

# BARCLAYS: QUIT COAL!

This briefing is one in a series published by **BankTrack**, an international NGO that tracks banks and campaigns to transform their impact on people and planet, and is part of our Banks: Quit Coal! campaign. Visit [www.coalbanks.org](http://www.coalbanks.org) for extensive data and coverage of the banking sector's global coal financing. For any additional information or feedback, contact BankTrack's Climate and Energy Campaign Coordinator Yann Louvel at: [yann@banktrack.org](mailto:yann@banktrack.org)

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As this briefing describes, only in recent months has the bank decided to publish some of its lending guidelines that have a bearing on the coal sector. The effects of this policy reticence to date are only too clear.

BankTrack research into the global banking sector's coal financing has revealed that between 2005 and April 2014 Barclays extended over £12.5 billion to the most climate-damaging fossil fuel sector. If a new chapter is being turned in Barclays' approach to coal, then it's not too soon, both for the bank's reputation and the world's climate.

## QUIET POLICY TWEAKS OVERSHADOWED BY BOOMING COAL BONANZA AT BARCLAYS

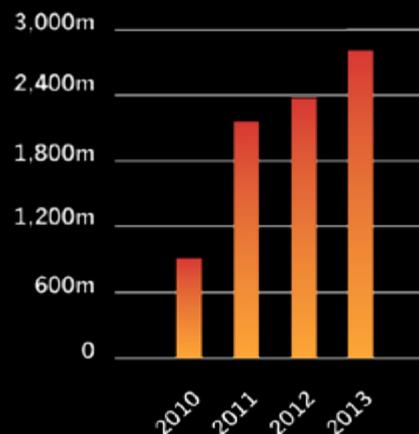
Is Barclays, the world's number four coal bank in BankTrack's current rankings, starting to get its act together and turn away from the black stuff? Last year, along with seven other international banks, the UK bank let it be known that it would not be getting involved in the financing of a highly controversial coal terminal expansion at Abbot Point in Australia – a project which could have devastating consequences for the Great Barrier Reef as well as major long-term climate impacts.

Then, having in 2013 been the world's biggest financier of the

highly destructive mountain top removal (MTR) coal mining method with loans to MTR companies totalling \$550 million, in March this year Barclays quietly introduced a new policy document that now effectively rules out any future financing for MTR, other than for companies that have written commitments to phase out their MTR production.

Yet that quiet release of an important and positive document is reflective of what seems to be the Barclays approach to coal policy: don't be too tough, and don't disclose too much information.

BARCLAYS COAL LOANS AND UNDERWRITING FOR SELECTED COMPANIES, 2010-2013 (IN MILLION EUROS)



## INDONESIA'S CALAMITOUS KALTIM COAL MINE

PT Kaltim Prima Coal (KPC), located in the province of East Kalimantan, is the biggest coal mine in Indonesia. The project is owned by Bumi Resources, an Indonesian firm established by the billionaire Bakrie brothers, and TATA India. The KPC project produces around 50 million tonnes of coal a year, making it one of the world's largest coal mines. The mining concession area covers a vast 90,000 hectares across three districts, encompassing several villages, and borders with the East Kutai National Park, which has been compromised by the presence of the mines.

The KPC mine's operations have thrown up a range of problems for communities and the surrounding environment alike – and Barclays, in the company of a string of other international banks, has helped bankroll the mine with an estimated £80 million of lending. The human impact of the KPC project has been stark. Villages such as Segading (also known as Keraitan), Sepaso Induk and Sekerat situated in the Bengalon concession have experienced serious problems as a result of the mining. The communities have had to deal with significant water pollution, loss of farming land, forced relocations and soil degradation among other egregious intrusions into their daily lives.

With its vast 90,000 hectare sprawl, by 2008 the KPC concession's mining companies had contributed to the destruction of an estimated 75% of the neighbouring forest area supposedly 'protected' within the East Kutai National Park. KPC has also been associated with extensive environmental contamination. An August 2014 report from JATAM, Indonesia's Mining Advocacy Network, found that the KPC mine had discharged untreated wastewater into the Sangatta and Bengalon rivers, contaminating river water used by villages downstream with heavy metals and suspended solids, and also killing fish and other aquatic organisms. According to a researcher from the Agricultural University of Sangatta, the river water is no longer safe to be consumed or used

due to the risk of skin disease and carcinogenicity. Communities living along the River Keraitan now have to buy water for their daily needs due to the contamination of the river water.

KPC's mining operations have also destroyed wetlands, forests and agricultural soils with high water retention capacity, leading to increased flooding downstream. The mine has degraded soil across the 90,000 hectares, radically altering the hydrology of the entire River Sangatta system. Villagers report frequent flood events affecting at least three villages and a main road thoroughfare in the region – the flooding can persist for up to a week at a time and the villagers claim they have received no aid or compensa-

tion from either the government or KPC.

Beyond all of this, the project has also had a heavy toll for the Dayak Basap people, indigenous to the village of Segading. They have been forcibly removed from their traditional land numerous times due to KPC's operations. JATAM has reported that KPC's modus operandi is to create an environment whereby indigenous people can not continue with their traditional lifestyle, so as to strongarm them into accepting reallocation agreements.

JATAM has uncovered further human rights abuses connected to the mine, including negligible compensation for lost land, fruit trees and other resources as well as intimidation by KPC aimed at forcing



**“BARCLAYS IS COMMITTED TO MEASURING AND MANAGING OUR ENVIRONMENTAL IMPACTS, AND WE FIRMLY BELIEVE THAT BANKS CAN PLAY A PART IN HELPING SOCIETY ADDRESS CLIMATE CHANGE.” – BARCLAYS FINANCIAL INSTITUTIONS NEWSLETTER, APRIL 2014**

The Kaltim Prima coal mine in Indonesia. As the coal trucks rumble on, the project's environmental and human rights impacts show no sign of reversing.

## LIGHT TOUCH POLICY REGIME RESULTS IN RISING COAL FINANCING

Compared to many of its rivals, Barclays has distinctly patchy policy coverage when it comes to financing coal mining and coal power projects. Little wonder then that its support for the coal industry has been trending upwards in recent years, resulting in negative impacts stacking up for the global climate and local communities.

Importantly, though, there are some signs that the bank's coal policy shyness is shifting. In March this year, it adopted a new policy

statement on mountaintop removal (MTR) coal mining, committing not to engage in any transactions with MTR producers, with exceptions made only for companies with written commitments to phase out MTR production. The bank also has an environmental and social due diligence process covering other coal mining transactions. Also in March, Barclays published an updated Statement on Human Rights which refers to the U.N. Guiding Principles on Business and Human Rights and requires that “when assessing customers' financial propositions generally, and providing financial advice, relationship management should consider any material human rights aspects as part of their due diligence.” This newly published

statement applies to both Barclays financing in coal mining and power.

The bank's coal power sector financing dwarfed its mining finance in 2014, with beneficiary companies including such international giants as American Electric Power, Duke Energy, Enel, Engie (formerly GDF Suez), NRG Energy, NTPC, RWE and Vattenfall. In another marginal improvement this year, Barclays also made public its specific risk assessment guidance for the power sector. Other than the explicit restrictions introduced for MTR companies, Barclays' policy approach to potential coal clients remains distinctly 'light touch' when compared with the majority of other major western banks.

## COLOMBIA'S DIRTY COAL

A string of abuses and controversies related to coal mining in Colombia has surfaced in recent years. One problematic project is the vast Cerrejón mine in the La Guajira region of Colombia which covers 69,000 hectares and has relied on a \$3.5 billion corporate loan from four UK banks, including Barclays.

**“THE COAL THAT COMES FROM CERREJÓN IS DIRTY COAL, STAINED BY THE BLOOD AND SWEAT OF THE PEOPLE OF LA GUAJIRA. COAL MINING IN COLOMBIA HAS LED TO THE DESTRUCTION OF THE SOCIAL FABRIC ... AND THE DESTRUCTION AND DISAPPEARANCE OF SACRED SITES.” - ROGELIO USTATE, THE FEDERATION OF COMMUNITIES DISPLACED BY MINING IN LA GUAJIRA (FECODEMIGUA)**

According to Colombian campaigners, the Cerrejón mine has involved the forcible displacement of farming communities, and has also polluted water supplies and destroyed sacred sites. The Cerrejón mine is owned by the mining giants Anglo American, BHP Billiton and Glencore – once again in 2014 all three companies enjoyed financial support from Barclays.

## BARCLAYS COAL COMMITMENTS

With coal finance levels remaining solid at Barclays, we really think it's about time that the bank:

- Commits to end any new coal project finance and to decrease its general corporate coal financing, both for coal mining and coal power.
- Commits to living up to its responsibilities to communities around the world by refusing future business for coal companies and projects linked to human rights abuses.
- Takes BankTrack's Paris Pledge to quit coal.

## BARCLAYS, YOU ARE CORDIALLY INVITED ... TO TAKE THE PARIS PLEDGE AND QUIT COAL

The world over, responsible financiers concerned about climate change and focused on enhancing their support for clean energy projects and initiatives will be very much aware of the fast approaching UN Climate Summit in Paris, taking place at the end of this year.

This meeting, being billed by many as 'make-or-break', is aimed at deciding on an international follow up Treaty to the Kyoto Protocol, committing all countries in the world to emission reduction targets that will keep the global temperature rise within 2 degrees, the assumed threshold beyond which already ongoing climate change will become outright catastrophic for people and planet.

In the run-up to Paris, BankTrack – in collaboration with our civil society organisation allies around the world – has launched the Paris Pledge campaign. The aim of this campaign is clear: to invite the world's private banks that are still investing in coal sector companies and projects to publicly pledge to terminate their financing for the coal industry. Here's why.

### COAL: CLIMATE AND PUBLIC ENEMY NUMBER ONE

The continued exploration and burning of coal is a major threat to the climate. Coal is the single greatest source of man-made carbon dioxide emissions – 44% of all global emissions coming from fossil fuels come from

coal. Since the year 2000, global coal production has grown by 69%, to a staggering 7.9 billion tons annually. The installed capacity of coal-fired power plants has grown 35% since the year 2000. We are clearly on the road to disaster if we do not manage to stop coal – and quickly.

### THE ROLE OF BANKS

Private sector commercial banks continue to play a major role in bankrolling the coal industry. As BankTrack research (available at [www.coalbanks.org](http://www.coalbanks.org)) has revealed, total banking sector support for the coal sector amounted to at least \$500 billion between 2005 and April 2014. To date, there is no sign of declining support from banks, with a clear upward trend and a 360% rise in these coal finance figures between 2005 and 2013.

### WE, AND THE PLANET, ARE COUNTING ON YOU, BARCLAYS!

As a prominent 'coal bank', Barclays (you're currently number 4 in our Coal Bank rankings), we hereby invite you to consider and take the Paris Pledge prior to the Paris Climate. You'll be hearing from us – and thousands of others – again about this in the weeks and months ahead. Do your best, and all the best, BankTrack

### PARIS PLEDGE TEXT – FOR BANKS INVOLVED IN COAL FINANCING

In recognition of the grave threat to the world's' climate posed by ongoing mining and use of coal, as well as the urgent need to transition towards a low/no carbon economy, we hereby pledges to fully phase out our finance for coal mining and coal power.

This phase-out will cover all our banking activities and services, including lending, share and bond underwriting, asset management and advisory services, and will start with an immediate end to any new coal project finance. It will be accompanied by a shift in our energy lending towards the financing of energy efficiency and renewable energy.

We commit to publish a detailed 'coal phase-out plan' within six months after the Paris Summit, which will include a clear time path and targets for each of our products and services. We also commit to regularly and publicly report on the implementation of our coal phase-out plan.

Signed,

Barclays?

**FIND OUT MORE AT THE PARIS PLEDGE WEBSITE: [DOTHEPARISPLEDGE.ORG](http://DOTHEPARISPLEDGE.ORG)**