

BNP PARIBAS: 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

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COAL EXIT DOOR OPENS AT BNP PARIBAS — BUT STILL NOT WIDELY ENOUGH

The latest coal finance figures that civil society analysts have been able to compile for BNP Paribas show a welcome drop of just over \$1 billion in the bank's investments for the global coal industry between 2013 and 2014 (see graph). A key issue though for France's long-standing number one coal bank is whether it can now keep a lid on its financing for the most carbon-intensive fuel source and, indeed, bring it to a full and prompt end.

Last November, just weeks before the United Nations climate summit in Paris, BNP Paribas finally introduced new financing criteria that ought to see it reduce its support for coal mining and power along with a welcome commitment to boost its financing for renewable energy. The bank's policy announcement commits it to end its financing for all global coal mine development projects and, as regards coal-fired power plants, it will no longer support projects in high income countries. However, coal plants in lower income countries, representing more than 90% of the global coal market, remain on the BNP Paribas radar for ongoing support.

A further dimension to the new coal regime at BNP Paribas has also been extended to coal companies: the bank is ending its general funding for companies specialising in coal mining enterprises which have no diversification strategy and, moreover, will only provide financing for "power generation companies that have a formal diversification strategy to reduce the share of coal in their power generation mix that is at least as ambitious as that of their host country."

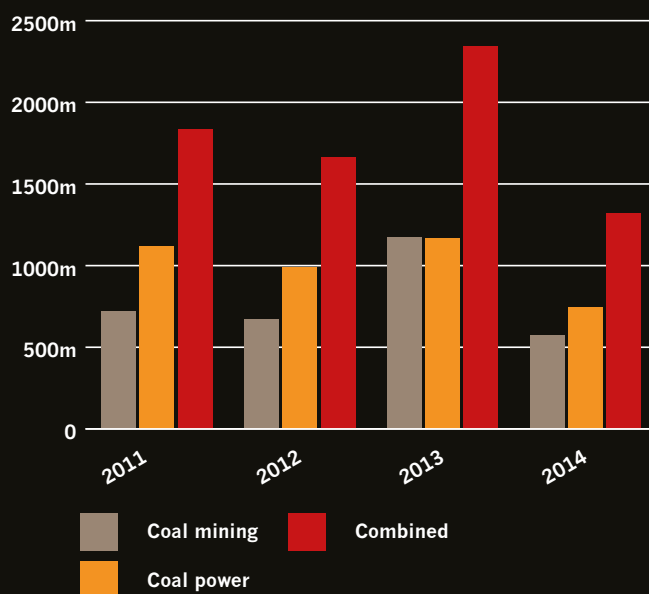
This new policy emphasis, insisting on diversification out of coal from certain client companies, does break welcome new ground for the banking sector, but it leaves various problematic questions unanswered for now.

Among them, will certain BNP Paribas clients be compelled to end their coal activities quickly by a certain date, for example 2020? And for how much longer will the bank continue to support major companies which nonetheless count on coal as part of their diversified portfolios?



During COP21 protestors flash mob a branch of BNP Paribas in central Paris to demand the bank end its multi-billion dollar financing for fossil fuels.

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



CRACKS IN THE POLICY COVERAGE – BNP PARIBAS STILL ABLE TO SUPPORT AN AWFUL LOT OF COAL

In spite of the coal policy improvements ushered in by BNP Paribas last year ahead of COP21 – for which it signed up as a co-sponsor despite its huge, ongoing interests in fossil fuels investing – a lot more needs to be clarified and tightened up if the bank is not to continue its significant support of the coal sector for years to come.

For instance, BNP Paribas' new restrictions on support for certain companies come with their own restrictions. One such rule out support, unless certain rather blurry criteria are met, only for companies with more than 30% installed capacity in coal. Yet, on these terms, the two French power giants, ENGIE and EDF, which respectively relied on coal for 14% and 17% of their electricity production capacity in 2013, can still rely on the bank for support – this despite the fact that their numerous coal plants are estimated to have been responsible for 151 million tons of CO2 emissions in 2015, or half of all French CO2 emissions.

Meanwhile, the restricted nature of the new coal mining company financing conditions – only applying to specialist miners and not to diversified companies – leaves the BNP Paribas door open to some notorious multinationals. Among them, Glencore, BHP Billiton and Anglo American, the world's three biggest diversified mining companies with respective coal production totals in 2014 of 146.3 million tons, 118 million tons and 100 million tons.

Thus, potentially many more millions of tons of coal may slip through the limited BNP Paribas policy net – a situation which not only poses significant incoherence for the bank's desired pro-climate approach but also asks unavoidable questions about its approach to human rights.

BLACKLISTING FOR SOME, NOT FOR OTHERS

For Glencore's activities in Colombia's Cesar coal basin in recent years are now in the spotlight, along with those of the American mining company Drummond. According to extensive research from PAX, a Dutch NGO, dating back to 1996 the mining operations of Drummond and Prodeco (a Glencore subsidiary) in the region have been marred by scores of related human rights violations: PAX conservatively estimates that between 1996 and 2006 paramilitaries drove more than 59,000 farmers from their land, committed at least 2,600 selective killings, murdered an estimated 500 people in massacres, and 'disappeared' more than 240 people.

Significantly, in light of Drummond's alleged complicity in these atrocities and in a move welcomed by civil society, BNP Paribas suspended its financial support to Drummond in 2014 because of the continuing controversy. To date, however, the bank has not sought fit to blacklist Glencore, one of the owners of Prodeco, and a much bigger coal producer than Drummond.

TO THE COAL RESCUE IN POLAND?

Perhaps the most telling – and alarming – perspective on the limits of the new, 'improved' coal regime at BNP Paribas is provided by developments in Poland in recent weeks, where the national government is scrambling to keep the country's crisis-ridden coal sector alive.

Along with four other banks, BNP Paribas is reported



The latest BNP Paribas investment in Poland will only help keep some very big coal fires burning on. Photo: Greenpeace Polska.

in April to have participated in a multi-million dollar deal put together to provide a lifeline and 'financing options' to the ailing giant Kompania Weglowa.

Comments on the deal from an analyst at Bank Zachodni in Warsaw, reported by Bloomberg, were highly sceptical: "Without an increase in coal prices, this won't be enough to turn the corner." Regrettably, it's further evidence that, in spite of some positive advances, we've yet to see BNP Paribas turn the coal corner in a wholly convincing manner.

Civil society coal campaigners are now calling on BNP Paribas to go beyond its ending of support for coal mine projects. The bank must stop bankrolling coal power plants and coal infrastructure, without any exception, and exclude support for companies which do not meet one of three criteria:

- 1. The company is not involved in developing the coal sector via new mining projects, power plants or infrastructure aimed at assisting coal transportation.**
- 2. Coal represents less than 30% of the turnover of the mining company, or the company produces less than 30% of its total electricity from coal plants.**
- 3. The company produces, uses, or sells less than 20 million tons of coal annually.**

Moreover, BNP Paribas should:

- Require all of its clients to adopt a diversification strategy in order to align their activities with the 1.5°C pathway, and to ensure a rapid exit from the coal sector.**
- Commit not to help its clients sell their coal assets, but instead encourage them to wind them up in manner that is respectful of both workers' rights and the environment.**