SOCIÉTÉ GÉNÉRALE: 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 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

MAY 2016

RISING COAL FINANCE NUMBERS AND 'CAN'T SAY NO' APPROACH TO CONTROVERSIAL PROJECTS

For how much longer will Société Générale be prepared to help prop up the ailing global coal sector?

The latest coal finance figures for Société Générale which civil society analysts have compiled show a regrettable rise in the bank's largesse for the beleaguered sector between 2012 and 2014 (see graph). Perhaps, the bank's commitment – announced in November 2015, but still not published – to reduce its support to the coal sector in order to align its activities with the International Energy Agency's 2°C scenario might signal a pending full and proper phase-out from coal financing

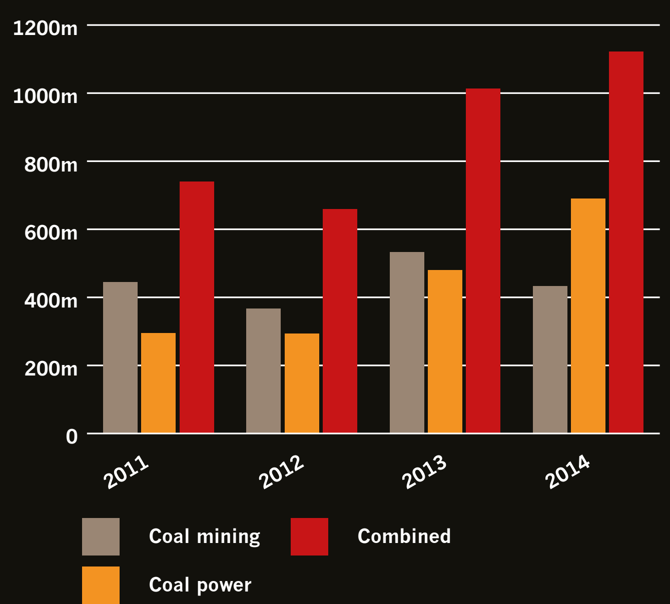
Such optimism, though, appears misguided for now. The Paris Agreement, may have resulted in a global agreement on stabilising global temperatures at well below 2°C, but in the run-up to the historic climate talks Société Générale appears to have had no problem with involving itself in two contentious coal power projects: in September it chose to join the lending group for the expansion of the Tanjung Jati B coal-fired power plant in Indonesia, and last summer it also signed off on the financing of the controversial Punta Catalina coal plant in the Dominican Republic.

Unlike other banks such as Natixis and ING, which are now starting to rule out all coal power projects around the world, or committing to reduce coal power sector financing as a whole, Société Générale has only committed to end financing for coal-fired power plants in high-income OECD countries. Thus, while uncertainty about the bank's support to coal miners and utilities also persists, Société Générale remains at liberty to carry on financing new coal-fired plants in countries where more than 96% of the world's new 2440 proposed coal plants are located.

It's now time for Société Générale to make good on its regular advocacy in favour of the 2°C climate target by taking a pro-active approach to climate change. It can do so with an immediate withdrawal from the Punta Catalina and Tanjung Jati B projects and a definitive tightening of its policy coverage.

Activists from the Bizi collective reminding Société Générale what some of its financing is all about.

SOCIÉTÉ GÉNÉRALE COAL LOANS AND UNDERWRITING FOR SELECTED COMPANIES, 2011-2014 (IN MILLION DOLLARS)



TWO COAL PLANTS THREATEN TO PUT SOCIÉTÉ GÉNÉRALE'S CLIMATE KUDOS UP IN SMOKE

The pro-climate kudos which Société Générale sought to secure for itself at last year's UN climate summit in Paris hasn't lasted long thanks to its current involvement in two new controversial coal-fired power plants – one in Indonesia, the other in the Dominican Republic.

Tanjung Jati B (TJB) in Central Java, Indonesia, is a 2,640 megawatt (MW) coal-fired power plant with four 660 MW generating units. Two new 1,000 MW units, with an estimated cost of $4 billion and a tenure of 23 years, comprise a new expansion plan at the plant. It was reported in January 2016 by Project Finance International that "two French banks – Crédit Agricole and Société Générale – are understood to have joined the lending group for the expansion of Tanjung Jati B (TJB2) coal-fired power plant, following the withdrawal of BNP Paribas."

While Société Générale committed, in an announcement made just prior to the Paris summit, to end financing for coal-fired power plants only in 'high-income OECD countries', should the bank pursue the TJB2 deal it would be inconsistent with its commitment to align its activities with the 2°C global temperature scenario by 2020.

In climate change terms alone, should Société Générale opt to bankroll this Indonesian coal plant expansion, it will be aiding and abetting what is becoming an acute emergency situation in this part of the world. As World Bank president Jim Yong Kim recently commented during this year's World Bank meetings in Washington D.C., "I am extremely worried right now ... if the entire region [south and south-east Asia] implements the coal-based plans that are in existence right now, I think we are finished."

The gravity of the situation could not be clearer. The two new units at TJB2 may indeed be 'ultra-supercritical' (units 1 to 4 are 'subcritical'), but using the best available technology does not make coal-burning consistent with climate targets. A 2015 OECD report stated that even the most advanced (and costly) coal-fired power plants would not be consistent with the 2°C goal, unless they can capture and store the CO2 they produce – which, in the best case scenario, will not be possible for many years.

And while potential TJB2 financiers may argue that the construction of less carbon intensive coal-fired power plants ought to be promoted to replace high-carbon coal power plants, plant retirements globally are simply not happening quickly enough to offset the opening of new plants. In Indonesia alone, not only is there no existing plan to decommission old polluting plants, but TJB2 would be only one of an outrageous 100 new coal-fired plants currently being planned.

EXTREME PUBLIC HEALTH IMPACTS SET TO WORSEN

While all coal-fired power plants cause death and disease through their emissions, the problem is particularly acute in south-east Asia because of lax emission standards: all south-east Asian countries allow new coal-fired power plants to emit 5-10 times more of the major air pollutants than China, the U.S., and the EU.

Given this state of affairs, last year Greenpeace commissioned Harvard University to carry out a detailed report on the health impacts of air pollution from coal-fired power plants in Indonesia. The research's key warning is that if Indonesia pursues its current plans

Children playing on the beach near the Tanjung Jati B in central Java. Kemal Jufri, Greenpeace, 2015.

to build more than 100 new coal-fired plants, it could cost the lives of 28,300 people every year. According to Greenpeace estimates, the TJB power plant alone is currently responsible for 1,020 premature deaths per year, including those of small children, and its death toll will only worsen if the two 1000 MW units are constructed.

A DUBIOUS PUNT ON COAL POWER IN THE DOMINICAN REPUBLIC

The Punta Catalina Power Central is a $2 billion, 770 MW coal-fired power plant currently under construction, despite being mired in various controversies, in the Dominican Republic and promoted by the Dominican Corporation of State Electricity Companies. On December 30 last year the project received a first disbursement of $200 million from Société Générale, ING, Unicredit, Deutsche Bank and Santander, with more than $400 million still expected to come from the European banks for project development.

The last year has seen a growing storm of local protest and legal actions around the likely environmental and health impacts of this coal plant development. Corruption allegations concerning the bidding process that saw the Brazilian company Odebrecht being awarded the plant construction contract continue to circulate, while there are also question marks over how the necessary non-bank project finance will be secured.

SOCIÉTÉ GÉNÉRALE HAS NO BUSINESS IN TBJ2 AND PUNTA CATALINA

There is still time for Société Générale to withdraw from the projects and show that its coal business cannot continue as usual in light of the Paris agreement. If it fails to do so then its aspiring climate credentials will have been reduced to tatters in less than six months.

More widely, civil society coal campaigners are calling on Crédit Agricole to stop bankrolling coal power plants and coal infrastructures, without any exception, and to exclude companies if one of these criteria applies:

- **They are making investments into new coal mines, new coal power plants or coal infrastructures.**
- **30% or more of their power production or revenues are coal-based.**
- **Their annual coal production or consumption exceeds an absolute threshold of 20 million tons.**