



2nd April 2019

Mr. John M Flint
Group Chief Executive
HSBC
8 Canada Square
London
E14 5HQ
United Kingdom

Dear Mr. Flint:

Re: Energy policy

At its 2018 London AGM, HSBC announced it had revised its energy policy to “stop financing new coal-fired power in all countries around the world apart from Bangladesh, Indonesia and Vietnam.”

As organisations and citizens of these countries, we the undersigned consider this incredibly disappointing and urge that HSBC, at or before its April 2019 AGM, announce it will stop funding new coal everywhere effective immediately.

Harvard University researchers project that by 2030, pollution from coal-fired power plants could result in 43,620 excess deaths in Indonesia and Vietnam every year.¹ Coal plants in our countries not only harm us but are projected to cause significant deaths in China, Thailand, Myanmar and throughout the rest of East Asia. We hope Bangladesh never experiences the consequences of coal to this extent.

¹ Burden of Disease from Rising Coal-Fired Power Plant Emissions in Southeast Asia, Environmental Science & Technology, (12 January 2017), online: <https://pubs.acs.org/doi/abs/10.1021/acs.est.6b03731>

In order to achieve the climate goals of the Paris Agreement, the Executive Director of the International Energy Agency has warned that “we have no room to build anything that emits CO₂ emissions.” This accords with findings from Oxford University researchers that even if the entire global pipeline of power generation was cancelled, “up to 20% of global fossil-fuel generation capacity would still have be stranded (that is, prematurely decommissioned, underutilized, or subject to costly retrofitting) if humanity is to meet the climate goals set out in the Paris Agreement.”²

Modelling from University of Technology Sydney researchers finds that for a two-thirds chance of limiting warming below 1.5°C the equivalent of 30% of global coal-fired power capacity “must end operation by 2025.”³

Despite the weight of evidence and HSBC’s rhetorical acknowledgement of climate change, the bank continues to actively support new and expanded coal projects in developing countries.

In Vietnam it is financial adviser and has been named a potential lender for the proposed \$2 billion Vinh Tan 3 project in Bình Thuận province.⁴ The plant would form part of the larger, highly controversial Vinh Tan power complex, which has had numerous and sustained negative impacts on the local community.⁵ In 2015, hundreds of people in Vĩnh Tân Commune took to the streets, blocking the national highway for days to prevent trucks from transporting materials associated with the project.⁶

In Bangladesh HSBC is leading a consortium of banks funding dredging at the Port of Payra to allow for increased coal imports.⁷ Land acquisition for the Payra Port has reportedly displaced 1,743 families, with residents who gave up their land struggling to retrieve compensation due to corruption.⁸

² Committed emissions from existing and planned power plants and asset stranding required to meet the Paris Agreement, Environmental Research Letters, (4 May 2018), online: <https://iopscience.iop.org/article/10.1088/1748-9326/aabc5f/meta>

³ Achieving the Paris Climate Agreement Goals, Springer International Publishing, (8 February 2019), online: <https://www.springer.com/la/book/9783030058425>

⁴ Vinh Tan 3 Coal-Fired Power Plant (1980MW), IJGlobal, (12 November 2018), online: <https://ijglobal.com/data/transaction/31931>

⁵ Vinh Tan 3, Market Forces, (20 February 2018), online: <https://www.marketforces.org.au/research/vietnam/vinh-tan-3/>

⁶ People protest against air pollution by power plant, Viet Nam News, (15 April 2015), online: <https://vietnamnews.vn/society/269099/people-protest-against-air-pollution-by-power-plant.html>

⁷ Payra Port: Deal signed for dredging, The Daily Star, (15 January 2019), online:

<https://www.thedailystar.net/backpage/news/deal-signed-dredging-payra-port-1687678>

⁸ Frustration mounts over irregularities in Payra port compensation process, Dhaka Tribune, (17 February 2019), online: <https://www.dhakatribune.com/bangladesh/development/2019/02/17/frustration-mounts-over-irregularities-in-payra-port-compensation-process>

According to local media, there are plans for five coal-fired power plants in areas adjacent to the port.⁹ These plants have raised human rights concerns, notably regarding farming and fishing livelihoods being impacted¹⁰ and land being grabbed without compensation.¹¹

The coal imported through Payra Port would supply these power stations. Therefore, HSBC plays a critical role in enabling impacts associated with them.

Transparency International Bangladesh (TIB) has called for the immediate withdrawal of project approvals for the proposed 350 MW Barisal power station, situated within 20 kilometers of Payra Port.¹² In a media release TIB Executive Director Dr. Iftekharuzzaman said: "If the thermal power plant is established, the local biodiversity, especially wildlife habitat will be destroyed." He also called for a stop to the ongoing harassment and torture of local citizens in connection with the project.¹³

HSBC sits in stark contrast with competitor bank Standard Chartered which last year ruled out funding new coal-fired power plants globally. According to Chairman José Viñals;

"To pull millions out of poverty, we need reliable and affordable electricity and, up until now, that has meant burning coal – almost nine billion tonnes of it every year. This cannot continue: as former UN Secretary-General Ban Ki-Moon said about climate action, *there is no plan B because there is no planet B.*"¹⁴

Standard Chartered's policy is proof there's simply no excuse left for banks like HSBC to contemplate funding new coal power anywhere.

When will HSBC recognise that developing countries have as much as right as their developed counterparts to clean energy and clean air?

⁹ See footnote 7

¹⁰ Payra coal-fired power plant a threat to Ilish sanctuaries, (12 June 2017), online: <https://www.dhakatribune.com/bangladesh/environment/2017/06/12/payra-coal-fired-power-plant-threat-ilish-sanctuaries>

¹¹ Farmlands near Payra in peril, The Daily Star, (3 October 2016), online: <https://www.thedailystar.net/frontpage/farmlands-near-payra-peril-1293292>

¹² TIB calls for thermal plant shutdown, Dhaka Tribune, (8 February 2019), <https://www.dhakatribune.com/bangladesh/nation/2019/02/08/tib-calls-for-thermal-plant-shutdown>

¹³ TIB is concerned about the forced acquisition of land without environmental clearance for the installation of coal based thermal power plant located near Tengragiri reserve forest; calls for withdrawal of project which is highly risky for the environment, ecology and life, Transparency International Bangladesh, (7 February 2019), online: <https://www.ti-bangladesh.org/beta3/index.php/en/media-release/5772-2019-02-07-11-00-17>

¹⁴ Here for good means saying no to coal, Standard Chartered, (25 September 2018), <https://www.sc.com/en/explore-our-world/here-for-good-means-saying-no-to-coal/>

We the undersigned call on HSBC to:

- Stop funding new coal-fired power plants globally;
- End the refinancing of coal projects and the financing of coal infrastructure by 2020; and
- Prohibit general corporate financing, underwriting and advisory services to companies that are highly dependent on coal mining, power and infrastructure.

Signed:

Aksi Ekologi dan Emansipasi Rakyat (AEER)

Auriga

CHANGE

Coastal Livelihood and Environmental Action Network (CLEAN)

Green Innovation and Development Centre (GreenID)

Greenpeace Indonesia

Jaringan Advokasi Tambang (JATAM)

Kanopi Bengkulu

Research and Training Centre for Community Development (RTCCD)

Transparency International Bangladesh (TIB)

Trend Asia

Wahana Lingkungan Hidup Indonesia (WALHI)

WALHI Jawa Barat