

**Testimony of Kathleen Sgamma before the
U.S. Senate Committee on Banking, Housing, and Urban Affairs
Subcommittee on Financial Institutions and Consumer Protection
in a hearing entitled**

Ensuring Fair Access to Banking: Policy Levers and Legislative Solutions

December 16, 2025

Chairman Tillis, Ranking Member Cortez-Masto, and members of the Subcommittee, I appreciate the opportunity to testify today. I have spent the last twenty years representing an industry that has been much maligned by certain politicians and special interest groups seeking to halt all production and use of oil and natural gas. Despite the political opprobrium, our products are not disfavored by Americans, who benefit immeasurably from home heating and cooling; daily personal mobility and vacation travel; clean tap water and hot showers; the production, distribution, packaging, and storage of healthy food; medicines and medical devices; electronics and anything enabled by a microchip, from smart phones to AI; and countless other products based on oil and natural gas feedstock, from shampoo to football helmets.

Oil and natural gas companies have been the targets of debanking efforts for quite some time, first by activist shareholders, and then through the Biden administration's "whole-of-government approach" to using every lever available to regulate oil and natural gas out of existence and usher in a utopian, net-zero vision by 2030, 2050, or some other round-number year. No matter how many global climate summits are visited upon by an air force of private jets, all credible projections of energy use through 2050 show oil and natural gas consumption continuing to increase.

All of which is to say that the oil and natural gas industry provides lawful products which enable humans across the globe to thrive. Those countries with access to abundant, affordable oil and natural gas continue to prosper, while those where reliable energy is scarce suffer from poverty, curable diseases, malnutrition, and lower life expectancy. Efforts to debank my industry are not only misguided by unachievable and wasteful climate change dogma, but are counterproductive to economic growth and human flourishing.

Luckily, we have seen the climate edifice begin to crumble, epitomized by Bill Gates' recent memo injecting reality into the conversation.¹ The financial industry's capitulation to net-zero coercion is collapsing. Following the disintegration of the insurance net-zero alliance last year,² the banking industry recently voted to disband its alliance.³ Financial companies started to recognize their vulnerability to anti-trust and other legal action, but were helped along by states such as Texas, West Virginia, and Oklahoma that pulled assets from those that defund oil, gas, and coal, as well as by President Trump's leadership. His administration is systematically disarming the bureaucracy of the Biden whole-of-government climate actions.

But just as the Biden administration efforts were an intensification of Obama-era climate policies and Biden debanking an intensification of Operation Choke Point, so can President Trump's

¹ ["Three tough truths about climate"](#), Bill Gates, October 27, 2025.

² ["UN's Net-Zero Insurance Alliance disbands and rebrands"](#), ESGDive, April 29, 2024.

³ ["Why Did the Net-Zero Banking Alliance Shut Down?"](#), FinTech Magazine, October 7, 2025.

excellent work be undone by a future administration. I applaud Chairman Tillis' *Ensuring Fair Access to Banking Act* to take the politics out of financial decisions and prevent future financial insecurity and higher prices for consumers. Congress should particularly focus on constraining financial regulators from using politically motivated rules to deny financing to the oil and natural gas and other politically disfavored but legal industries. Otherwise, we could experience another cycle of a future administration conspiring with activists to use financial regulation as a means to implement policies they cannot otherwise advance through normal democratic processes.

Debanking and decapitalizing the oil and natural gas industry started with intense shareholder activism from the Left.⁴ A vast network of climate change activists who boycott, protest, and attempt to force divestment from oil and natural gas companies is orchestrated globally.⁵ Activist shareholders with miniscule stakes in the targeted companies collaborate with these groups to harass companies. Follow This describes how it exercises a small minority of shares to harass publicly traded companies:

"We encourage supporters of Follow This to buy one share, because this makes the biggest impact. As small shareholders in Shell, our influence doesn't necessarily lie in the percentage of the company we own (that will always remain a small percentage), but in how effectively we are able to organize shareholder support for the company to commit to the Paris agreement. We do this in particular through encouraging large investors to vote for the Follow This climate resolutions. The more shareholders in Shell we represent, the more importance Follow This carries as a discussion partner and the more weight is given to our arguments. This means that, in general, we achieve more impact if many people buy one share than if one person buys many shares."⁶

Indeed, activist group Engine No. 1 with only a .02% stake in ExxonMobil won three board seats. Many organizations engage in harassing tactics toward oil and natural gas companies and the financial institutions that do business with them, including picketing, vandalism, and disrupting shareholder meetings, with the objective of seeking to embarrass them and degrade their reputation.⁷ Thankfully, Subcommittee Chairman Tillis' bill includes Committee Chairman Scott's FIRM Act to address the use of reputational risk to debank companies and industries.

⁴ [Western Energy Alliance/USOGA comments on the Securities and Exchange Commission \(SEC\) climate change disclosure rule](#), June 15, 2022.

⁵ [The Activist Network Behind Climate Change Disclosure Regulation](#), Aaron Johnson, June 2022.

⁶ Follow This FAQs at <https://www.follow-this.org/faq/>.

⁷ ["Shareholders asked oil giant Chevron to cut emissions. Now some want the chairman ousted"](#), *The Washington Post*, March 8, 2022; ["Climate Activists Protest Outside Chevron Headquarters in San Ramon"](#), *NBC*, September 27, 2019; ["Engine No. 1 wins at least 2 Exxon board seats as activist pushes for climate strategy change"](#), *CNBC*, June 2, 2021; ["States took Big Tobacco to court and won. Can they now beat Big Oil?"](#), Frederick Hewett, *WBUR*, June 6, 2022; ["We will stop you!": Singing climate protesters disrupt Shell shareholder meeting"](#), *CNN*, May 24, 2022; ["Singing 'We will, we will stop you.' climate change activists disrupt Shell shareholders meeting; some glued themselves to seats"](#), *CBSNews*, May 24, 2022; ["Climate protestors break windows at JPMorgan offices in London"](#), September 1, 2021; ["Police Overreaction to Climate Protest Reveals City's Misplaced Priorities"](#), *KnockLA*, May 20, 2022; ["With sponges and petitions, climate activists take on insurers"](#), *Reuters*, November 26, 2021; ["Climate Action 100+ Net Zero Company Benchmark Shows an Increase in Company Net Zero Commitments, but Much More Urgent Action is Needed to Align with a 1.5°C Future"](#), Climate Action 100+, March 30, 2022; ["Ben van Beurden and Mark van Baal debate Shell's climate ambitions during the AGM"](#), Follow This, May 29, 2018.

Such activities worked to defund the oil and natural gas industry. Several banks and financial institutions stopped extending lines of credit and providing equity to oil and natural gas projects. BNP Paribas was one of the “leaders,” with its Bank of the West creating a backlash in the summer of 2018 by announcing its divestiture from coal, oil, and natural gas. Companies dropped by Bank of the West had to scramble to find alternatives. Many were able to eventually find small or regional banks, such as Jonah Bank of Wyoming and Bank of Oklahoma, both with strong ties to the industry. Many large American banks pulled back for a time, but have mostly returned. Foreign banks such as Paribas have not.

My last point illustrates the political back-and-forth that American energy companies endure. Despite being legally operating businesses that quite literally power the U.S. economy, oil and natural gas companies must now question whether major U.S. financial institutions will maintain their banking relationship across different administrations and political cycles. This is deeply un-American and injects considerable uncertainty into companies’ concrete business considerations, strategic planning, and ability to raise capital. Chairman Tillis’ Ensuring Fair Access to Banking Act of 2025 includes a strong fair-access standard that would establish much-needed certainty, all while providing banks with the ability to make rational, financial, and risk-based decisions about whom to provide financial services to.

Chairman Tillis’ bill is also necessary when considering the effects on small businesses. Small oil and natural gas companies were much more affected by debanking efforts than larger companies, and are still feeling the effects today as they remain underbanked. Large institutional investors such as some state pension funds and university endowments will not invest in oil and natural gas, resulting in an estimated 30 to 40 percent decrease in equity available. With fewer, smaller banks willing to loan, the cost of capital is higher than it is for larger companies, putting them at a disadvantage.

Although ESG (Environment, Social, and Governance) activism and politicized debanking continue to lose momentum as reality sets in on climate change and the need to power Artificial Intelligence, such activities could re-emerge in future administrations. President Trump’s leadership cannot be discounted. With his strong unleashing American energy agenda, he has instituted his own “whole-of-government approach” to foil the debanking efforts of the Biden administration. Gone are the efforts to pull every regulatory lever to stop the industry, and he has thwarted the efforts of the European Union to saddle American companies with climate change reporting.

With the political pressure gone, policymakers have a unique opportunity to reassert rational, risk-based regulation of the U.S. banking system that does not allow financial institutions and regulators alike to put their thumb on the scale against lawful industries. I urge the committee to move forward with Chairman Tillis’ bill.