performing insurers that attended the 2019 Annual Meeting in Davos were included in this report with a focus on coal. For the lobbying information, Greenpeace International searched the EU Transparency Register, the US Senate Office of Public Records and opensecrets.org to establish connections to the insurance companies.

Attendance at the World Economic Forum's 2020 Annual Meeting in Davos

2020 attendance was predicted by analysing Quartz's lists for 2016-2019.

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2. <https://www.climatechangenews.com/2019/09/04/european-central-bank-gradually-eliminate-carbon-assets-says-lagarde/>
3. <https://www.generationim.com/sustainability-trends/sustainability-trends-2019/>
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5. <https://www.mirror.co.uk/news/politics/chancellor-philip-hammond-announces-extra-11564988>
6. <https://www.wsj.com/articles/fed-s-daly-fed-cannot-ignore-what-climate-change-is-doing-to-economy-11573231636>
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8. <https://www.wri.org/blog/2018/10/half-degree-and-world-apart-difference-climate-impacts-between-15-c-and-2-c-warming>
9. https://eiuperspectives.economist.com/sites/default/files/The%20cost%20of%20inaction_0.pdf
10. <https://www.ft.com/video/6cefd242-3028-4ef9-bb6e-6903d88ec069>
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12. <https://www.theguardian.com/environment/2019/aug/01/fossil-fuel-subsidy-cash-pay-green-energy-transition>
13. <https://storage.googleapis.com/planet4-international-stateless/2018/10/7df76ee5-coalpathway-final.pdf>
14. These figures are from the IPCC Special Report scenario that does not rely on negative net emissions from bioenergy with carbon capture and storage, given that this approach has not been proven to be viable at the enormous scale required. Intergovernmental Panel on Climate Change. (2018). “Global Warming of 1.5o: Summary for Policymakers: http://www.ipcc.ch/pdf/special-reports/sr15/sr15_spm_final.pdf
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26. This figure is based on 24 of the 33 banks identified in Banking on Climate Change – Fossil Fuel Finance Report Card 2019 that provided funds to fossil fuel companies since the adoption of the Paris climate accord in December 2015, from 2016 to end of 2018. The 24 banks were identified using the Quartz list of Davos attendees 2019 and their fossil fuel funding added together. Prediction of 2020 Davos attendees is based on the Quartz magazine’s list of Davos Attendees between 2016-2019.
27. “Last year, the top 26 wealthiest people owned \$1.4 trillion, or as much as the 3.8 billion poorest people.” <https://time.com/5508393/global-wealth-inequality-widens-oxfam/>
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Author of and contributors to
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Dannielle Taaffe, with Charlie Kronick, Charlie Cray, Keith Stewart, Isadora Wronksi, Adam Pawloff, Martina Holbach, Kees Kodde, Gjörgy Dallas, Patrica Lerner, Hilal Atici, Asti Roesle, Hanna Hakko, Alastair Jackson, Paul Johnston and Daniel Simons.



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