

ING: QUIT COAL!

This briefing is one in a series published by BankTrack, the international tracking, campaigning and NGO support organisation targeting private sector banks. Visit www.banktrack.org for extensive data and coverage of the banking sector's finance for fossil fuels and other environmental and social impacts. For any additional information or feedback, contact BankTrack's Climate and Energy Campaign Coordinator Yann Louvel at: yann@banktrack.org

MAY 2017

INVEST TO SAVE THE CLIMATE OR HONOUR COMMITMENTS TO DODGY COAL: ING CAN'T DO BOTH

On the eve of the Paris climate summit at the end of 2015, ING announced some impressive new restrictions to its global coal financing. The bank's new coal finance policy appeared to show that it was getting down to more than just talking ('Orange is the new green', etc) about being part of the solution to climate change. And it has become one of the first major international banks to make good on a pledge to report publicly on its exposure to coal, with figures published in this year's annual report showing the immediate impact of the revised policy: between 2015 and 2016 there was a 26% drop in lending to coal mining accompanied by a 9% drop in lending to coal-fired power plants.

These reductions, though, fail to take the breath away, especially on coal power for which €551 million was still disbursed in 2016. However, it has been various controversial, high profile coal deals which have stood out more and exposed the limits hardwired into the coal finance restrictions.

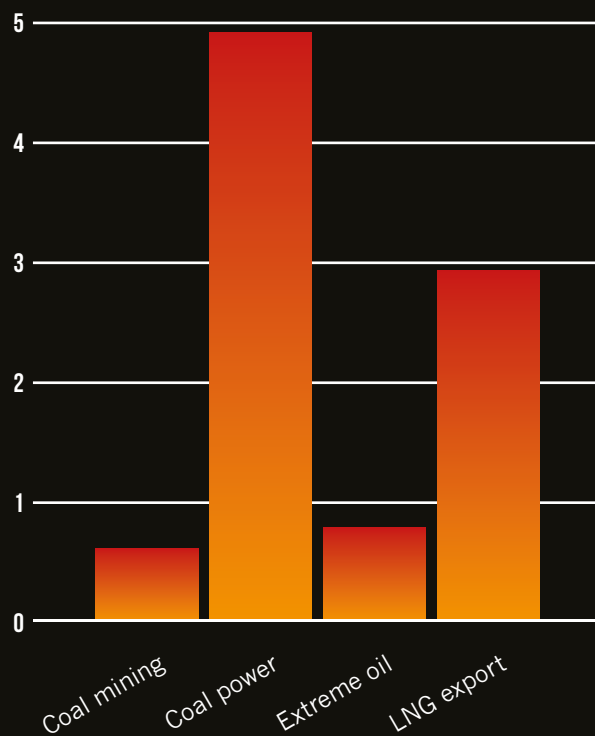
As described on the back page, the twin sagas of the Cirebon 2 and Punta Catalina coal plants rumble on, with ING undermining its credibility by sticking to the line that it entered into these troubled investments (and, therefore, must 'honour' them) before the new policy ending coal power project finance worldwide took effect. The bank also has two other such projects on the go, but hasn't disclosed their names for confidentiality reasons.

Another beneficiary of the leniency towards coal clients which lurks below ING's lending 'restrictions' is SUEK. Russia's top coal producer received a €109 million loan from ING in early 2016 because, you see, while the new policy prohibits coal financing to pure play companies, it only applies to new ING clients and not to existing ones – and the Paris Agreement be damned.

Closing the funding door to dinosaurs such as SUEK should be a priority now for ING, as too should be the establishment of ambitious targets and timings for the laudable but thus far very loosely defined commitment to reduce ING's credit exposure to coal-related busi-

nesses. Finally, ING needs to exclude from financing companies whose business is over 30% reliant on coal, instead of the current 50% threshold, and those which burn more than 20 million tons of coal per year.

ING FINANCING (IN \$ BILLION, 2013-2015) TO COMPANIES ACTIVE IN:



All financing figures are taken from research published in the Fossil Fuel Finance Report Card 2016, see: www.ran.org/shorting_the_climate

ING'S 'ADVANCED' COAL POLICY – GOOD FOR ADVANCING GIGAWATTS OF COAL EXPANSION IN POLAND AND TURKEY

At the time of its announcement in November 2015, ING's commitment on coal was relatively bold and clear – and advanced. The bank opted to give up investing in coal power plants and coal mines across the globe, and to stop supporting companies for which coal comprises more than half their business.

Yet now, 18 months on from the unveiling of that commitment, ING is providing substantial support to coal companies hatching major new expansion plans in Europe's two worst coal hotspots: Poland and Turkey.

The bank's Polish subsidiary, ING Bank Śląski, is involved with two of the country's biggest coal companies: PGE, which is planning two open-cast lignite mines and currently building two large coal plants (combined capacity of 2.46 gigawatts) at Opole and Turow; and ENEA which is finalising a 1075 megawatt (MW) coal unit in Kozienice and which, together with another Polish coal company ENERGA, is looking to build the 1000 MW Ostrołęka C coal power plant. For both companies ING Bank Śląski is committed to arranging long-term bond issues with potential value in excess of EUR 3.5 billion, and for PGE there are also open credit lines in play.

Challenged recently by Polish campaigners on these clear pro-coal engagements, ING Bank Śląski resorted in a media article response to invoking the 'clarity' and 'transparency' of the bank's coal policy, at the same time revealing its shortcomings when deep coal interests require funds. Stretching credulity to the limit, the bank's Polish CEO asserted that ING "does not terminate existing commitments and continues cooperation with coal companies," but "does not enter any new financing or projects that are coal-based ... of course, projects such as a new coal-fired unit are out of the question."

Meanwhile in Turkey, as revealed by recent NGO financial research, ING has been the top investor for the period 2010-2016 in the Turkish state utility Elektrik Üretim A.Ş (EÜAŞ), with \$133 million provided in loans and underwriting services.¹

EÜAŞ is currently advancing on the development of a staggering 10 gigawatts of new coal to be mined and burned. In what could spell disaster for the climate and environment, EÜAŞ's coal assets will add millions of tons of CO₂ emissions, impact local communities and damage ecosystems, as is now under way at its 720 MW Çayırhan B coal power project which is projected to burn 3.85 million tons of coal close to the Nallıhan Bird Paradise in Ankara Province.

ING's coal policy has reached its limits, as is being seen in Poland and Turkey. The bank now faces a stark choice: either honour its commitments to coal-reliant clients or the Paris Agreement. Honouring – rather than undermining – the Paris Agreement requires the following urgent ING coal policy revisions:

- No more issuing of bonds or new corporate loans to any companies planning new coal projects, either power plants or mines.
- No more issuing of bonds or new corporate loans for any companies generating over 30% of their income from electricity production from coal or thermal coal mining, or whose percentage of installed coal capacity exceeds 50%.
- The provision of a clear date by when ING will terminate existing commitments (ie, for 'old clients') to companies building new coal units and mines.



'DUR' – 'STOP' in Turkish – marked out by coal protestors next to a coal ash dam in Aliğa during last May's Break Free action

AS POWER PLANT CONTROVERSIES RAGE IN INDONESIA AND THE DOMINICAN REPUBLIC, ING DIGS IN – WITH BIG COAL

ING is currently feeling the heat over two highly controversial coal power plant projects which it decided to get involved in before it ended coal plant financing via its coal policy of November 2015: the Cirebon 2 and Punta Catalina projects.

The unfolding project debacles in Indonesia and the Dominican Republic have led to ING issuing the contorted justification that it stands by the choices it made on Cirebon 2 and Punta Catalina, "even though we wouldn't make them now under our current policy." Pre-November 2015, the bank claims, these two coal plant projects – as well as two others which cannot be named for confidentiality reasons – were approved for funding because they "met high technical as well as social and environmental standards, such as the Equator Principles."

A BankTrack and Greenpeace Netherlands analysis published in March details how Cirebon 2 fails to conform to the Equator Principles in a variety of ways. And ING's highly charitable assessment of the project has been further undermined by a major legal judgment in the last few weeks: an Indonesian administrative court revoked the environmental permit for Cirebon 2, just a day after the financial documents for the \$1.74 billion project loan were signed. While French bank Crédit Agricole recently withdrew from the project, it's nothing short of scandalous that ING has not followed suit, and is instead retreating behind highly dubious justifications.

In Dominican Republic, where ING is one of five European banks that have so far bankrolled the Punta Catalina coal plant to the tune of \$300 million, a major corruption scandal involving the Brazilian construction company Odebrecht – involved in Punta Catalina – has rocked the country since the beginning of the year.

Warnings about illegally awarded tenders for the project's construction have circulated since 2014, yet ING and other financiers saw no problem. Attempts by state authorities to whitewash the Odebrecht affair in order to advance the beleaguered coal plant continue to be challenged vigorously by local campaigners and Dominican society at large. ING and the other banks have turned to a third party investigator to assess a 'settlement agreement' signed between Odebrecht and the General Attorney of the Dominican Republic.

With major question marks hanging over the probity of this agreement, and all manner of legal finesses being enacted by vested interests, Punta Catalina has become an acid test for how much coal financier banks are prepared to tolerate corruption. ING needs to stop apologising for its coal clients, start living up to its anti-corruption commitments, and quit Punta Catalina.

1 In July 2017, an ING official confirmed to campaigners that ING has no relationship with EÜAŞ. ING has also confirmed that it is not aware of any other Turkish coal or energy client which it is currently supporting or planning to support.