

October 2, 2017

Peter Scher  
JPMorgan Chase  
270 Park Avenue  
New York, New York 10017

Dear Mr. Scher:

We, the undersigned groups, urge JPMorgan Chase to reject financing for the Long Phu-1 coal plant in Vietnam. As of September 2016, JPMorgan Chase along with HSBC, Mitsubishi UFJ Financial Group, and Cathay Bank are the mandated lead arrangers for financing of the project. In light of its recognition of the risks posed by climate change and the bank's prohibition on financing for anything but ultra-supercritical coal plants,<sup>1</sup> JPMorgan Chase's support for this climate-polluting debacle would violate the letter and certainly the spirit of its own policies.

An independent expert analysis demonstrates that the project sponsor's consulting firm doctored the coal plant's greenhouse gas emissions estimates to appear compliant with international and bank policies (see attached).<sup>2</sup> The consulting firm inaccurately claims that Long Phu-1 would reach the efficiency level of an ultra-supercritical coal plant even though the plant would use General Electric's less-efficient steam turbines that GE itself designates as supercritical.<sup>3</sup> Moreover, in its calculations the project sponsor completely ignored the energy used while running the plant itself, including the pumps, fans, pollution controls, and other auxiliary equipment that would make the plant even less efficient. The consulting firm's baseless efficiency claims imply that Long Phu-1's emission rate will be lower than even the most efficient plants in the best conditions, such as the Nordjylland coal plant in Denmark,<sup>4</sup> which reaches a level of efficiency made partially possible by the availability of naturally occurring, extremely cold cooling water. Considering the tropical climate of Vietnam, it is impossible that Long Phu-1 would be able to match, let alone beat, such efficiency. Therefore, JPMorgan Chase's internal policies bar it from supporting this supercritical project.

Long Phu-1 is also associated with a sprawling corruption scandal in Vietnam involving top officials of PetroVietnam (PVN), the project sponsor. A senior ruling party official and Chairman of the Board of PVN reportedly face corruption charges related to many projects and activities, including the awarding of the Long Phu-1 engineering, procurement and construction

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<sup>1</sup> JPMorgan Chase, Environmental and Social Policy Framework, pp. 9, 12, <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf> (last visited 3 Aug. 2017).

<sup>2</sup> Bruce Buckheit, *Smoke and Mirrors: Debunking the Doctored Numbers on Long Phu-1 Greenhouse Gas Emissions* (June 2017).

<sup>3</sup> GE, *Powering the World: Steam Power Systems Product Catalog*, [https://www.gepower.com/content/dam/gepower-pw/global/en\\_US/documents/alstom/gea31876-steam-power-systems-29-10-15.pdf](https://www.gepower.com/content/dam/gepower-pw/global/en_US/documents/alstom/gea31876-steam-power-systems-29-10-15.pdf) (last visited Aug. 1, 2017).

<sup>4</sup> Yingying Zheng et al., *Nordjylland Power Station: Carbon Footprint Study of Biomass Fueled CHP Station* (Aug. 18, 2015), <https://pire.soe.ucsc.edu/sites/default/files/Nordjylland%20Power%20Station%20-%20Carbon%20Footprint%20Study%20of%20Biomass%20CHP.pdf>.

(EPC) contract.<sup>5</sup> Other former senior PVN officials who had been involved in the signing of Long Phu-1 are reportedly under investigation.<sup>6</sup> Therefore, JPMorgan Chase should not support Long Phu-1 since it has “zero tolerance for bribery and corruption.”<sup>7</sup>

Long Phu-1 violates a broad set of environmental and social policies, including the Equator Principles, to which JPMorgan Chase adheres. The Long Phu-1 project sponsor’s environmental documents<sup>8</sup> and other independent analysis clearly demonstrated these violations. For example, JPMorgan Chase’s implementation of the Equator Principles requires an alternatives analysis for projects expected to emit more than 100,000 tonnes of CO<sub>2</sub> annually.<sup>9</sup> Even though Long Phu-1 will produce 63 times that amount,<sup>10</sup> the project sponsor failed to examine alternatives. Long Phu-1’s project sponsor also fails to adhere to Vietnam’s national climate and energy policy, known as the Green Growth Strategy;<sup>11</sup> provide baseline information; identify cumulative and associated risks and impacts; and ensure emergency preparedness and response, the monitoring and review of environmental impacts, and safe labor and working conditions, among many other Equator Principles violations (see attached).<sup>12</sup>

Jim Kim, the President of the World Bank, has warned that the region’s coal plans spell disaster for the planet.<sup>13</sup> Rainforest Action Network’s recent independent scorecard of leading banks’ fossil fuel financing found JPMorgan Chase to be the “top Western banker of coal power.”<sup>14</sup> JPMorgan must immediately shift its support away from fossil fuels toward clean renewables.<sup>15</sup>

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<sup>5</sup> *Senior Communist Party Official Faces Punishment*, VIETNAM NET (30 Apr. 2017),

<http://english.vietnamnet.vn/fms/government/177654/senior-communist-party-official-faces-punishment.html>.

<sup>6</sup> *Inspection Commission Recommends Disciplining HCMC Party Chief*, VIETNAM BREAKING NEWS (Apr. 28 2017), <https://www.vietnambreakingnews.com/2017/04/inspection-commission-recommends-disciplining-hcmc-party-chief/>; Press Release, PVN, EPC Contract Signed for Long Phu 1 Thermal Power Plant Construction (27 Dec. 2013), <http://pvc.vn/en-us/news/newsdetails/tabid/211/id/2199/EPC-Contract-Signed-for-Long-Phu-1-Thermal-Power-Plant-Construction.aspx>.

<sup>7</sup> JPMorgan Chase, JPMC Commitment to Anti-Corruption Compliance, <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-commitment-to-anti-corruption-compliance.pdf> (last visited 3 Aug. 2017).

<sup>8</sup> ERM (for PetroVietnam and HSBC), *Environmental and Social Due Diligence – Long Phu 1 Thermal Power Plant*, (9 Dec. 2016) (on file with author).

<sup>9</sup> JPMorgan Chase, *supra* note 1 at 14.

<sup>10</sup> U.S. Export-Import Bank, Pending Projects, <https://www.exim.gov/policies/ex-im-bank-and-the-environment/pending-transactions> (last visited Aug. 1, 2017).

<sup>11</sup> Pierre Audinet et al., *World Bank Group, Exploring a Low-Carbon Development Path for Vietnam* (2016), <http://documents.worldbank.org/curated/en/773061467995893930/pdf/102363-PUB-VN-Low-cost-carbon-date-Jan-20-2016-9781464807190-Box-394380B-PUBLIC.pdf>;

<sup>12</sup> Doug Norlen, *Failure to Comply: How Long Phu 1 Violates Lenders’ Environmental and Social Policies* (June 2016).

<sup>13</sup> Suzanne Goldenberg, *Plans for Coal-Fired Power in Asia Are ‘Disaster for Planet’ Warns World Bank*, THE GUARDIAN (5 May 2016), <https://www.theguardian.com/environment/2016/may/05/climate-change-coal-power-asia-world-bank-disaster>.

<sup>14</sup> Rainforest Action Network et al. *Banking on Climate Change: Fossil Fuel Finance Report Card* (2017), [http://priceofoil.org/content/uploads/2017/06/Banking\\_On\\_Climate\\_Change\\_2017.pdf](http://priceofoil.org/content/uploads/2017/06/Banking_On_Climate_Change_2017.pdf).

<sup>15</sup> This transition would be in line with JPMorgan Chase’s participation in the RE100 initiative and its pledge to fund 100 percent renewable energy by 2020. See RE100, Companies, <http://re100.org/> (last visited Oct. 2, 2017); Joshua S. Hill, *JPMorgan Chase Commits to 100% Renewable Energy by 2020 & Facilitating \$200 Billion in Clean Energy Financing by 2025*, CLEAN TECHNICA (July 31, 2017), <https://cleantechnica.com/2017/07/31/jpmorgan-chase-commits-100-renewable-energy-2020-facilitating-200-billion-clean-energy-financing-2025/>.

We strongly urge you to begin that transition by not supporting Long Phu-1 or any other coal plant.

Sincerely,

Abibiman Foundation (Ghana)  
Amigos de la Tierra (Spain)  
Amis de la Terre (France)  
BankTrack  
Biofuelwatch (UK/US)  
CHANGE (Vietnam)  
Earth Action, Inc. (U.S.)  
Finance & Trade Watch (Austria)  
Friends of the Earth Ghana  
Friends of the Earth Japan  
Friends of the Earth U.S.  
GenderCC Board and Steering Committee  
KRuHA Indonesia  
Market Forces (Australia)  
Milieudefensie (Netherlands)  
Montana Environmental Information Center (U.S.)  
Natural Resources Defense Council (U.S.)  
NGO Forum on ADB  
Oil Change International (U.S.)  
Philippine Movement for Climate Justice  
Rainforest Action Network (U.S.)  
Sierra Club (U.S.)  
Umeedenao Citizen Community Board (Pakistan)