

Mr. Jean-Laurent Bonnafé
Chief Executive Officer
BNP Paribas
16, boulevard des Italiens
75009 Paris

Paris, February 23rd, 2015

Subject: Risks from financing new coal mines, and related infrastructures (rail, port, power plant) in Australia.

We write to you as a group of civil society organizations concerning your institution's potential participation in financing for proposed coal mining and export projects in Australia's Galilee Basin and at Abbot Point. The proposed mines and associated infrastructures (rail, port, power plant) pose severe threats to the Great Barrier Reef, to communities, and to the climate.

In the last year, eight international investment banks have ruled out investment in Galilee Basin/Abbot Point coal export projects in Australia. In the wake of these decisions, we request that BNP Paribas do the same.

In particular, **we request that your bank make public a commitment that it will refuse direct or indirect involvement in investing, financing, arranging, or otherwise facilitating development of new coal mines in the Galilee Basin, along with any related infrastructure such as power plant, rail and port developments.**

There are two major integrated coal projects planned for Central Queensland, each of which comprises a mega-mine, a railway, and coal loading facility and some also comprise a power plant. The larger project is the Carmichael mine proposed by the Adani Group, which is estimated to need \$16.5 billion in external financing, and which would produce up to 60 million metric tons per annum (MTPA) of coal for export. The mine would move coal on a planned rail line to Abbot Point, where the company plans to build a coal loading facility, which would require dredging in the Great Barrier Reef World Heritage area. A second project, the Alpha mine proposed by GVK would require \$10 billion in external financing and would produce up to 30 MTPA of coal for export through Abbot Point. The project would also require the construction of a rail link and a coal loading facility at Abbot Point, also requiring dredging in the Great Barrier Reef.

The threats posed by these projects – threats to the climate, the Great Barrier Reef, the Caley Valley Wetlands, and to local communities and indigenous peoples - are summarized below. There is also an additional note which details evidence of fraud, embezzlement and tax evasion by Adani.

We also want to signal to you the determination that has been shown, that will continue to be shown, by a global network of non-governmental organizations (NGOs) that are focused on preventing development of the Galilee Basin coal mines, along with related infrastructures (rail, port, power plant). This large-scale campaign creates serious reputational risks for banks that become involved in the project.

Greenhouse gas emissions:

The Galilee Basin coal mine projects would each generate quantities of greenhouse gas pollution that would dwarf those associated with any previous Australian resources project. For example, projected annual lifecycle greenhouse gas emissions from coal produced by Adani's proposed Carmichael mine amount to 128.8 million tons of CO₂ per year, exceeding the entire Belgian economy.

As two of the first of a series of planned projects in the Galilee Basin, Alpha Coal and Carmichael projects could also play a key role in the opening up of the region, magnifying the carbon impact of these two projects many times over. Indeed, the report from Greenpeace, 'Cooking the Climate, Wrecking the Reef: the global implications of coal exports from Australia's Galilee Basin', finds that if all mines currently proposed in the Galilee Basin were built, that development would be consistent with scenarios leading to 6 degrees of global warming above pre-industrial levels. These mines would emit 705 million tons CO₂ pa - almost as much pollution annually as the entire German economy, the sixth biggest world CO₂ emitter globally.

Exploitation of the Galilee Basin is almost impossible to reconcile with the goal of keeping global warming under 2°C. This is particularly salient in France, because Paris will soon host the United Nations conference on climate change. With Paris the focus of world attention regarding climate issues, French banks that fail to give evidence of their commitment against climate change by ruling out the Galilee/Abbot point projects expose themselves to the risk of being at the centre of civil society mobilization.

Impacts on the Great Barrier Reef World Heritage area:

The Great Barrier Reef is Australia's most cherished natural icon. Recent research has shown that over 90 percent of Australians believe that protecting the Reef should be a high priority. Nevertheless, the Great Barrier Reef's unique ecosystems are under threat from these new coal export terminal proposals, from the dredging to construct them, and from associated shipping traffic. In June 2014, citing concerns about the Abbot Point coal port proposals, the United Nations World Heritage Committee (WHC) reiterated that it is considering placing the Great Barrier Reef on its 'World Heritage in Danger' list. This status is reserved for World Heritage sites that the WHC believes are not receiving appropriate protection from their national governments.

The dispersal of coal dust from coal stockpiles and loading facilities in ports is a new and emerging threat to the Reef. A recent study has identified serious levels of contamination from poly-aromatic hydrocarbons (PAHs) as a result of coal dust. The dust settles in the sediments around ports and has been identified in corals as far as the outer reefs hundreds of kilometres from shore. The risks of coal dust for the residents and the Reef have been investigated and Adani risks their port being shut¹.

While the existing Abbot Point port facility at Abbot Point has a rated capacity of 50MTpa, the development of the Galilee coal basin could see this expand nine fold to in-excess of 445 Mtpa. It would then become one of the biggest coal ports in the world. Associated increases in shipping also constitute a material threat to the Great Barrier Reef, with up to 4376 additional shipping movements annually. Large ships pose serious risks to the Reef including from the risk of collisions, oil spills, marine animal strikes such as whales, dugongs and turtles, damage from offshore anchorages, ballast water, and invasive species.

In response to community and industry concern, the former Queensland Government has proposed an onshore dumping option. This has not undergone a full Environmental Impact Statement, being assessed at the low 'on preliminary documentation' level of assessment. Independent scientific advice suggests that the impacts of this project on the Great Barrier Reef will be considerable.

Impacts on the Caley Valley Wetlands :

The alternative plan proposed by the former Government was to dispose of the 1.7 million cubic metres of dredge spoil in the Caley Valley Wetlands at Abbot Point. The Caley Valley wetlands are a tidal and

¹ <http://timesofindia.indiatimes.com/city/goa/Mormugao-MLA-guns-for-Adani-officials-over-coal-pollution/articleshow/45580033.cms>

freshwater wetlands system, immediately adjacent to the GBR World Heritage Area. The area is an internationally important wetland habitat for migratory shorebirds. It supports over 41,000 waterbirds and shorebirds from over 154 different species, and is a critical habitat for the Australian Painted Snipe - a federally listed endangered species. Although not currently listed, the wetlands clearly meets the criteria for Ramsar listing, bringing with it international obligations.

Whilst the ALP that won the election has made public statements indicating this opposition to disposal of dredge spoil on land, this has not been enshrined in any formal policy and is not supported by legislation.

Impacts on water security and local economies:

The mine projects pose a threat to Central Queensland water security and to the viability of local farming businesses. Recommendations of the Independent Expert Scientific Committee and the Queensland Coordinator General to undertake a regional water balance model of the cumulative impacts of Galilee basin mining proposals have not been implemented. Similarly, Reef tourism operators have expressed concerns about the impact that lower water quality and other environmental damage will have on their \$6 billion per year industry.

Threats to indigenous peoples:

Under Australian law, an Indigenous Land Use Agreement (ILUA) is required for large-scale resources projects. Adani has yet to secure one from potentially affected indigenous groups, including the Wangan and Jagalingou, who are the native title claim group at the Carmichael mine-site. The Wangan and Jagalingou have refused thus far to agree to sign an agreement for mining on their traditional lands. If an ILUA is not secured, the government may move to compulsorily acquire the land from its traditional owners, extinguishing native title over that land. This will be a clear breach of Equator Principles, to which BNP Paribas is a signatory, which mandate free, prior, and informed consent of indigenous people for development projects.

Fraud allegations and investigations:

Adani's Authority to Operate in Queensland has been challenged by Environmental Justice Australia, which has documented the company's history of illegality and environmental damage in recent years², with a huge number of violations of environmental conditions.

An investigative report also unearthed alarming information about dangerous working conditions at an unrelated project being developed by Adani in India³.

More recently, an investigative news story released on the 7th of February by Sydney Morning Herald⁴, has raised big questions about the governance and ownership of many of Adani's companies. Sydney Morning Herald cites a Fairfax Media expose that suggests Adani appears to be setting up a complex network of companies in offshore tax havens by which to manage the ownership of the existing Abbot Point coal export terminal and handle the company's planned new coal export projects.

Reported inconsistencies in company documents mean that it is unclear which part of the Adani group or family owns the current coal export terminal. Ownership over Abbot Point asset is unclear. The ultimate

2 Environmental Justice Australia, New report raises concerns over Adani's authority to operate, <https://envirojustice.org.au/blog/new-report-raises-concerns-about-adani%E2%80%99s-authority-to-operate>

3 <http://www.smh.com.au/federal-politics/political-news/concerns-at-barrier-reef-contractors-humanitarian-environment-record-20140904-10cgxk.html>

4 Sydney Morning Herald, 7 February 2013, Uncertainty over massive Queensland mine after election shock and concerns over Indian company, <http://www.smh.com.au/business/uncertainty-over-massive-queensland-mine-after-election-shock-and-concerns-over-indian-company-20150206-137mbi.html>

director of Adani's ownership of Abbot Point is not the Chairman, Gautam Adani, but his brother, Vinod, who has reportedly been named in a criminal investigation into the alleged siphoning off of \$1 billion from Adani shareholders into offshore companies.

Reputation risks:

Investors have outlined the risks in large-scale industrial developments in the Great Barrier Reef World Heritage Area. Hong Kong-based Asia Pacific director of corporate governance and responsible investment at BlackRock Inc. (BLK), Pru Bennett, has said: *"It's a huge issue potentially for any company operating in the Great Barrier Reef if there is a failure of management systems from an environmental perspective... The reputational damage that could be done, and the potential to lose that social license to operate, is very high."*⁵

High levels of public concern about these projects has been demonstrated at the local, national, and international levels, with many hundreds of thousands of Australians taking campaign actions of various types over the last year. Dozens of regional Queensland communities have held protests and marches during the past few months. Mismanagement of the Great Barrier Reef became a major political issue prior to the Queensland election held on January 31. The election saw one of the biggest swings against a sitting government in Australian history, with a 12% swing against the sitting LNP government.

The depth of concern at a community level can also be seen by the fact that six separate challenges have been brought against the major Galilee mining projects, with Queensland Land Court challenges against both the Alpha and Carmichael mines, along with a Federal Court challenge to the approval of that mine. There are currently two cases pending in the Federal Court concerning different parts of the Abbot Point Project, and one case pending in the Administrative Appeals Tribunal. The results of these challenges are uncertain: the Land Court found that the Alpha approval was seriously flawed, a decision that is currently under appeal.

Internationally, over 2.5 million people have taken action

WWF International on Monday February 9 launched a global campaign focused on the project. That campaign will engage WWF International's huge international supporter-base. They are only the latest group to launch a campaign, with campaigns launched and supported by over 40 different organisations in France, Germany, United Kingdom, the United States, Australia, and elsewhere.

International banks including Deutsche Bank, HSBC, RBS, Barclays, Citi, Morgan Stanley, JP Morgan Chase and Goldman Sachs have committing not to finance infrastructure linked to the development of the coal mines in the Galilee Basin. Meanwhile, in France, les Amis de la Terre, Bizi ! and Attac's campaign led to withdrawal of Société Générale out of the Alpha Coal Project in December 2014.

Major petitions have seen up to a million signatures, while a range of full page advertisements have been taken out in major meetings, along with large demonstrations and AGM actions, and many dozens of major media stories.

Please find attached a short review of the media coverage this campaign had in the previous year.

5 <http://www.bloomberg.com/news/articles/2014-03-31/blackrock-joins-investors-in-flagging-barrier-reef-eco-risks>

Alliance Request:

As a global coalition, we are highly concerned about the impacts of the Galilee basin coal mines and related infrastructures (rail, port, power plant) in Australia, especially the impacts on the Reef and on global climate.

As a major global financial institution, BNP Paribas may choose to play a role in financing the huge integrated projects proposed for the Galilee Basin and Abbot Point. However, your institution has signed the Equator Principles and adopted additional policies that restrict financing for projects that would harm World Heritage sites, degrade critical habitats, impact indigenous peoples, or significantly increase greenhouse gas emissions. Financing these projects would therefore be demonstrably inconsistent with your environmental, social, and governance commitments.

We request that BNP Paribas makes a clear public commitment to rule out any direct or indirect involvement in investing, or arranging or providing finance or otherwise facilitating for the development of new coal mines in the Galilee Basin, along with any related infrastructures (rail, port and power plant).

We would appreciate a response to this request by March 3rd. After this date, we will consider launching a campaign at international level toward BNP Paribas.

Best regards,

Les Amis de la Terre – FoE France

Aitec-ipam

Amigos de la Tierra España

Attac France

Avaaz

BankTrack

Beyond Copenhagen collective (BCPH), India

Bharat Jan Vigyan Jatha (BJVJ), India

Bizi !

Both Ends

Centar za zivotnu sredinu - Center for Environment Bosnia Herzegovina

Centro de Derechos Humanos y Ambiente – CEDHA

Corner House

Climate Action Network Europe

Climaxi (Friends of the Earth in Flanders – BE)

ECA Watch

11.11.11

Euronatura - Center for Environmental Law and Sustainable Development

Fondation Copernic

Friends of the Earth Australia

Friends of the Earth International
Friends of the Earth United States
Friends of the Siberian Forests, Russia
Galilee Basin Alliance
GegenStroemung – CounterCurrent
Greenpeace France
GroundWork, Friends of the Earth, South Africa
Hnutí DUHA - Friends of the Earth Czech Republic
JA/FOE Mozambique
Jubilee Australia
L'Université Nomade France
Market Forces
National Ecological Centre of Ukraine
North Queensland Conservation Council
Oil Change International
Pro Natura / Friends of the Earth Switzerland
Queensland Conservation Council
Rainforest Action Network
Sierra club
Sunrise project
South Asian Dialogues on Ecological Democracy (SADED)
The Center for International Environmental Law
The Bimblebox Alliance Inc
350.org France
350.org Australia
Ulu Foundation
Urgewald
Wahli – Friends of the Earth Indonesia
Young Friends of the earth Europe

Media coverage review

Online action

- Email action by Compact targeting Deutsche Bank (see attachment of the screenshot showing 205,224 participants)⁶
- Avaaz petition targeting SBI (see attachment of the screenshot showing 964,061 signatures)

Press coverage

Advertisement :

Full page advert in the Financial Times targeting Deutsche Bank (see attachment)

Financial newspapers :

<http://www.ft.com/intl/cms/s/0/c616fd0a-e249-11e3-89fd-00144feabdc0.html>

<http://www.theaustralian.com.au/business/financial-services/rbs-joins-move-to-shun-abbot-point-financing/story-fn91wd6x-1226959748115?nk=81e385b8b80f0aa42214ddc248f5ae6d>

<http://www.wsj.com/articles/morgan-stanley-to-advise-on-stake-sale-of-disputed-coal-port-1414412910>

<http://www.smh.com.au/business/mining-and-resources/australian-banks-face-more-pressure-over-support-for-coal-projects-20140709-zt14p.html>

In France

http://www.liberation.fr/economie/2014/04/14/la-societe-generale-part-au-charbon-dans-le-bush-australien_997506

http://www.liberation.fr/economie/2014/11/14/climat-l-australie-part-en-houille_1143231

http://www.liberation.fr/economie/2014/12/07/la-societe-generale-finit-par-renoncer-a-alpha-coal_1158887

<http://www.humanite.fr/cop-20-les-gouvernements-echouent-les-peuples-montrent-la-voie-560163>

<http://www.humanite.fr/la-societe-generale-annonce-son-retrait-du-projet-alpha-coal-559493>

<http://www.politis.fr/Mine-de-charbon-Alpha-coal-la,29275.html>

<http://www.france24.com/fr/20141205-charbon-societe-generale-retire-projet-minier-alpha-coal-australie/>

⁶ See also actions at the AGM : <http://blog.compact.de/2014/05/erfolg-deutsche-bank-erteilt-hafenerweiterung-eine-absage/>