



Background Memo  
October 27, 2014

## **Four Wall Street Banks Rule Out Financing for Galilee Basin Coal Megaprojects**

### ***Summary:***

Wall Street's biggest banks are balking at financing the destructive Abbot Point and Galilee Basin coal export projects. It was announced today that four of the largest investment banks in the world – Citigroup, Morgan Stanley, JPMorgan Chase, and Goldman Sachs – have ruled out investing in the project, in response to pressure from an international coalition of NGOs.

These banks have provided letters to Rainforest Action Network (RAN) and committed to refrain from financing the controversial Abbot Point coal export terminal.

The chilly reception to Abbot Point from U.S. banks follows four major European banks (Deutsche Bank, Royal Bank of Scotland, HSBC, and Barclays) publicly ruling out investment in Abbot Point earlier this year, after campaigning from an international coalition of groups.

BlackRock, the world's largest asset management company has also warned investors to steer clear of the project.

This new move by major U.S. banks signals that the Adani Group and GVK may be unsuccessful in their bid to secure an estimated \$26.5 billion in external financing necessary for the planned expansion of coal export facilities and associated mine and rail infrastructure at Abbot Point.

### ***New Developments at U.S. Banks:***

RAN has engaged extensively with major U.S. banks on Abbot Point and associated mine and rail projects in the Galilee Basin. The following banks have committed to refrain from financing terminal expansion at Abbot Point. As public-facing evidence of their commitments, in response to RAN's request to rule out direct or indirect financing of Abbot Point or associated mines, rail, and associated infrastructure, they have issued the following statements:

**Citigroup:** "Citi is not involved and does not plan to be involved in any financing for the Abbot Point expansion." -Valerie C. Smith, Director, Corporate Sustainability, Citigroup

**Morgan Stanley:** "Morgan Stanley will not lend to or invest in the expansion of Abbot Point." - Francesco Liberti, Executive Director, Risk Management, Morgan Stanley

**JPMorgan Chase:** “The issues you raise are captured in our policy commitment. Specifically we do not finance natural resource projects within UNESCO World Heritage Sites unless there is prior agreement between both the government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site.” -Matthew Arnold, Managing Director, Sustainable Finance, JPMorgan Chase

**Goldman Sachs:** “In reference to your letter dated September 4<sup>th</sup> 2014 regarding Australia’s Abbot Point port terminal expansion, we appreciate the sensitivity of the issues you have raised. Please note that we take our approach to environmental risk management seriously. As per the guidelines in our Environmental Policy Framework, we will not finance any project or initiate loans where the specified use of proceeds would significantly convert or degrade a critical natural habitat.” -Kyung-Ah Park, Head, Environmental Markets Group, Goldman Sachs

***Key Quotes from European Banks:***

**Credit Agricole:** “Regarding the expansion of coal ports in Australia, which may have a negative impact on the Great Barrier Reef, I would like to inform you (...) that we refused to participate in financing the Abbot Point Terminal in the State of Queensland”, Stanislas Pottier, Head of Sustainable Development, March 25, 2014.

**Deutsche Bank:** “We are currently not involved with this project and will also not be involved with it in the future” -Paul Acleitner, Head of Deutsche Bank’s Supervisory Board, May 22, 2014

**Barclays:** “I am writing to confirm formally that Barclays has no plans to participate in financing the Abbot Point development or its associated mine/rail infrastructure...” -Philippa Birtwell, Head of Reputation Risk Management, June 26, 2014

**Royal Bank of Scotland:** “In view of the unusual levels of stakeholder interest in this issue, I can confirm that RBS is not involved... and has no plans to be involved in the future.” -Andrew Cave, Chief Sustainability Officer, June 16, 2014

**HSBC:** CEO Stuart Gulliver said at HSBC’s annual shareholder meeting in London on May 23, 2014 that, given UNESCO’s position on the risks to the Great Barrier Reef, it “would be extraordinarily unlikely that we [HSBC] would go anywhere near it [the Abbot Point project].”

Rainforest Action Network Contact:

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# Morgan Stanley

October 20, 2014

Amanda Starbuck  
Program Director  
Rainforest Action Network  
425 Bush Street, Suite 300  
San Francisco, CA 94108

Subject: Re: Potential financing for Australian coal projects in the Galilee Basin and at Abbot Point

Dear Ms. Starbuck,

Thank you for your letter dated September 4<sup>th</sup> and our follow up phone conversation on October 7<sup>th</sup>. Environmental and social risk management is factored into our policies and procedures, as well as into our evaluation of companies, transactions, risks, client advice, operations and new market opportunities. In the context of sustainable development where there are significant environmental risks, we use the Equator Principles as general guidelines for evaluating financings of projects. This includes not knowingly financing extractive activities in World Heritage sites.

Morgan Stanley will not lend to or invest in the expansion of Abbot Point.

Our risk assessment practices are in line with the International Finance Corporation's performance standards and our Global Environmental Risk Policy is reviewed and updated annually.

We share your concerns about emerging environmental and social impacts associated with projects around the world and will continue to actively monitor them as part of our standard practices.

Sincerely,



Francesco Liberti  
Executive Director, Risk Management  
Morgan Stanley

# JPMORGAN CHASE & CO.

Matthew Arnold  
Managing Director  
Sustainable Finance

October 14, 2014

Amanda Starbuck  
Program Director  
Rainforest Action Network  
425 Bush Street, Suite 300  
San Francisco, CA 94108

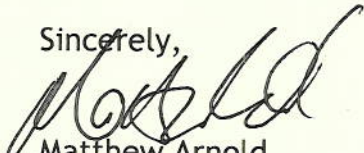
Dear Amanda,

We have had several discussions about the concerns you raised in your letter of September 4. Thank you for sharing them.

The issues you raise are captured in our policy commitment regarding World Heritage Sites. Specifically, we do not finance natural resource development within UNESCO World Heritage Sites unless there is prior consensus with both the government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site. We therefore believe we have the appropriate framework in place to inform our decision making if a transaction involving a World Heritage Site were to be presented to us.

Thank you for staying engaged.

Sincerely,



Matthew Arnold

*Stanislas Pottier*

*Directeur du Développement durable Groupe*

Paris, March 27<sup>th</sup>, 2015

Les Amis de la Terre  
Ms Lucie Pinson  
Chargée de campagne Banques privées / COFACE  
2B rue Jules Ferry  
93100 Montreuil

Dear Ms Pinson,

Referring to your letter addressed to our CEO Jean-Paul Chifflet on February 23<sup>rd</sup>, 2015, and taking note of your comments and analyses, we confirm that, due to the number and magnitude of issues linked to the planned coal development projects in the Galilee Basin, Crédit Agricole SA does not intend to finance these projects or their associated facilities.

Best Regards

  
Stanislas Pottier

Les Amis de la Terre  
Madame Lucie Pinson  
2B rue Jules Ferry  
93100 Montreuil

La Défense, le 27 mars 2015

Madame,

Nous faisons référence à votre courrier du 23 février 2015 adressé à Monsieur Frédéric Oudéa.

Comme annoncé en Décembre 2014, Société Générale confirme avoir suspendu son implication dans le projet Alpha Coal. En conséquence, Société Générale aujourd'hui n'est pas impliquée, ni n'envisage d'implication dans des projets de mines de charbon et d'infrastructures associées du Bassin de Galilée, situé en Australie.

Cordialement,



Jean-Michel Mépous  
Directeur de la RSE et du Développement Durable



**BNP PARIBAS**

Group CSR  
Laurence PESSEZ  
Head of Corporate  
Social Responsibility  
22 avenue de l'Opéra  
75001 PARIS

Les Amis de la Terre  
To the attention of : Lucie Pinson  
Chargée de campagne Banques privées /  
Coface  
2B rue Jules Ferry  
93100 Montreuil

Paris, March 20th 2015

Dear Mrs. Pinson,

We refer to your letter addressed to Mr. Jean-Laurent Bonnafé on February 23rd 2015.

We take note of your comments and of your analysis of the environmental impacts you underline.

BNP Paribas do not intend to be involved in the financing of the development of coal mines projects in the Galilee Basin in Australia, nor of related dedicated infrastructure projects.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Laurence Pessez', with a small horizontal line at the end.

Laurence Pessez