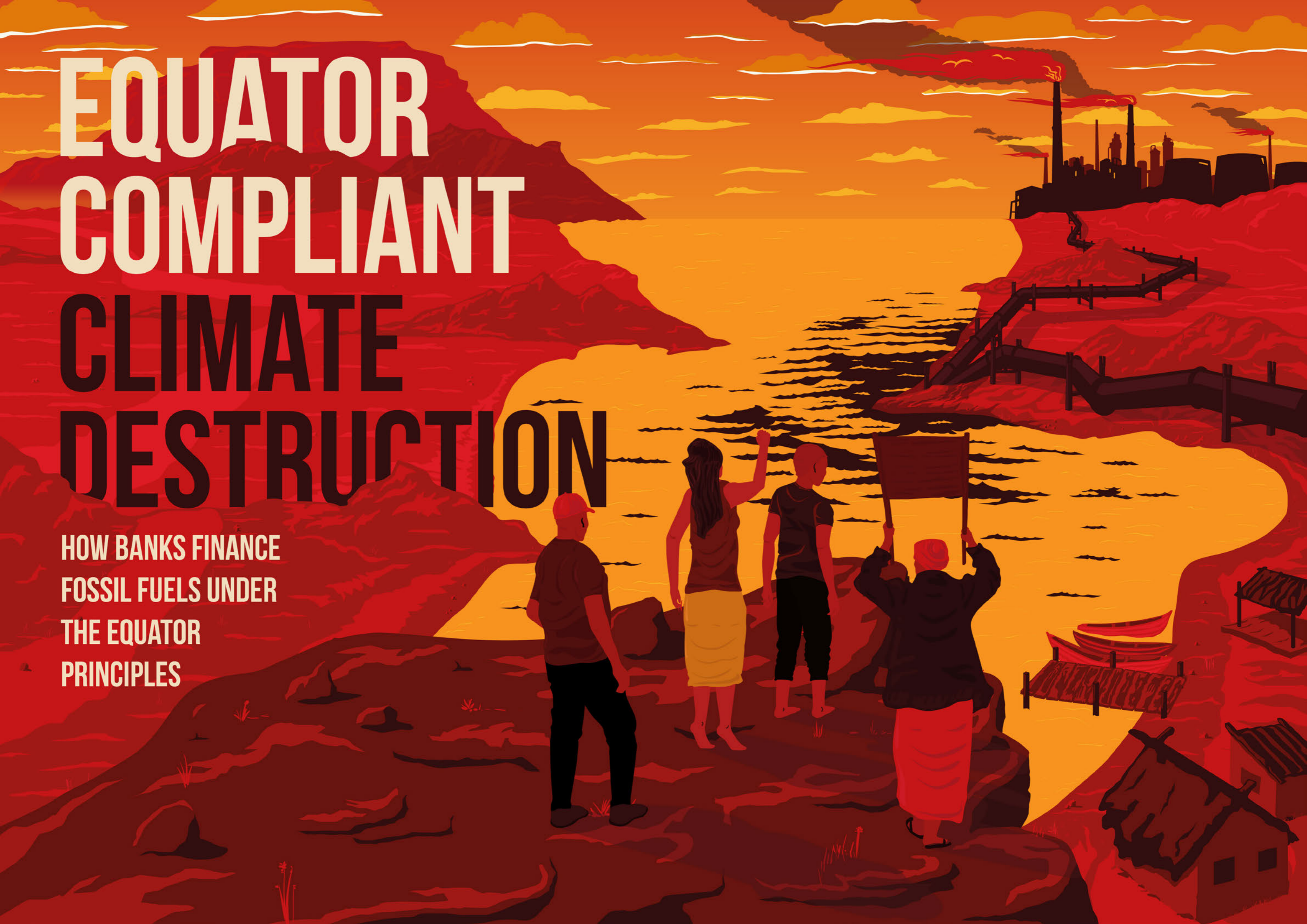


# EQUATOR COMPLIANT CLIMATE DESTRUCTION

HOW BANKS FINANCE  
FOSSIL FUELS UNDER  
THE EQUATOR  
PRINCIPLES



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## BANKTRACK

This report was updated on November 16th to correct a misrepresentation of the application of EP4. Previously, the report stated that EP4 applied to transactions that reached a financial close after the implementation date of EP4 (October 1st, 2020). However, EP4 is applied to projects which are mandated on or before October 1st, 2020 which happens earlier in the lifecycle of a project than financial close. The text in this report has been updated to reflect this.

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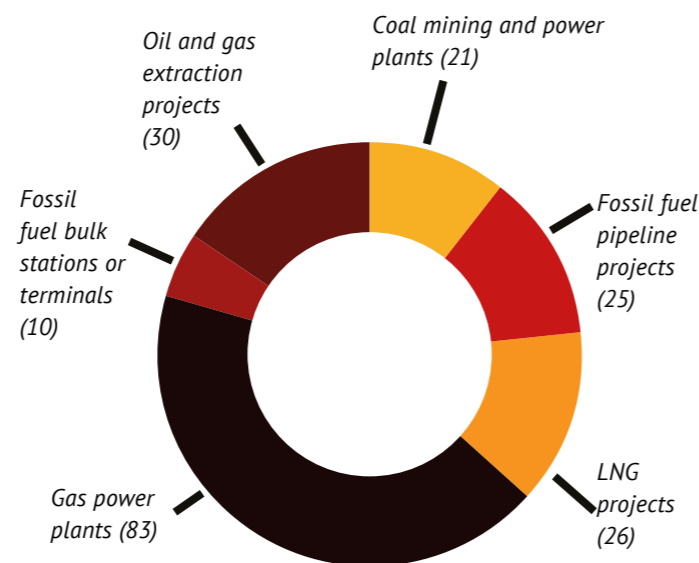
# EXECUTIVE SUMMARY

This report explores how the [Equator Principles](#) (EPs), the banking sector's primary tool for managing environmental and social risk in large infrastructure finance, are failing to address the climate crisis and are threatening the aims of the Paris agreement by allowing the continued financing of large coal, oil and gas projects. It aims to expose the extent of finance being directed to the fossil fuel industry by Equator Principles Financial Institutions (EPFIs, or Equator banks) since 2016, the first full year after the signing of the Paris Climate Agreement, and in particular the extent of this finance that has taken place under the scope of the EPs themselves. In addition, it explores whether fossil fuel projects currently financed "under Equator" even comply with the Principles' rather limited climate-related requirements.

Our research shows that since 2016, EPFIs report having financed **195 separate fossil fuel projects**. These include 83 gas power plants, 30 oil and gas extraction projects, 26 Liquefied Natural Gas (LNG) projects, 25 fossil fuel pipeline projects, 21 coal power plants or coal mining projects and 10 fossil fuel bulk stations or terminals. See [Appendix I](#) for the full list of these projects. We also identified an additional five fossil fuel projects financed by Equator banks that were not disclosed in their own reporting on the Equator Principles [website](#). Together with these projects, Equator banks have been involved in financing at least **200 fossil fuel projects** since the Paris Agreement was signed.

These projects typically not only have a large adverse impact on the world's climate but also cause substantial damage to communities and the environment. This report highlights eight such fossil fuel projects financed or set to be financed under Equator since 2016 which have been the subject of community concerns and resistance:

1. **Cirebon 2 Coal-fired Power Plant**, Indonesia, [page 20](#)
2. **Kobe Coal-fired Power Plant**, Japan, [page 24](#)
3. **Vung Ang II Coal-fired Power Plant**, Vietnam, [page 28](#)
4. **Coastal GasLink Pipeline**, Canada, [page 34](#)
5. **Trans Adriatic Pipeline**, Albania/Greece/Italy, [page 38](#)
6. **East African Crude Oil Pipeline**, Uganda/Tanzania, [page 42](#)
7. **Mozambique LNG Terminal**, Mozambique, [page 48](#)
8. **Nigeria LNG Terminal**, Nigeria, [page 52](#)



The report finds that, of these eight projects **none are fully compliant with the climate-related requirements under the Equator Principles**.

- **We found no evidence that any of the projects analysed conducted a Climate Change Risk Assessment (CCRA)**, required by the latest version of the EPs (EP4). This is despite two projects likely being mandated after the formal implementation date of EP4, and three others reaching financial close after EP4 was published, during the period when EPFIs were encouraged to apply EP4.
- **Neither of the projects that have reached the operational phase have published adequate GHG emissions reports**, and the information provided on estimated emissions for some other projects is misleading.
- While every project provided a full Environmental Social Impact Assessment (ESIA) online, our research found that in two cases these assessments **failed to adequately consult local communities** and are therefore not in compliance with the EPs.
- Finally, **none of the projects show evidence that an adequate alternatives analysis** was conducted that, in line with the Equator Principles, assesses alternative options to reduce project related GHG emissions.

## SUMMARY OF EQUATOR PRINCIPLES COMPLIANCE REVIEW RESULTS

Project	ESIA (summary)	CCRA	GHG report(s)	Alternatives Analysis
Cirebon 2 Coal-fired Power Plant, Indonesia	<a href="#">Available</a>	N/A*	<a href="#">Available</a>	Not found
Kobe Coal-fired Power Plant, Japan	<a href="#">Available</a> (in Japanese)	N/A*	N/A***	Not found
Vung Ang II Coal-fired Power Plant, Vietnam	<a href="#">Available</a> (in Vietnamese)	Not found	<a href="#">Available</a> (in Vietnamese)	Not found
Coastal GasLink pipeline, Canada	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>
Trans Adriatic pipeline, Albania/Greece/Italy	<a href="#">Available</a>	N/A*	N/A***	<a href="#">Available</a>
East African Crude Oil pipeline, Uganda/Tanzania	<a href="#">Available</a>	Not found	N/A***	<a href="#">Available</a>
Mozambique LNG	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>
Nigeria LNG	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>

\*These projects reached financial close before the publication of EP4, and therefore the requirement for a CCRA is not applicable.  
 \*\*These projects were likely mandated between the publication of EP4 and the date it officially came into effect (October 1<sup>st</sup>, 2020), therefore a CCRA is encouraged but not required.  
 \*\*\*These projects are not currently in the operational phase and therefore the requirement to publish annual GHG emissions report is not applicable.

There is a deep disconnect between the overall objective of the Equator Principles to act as a tool for managing environmental and social risk and the systematic and ongoing financing of fossil fuel projects by Equator banks, especially in light of the Preamble of the Equator Principles, which states that Equator banks "support the objectives of the 2015 Paris Climate Agreement" whilst also committing to "fulfil [their] responsibility to respect human rights in line with the United Nations Guiding Principles on Business and Human Rights".

This ongoing financing of fossil fuel expansion projects is also increasingly at odds with recent urgent warnings from the [IPCC](#), [International Energy Agency \(IEA\)](#) and [UN bodies](#), that new fossil fuel developments are out of line with the Paris Climate Agreement goal to keep the average global temperature rise to 1.5 degrees. As the IEA stated in its Net Zero by 2050 Roadmap, "there is no need for investment in new fossil fuel supply in our net zero pathway".

Given the severity of the climate crisis and the dire human rights impacts it causes, there is no place for continued financing of new fossil fuel projects by commercial banks. The Equator Principles Association (EPA) must urgently address this fact if the EPs are to continue to serve as a framework that effectively shields banks from the risks of runaway climate change, whilst also shielding people and the planet from the impacts of climate destructive projects. In their current state, the Equator Principles present no objections to the continued financing of climate destructive projects around the world. **A deeper commitment is required from the EPA to abandon the financing of new fossil fuels and make sure its finance for the energy sector is exclusively for projects that help transition to a renewables-based economy.**

# WHAT THE EQUATOR PRINCIPLES SAY ON CLIMATE CHANGE

## WHAT ARE THE EQUATOR PRINCIPLES?

The Equator Principles are a risk management framework created and adopted in 2003 by financial institutions to determine, assess and manage environmental and social risk in projects. They represent a minimum standard for due diligence and monitoring in finance for large infrastructure projects.

Currently, [125 Equator Principles Financial Institutions \(EPFIs\) in 37 countries](#) worldwide have officially adopted the EPs and the Principles cover the majority of international project finance lending. The EPs apply globally to all industry sectors and five financial products: project finance advisory services; project finance; project-related corporate loans; bridge loans; project-related refinance and project-related acquisition finance.

The EPs consist of 10 principles summarised on the right. According to the Principles, an EPFI will not provide financial services where the client will not, or is unable to, comply with the EPs. Non-compliance with the Equator related conditionality of loans provided can also be reason for default.

- 1 Review and categorisation of the project
- 2 Environmental and social impact assessment
- 3 Applicable environmental and social standards
- 4 Environmental and social management systems and Equator Principles action plan
- 5 Stakeholder engagement
- 6 Grievance mechanism
- 7 Independent review
- 8 Covenants
- 9 Independent monitoring and reporting
- 10 Reporting transparency

## BANKTRACK'S WORK ON TRACKING THE EQUATOR PRINCIPLES

BankTrack has continually tracked the EPs since their inception in 2003, over the years providing numerous [commentaries](#) on the development of the principles. In 2017, following the financing by Equator banks of the [Dakota Access Pipeline](#) project, we convened a coalition of civil society groups and Indigenous organisations to campaign for a revision to the Equator Principles to advocate for the implementation of Indigenous rights and prevent finance for new fossil fuels.

The campaign was instrumental in bringing about the process to update the EPs, which began in 2018 and resulted in the newest iteration of the Principles - EP4 - which came into effect on 1st October 2020. However, although EP4 contained some improvements, it failed to tackle key shortcomings. Despite including a commitment to "support the objectives of the Paris climate agreement", EP4 continues to allow for finance for projects that threaten the Paris goals, from new oil extraction and pipeline projects to coal mining and power plants. EP4 also falls short of a clear commitment to uphold Indigenous Peoples' rights, including their right to Free, Prior and Informed Consent (FPIC). Additionally, there remains no formal method of tracking the implementation of the Principles on the ground or holding banks accountable for non-compliance with the Principles.

In 2020, BankTrack published two instalments of research - "Trust Us, We're Equator Banks: [Part I](#) and [Part II](#)" - which highlighted a lack of evidence of adequate stakeholder engagement and project-level grievance mechanisms in Equator projects, thus calling into question the extent to which the Principles are being implemented in practice.

To help address problems with the accessibility of project name reporting by banks on the website of the Equator Principles Association, we created the [Equator Principles Project Database](#), a fully searchable database of all projects reported by EPFIs as financed under the Principles by year, bank, country and sector. This database forms the basis of our analysis of fossil fuel projects financed by EPFIs in this report.

## CLIMATE-RELATED REQUIREMENTS OF THE EQUATOR PRINCIPLES

The Equator Principles are not designed as a tool for banks to manage their climate impact, and indeed until the latest revision of the EPs in 2020 they included no mention of climate change. Rather, the EPs are a tool for managing the social and environmental risks of large infrastructure projects and for preventing and mitigating these impacts where possible.

The newest iteration of the Principles, EP4, includes for the first time a cautious recognition of the importance of tackling climate change, although they remain very limited in terms of imposing climate conditionality on projects, and they continue to allow for finance for fossil fuel projects that meet the limited requirements of the EPs, from coal-fired power plants to new oil extraction and pipeline projects. This report sets out to show, for the first time, the extent of this finance.

Some limited additions on climate change have been made to the Preamble of the EPs. Firstly, the Preamble now notes: “we believe that negative impacts on Project-affected ecosystems, communities, and the climate should be avoided where possible.” It also sets out that “...when financing Projects ... we support the objectives of the 2015 Paris Climate Agreement and recognise that EPFIs have a role to play in improving the availability of climate-related information, such as the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), when assessing the potential transition and physical risks of Projects financed under the Equator Principles”.

Beyond the Preamble, the Principles set out the following climate-related requirements that EPFIs must adhere to when providing project finance under Equator. In section 4 of this report we have reviewed how each of these requirements have been met, or not met, for the eight fossil fuel projects selected as case studies.

## [THE PRINCIPLES] CONTINUE TO ALLOW FOR FINANCE FOR FOSSIL FUEL PROJECTS...FROM COAL-FIRED POWER PLANTS TO NEW OIL EXTRACTION AND PIPELINE PROJECTS

### CLIMATE CHANGE RISK ASSESSMENT (CCRA)

Under **Principle 2 (Environmental and Social Assessment)** a Climate Change Risk Assessment (CCRA) is required for all Category A and, as appropriate, Category B projects, and all projects in all locations where the combined Scope 1 and Scope 2 emissions are expected to be more than 100,000 tonnes of CO2 equivalent annually. This is a new requirement under EP4 and therefore only applies to projects that have been financed after the newest iteration was implemented in October 2020, however EPFIs were encouraged, but not mandated, to apply the new Principles (published in November 2019) to transactions before the implementation date. The [CCRA guidance](#) published by the EPA in September 2020 provides further information on what questions the CCRA should address.

The CCRA considers two main categories of risk, Climate Physical Risk and Climate Transition Risk, which are risks defined by the Task Force on Climate-related Financial Disclosures (TCFD). Both of these are conceived of as risks to the project being financed itself, including damage to assets, disruption to operations, increased production costs or in the case of transition risks the chance of an asset becoming ‘stranded’ before its expected retirement. The CCRA thus fails to consider the impacts that the project itself may create for society by exacerbating climate change through the emissions they create or facilitate, which would also be a risk to the project itself in the long run. In addition, there is no requirement for projects not to be financed where these physical or transition climate risks are identified and cannot be mitigated or avoided.

### ALTERNATIVES ANALYSIS

Also under Principle 2, projects with expected combined Scope 1 and 2 emissions over 100,000 tonnes of CO2 equivalent annually require an “Alternatives Analysis” that evaluates lower greenhouse gas (GHG) intensive alternatives. This Alternatives Analysis requires the evaluation of “technically and financially feasible and cost-effective options” available to reduce project-related GHG emissions during the design, construction and operation of the project, with justification on why these technologies were not selected. Annex A of the Principles states that this analysis will “endeavour to ascertain the best practicable environmental option and will include consideration of alternative fuel or energy sources if applicable”. For high intensity sectors, including oil and gas, the analysis “will include comparisons to other viable technologies, used in the same industry and in the country or region”. The Principles also state that, where appropriate, EPFIs will encourage clients to publish a summary of the alternatives analysis. However, there is no requirement for such alternatives to be pursued by the project sponsor, meaning climate destructive fossil fuel projects can still be pursued despite clear alternatives, such as renewable energy projects, being available.

### GREENHOUSE GAS (GHG) EMISSIONS REPORT(S)

Under **Principle 10 (Reporting and Transparency)**, for all Category A and, as appropriate, Category B projects, the client must ensure that, at a minimum, a summary of the Environmental Social Impact Assessment (ESIA) is available online, and it should include a summary of the project’s climate change risks and impacts when relevant. In addition, the client must report publicly, on an annual basis, on GHG emission levels (combined Scope 1 and Scope 2 emissions and, if appropriate, the GHG efficiency ratio) during the operational phase for projects emitting over 100,000 tonnes of CO2 equivalent annually. The EPs also state that clients should be “encouraged” to report publicly on GHG emission levels for projects emitting over 25,000 tonnes of CO2 equivalent annually. There is no requirement for projects that emit significant amounts of CO2 annually, and therefore directly contribute to climate change, to not be financed under the Principles.

## OTHER CLIMATE COMMITMENTS BY EQUATOR BANKS

The Equator Principles are not the only bank initiative of relevance to the role of banks in combating climate change. Many of the 125 Equator Principles Financial Institutions have made climate commitments beyond those in the EPs by joining other bank initiatives and/or by adopting policies for their financing of the fossil fuel industry.

### THE PRINCIPLES FOR RESPONSIBLE BANKING

The [Principles for Responsible Banking \(PRBs\)](#), launched in September 2019, are an initiative of the [United Nations Environmental Programme Finance Initiative \(UNEP-FI\)](#) and 30 founding banks. At the time of writing, 250 banks are signatories to the PRBs. Principle 1 of the PRBs commits signatory banks to “align their business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks”. 59 PRB signatory banks are also signatories to the Equator Principles.

### NET ZERO BANKING ALLIANCE

The [Net-Zero Banking Alliance \(NZBA\)](#), launched in April 2021 and also convened by UNEP-FI, is an alliance of 43 banks (as of October 2021) that have committed to reaching net-zero in attributable greenhouse gas emissions with their lending and investment portfolios by 2050 at the latest. Including underwriting of bonds and shares issuances in the scope of the commitment is optional. The banks have committed to “use well-recognised and credible sources for their decarbonisation scenarios that rely on no/low overshoot, rely conservatively on negative emissions technologies and minimize misalignment with the sustainable development goals (SDGs)”. Adopting banks have 18 months to formulate 2030 and 2050 targets. 23 of the banks committed to the NZBA are also signatories to the Equator Principles and Standard Chartered, the chair of the Equator Principles Association, also acts as chair of the NZBA.

### BANKS’ OWN POLICIES

In addition to voluntary initiatives, many Equator banks have made their own climate and fossil fuels related policy commitments. BankTrack tracks policy commitments of the largest banks’ on fossil fuel finance, using the [methodology](#) from the Banking on Climate Chaos report to assess changes. Of the 45 Equator banks for which we have assessed fossil fuel financing policies, 36 were ranked as “laggards”, meaning that they scored between 0 and 50 points out of a possible 200. The remaining nine were ranked as followers, meaning they scored between 50.5 and 100 points out of 200. For more information, see the [policies page](#) on the BankTrack website.

## QUALITY OF FOSSIL FUEL POLICIES OF THE LARGEST EQUATOR BANKS

Fossil fuel policy scores out of 200 and ranking for the top 20 Equator banks

Bank	Country	Score	Ranking
UniCredit	Italy	93.5	Follower
BNP Paribas	France	92.5	Follower
Natixis	France	74.5	Follower
Crédit Agricole	France	74	Follower
Société Générale	France	74	Follower
SEB	Sweden	70.5	Follower
ING	Netherlands	51	Follower
Banco Santander	Spain	50.5	Follower
Intesa Sanpaolo	Italy	50.5	Follower
BBVA	Spain	43	Laggard
NatWest	UK	43	Laggard
Standard Chartered	UK	35.5	Laggard
Citi	US	33.5	Laggard
Barclays	UK	32	Laggard
Deutsche Bank	Germany	30	Laggard
Lloyds Bank	UK	28	Laggard
Rabobank	Netherlands	28	Laggard
ANZ	Australia	22.5	Laggard
Bank of America	US	22	Laggard
Nedbank	South Africa	22	Laggard

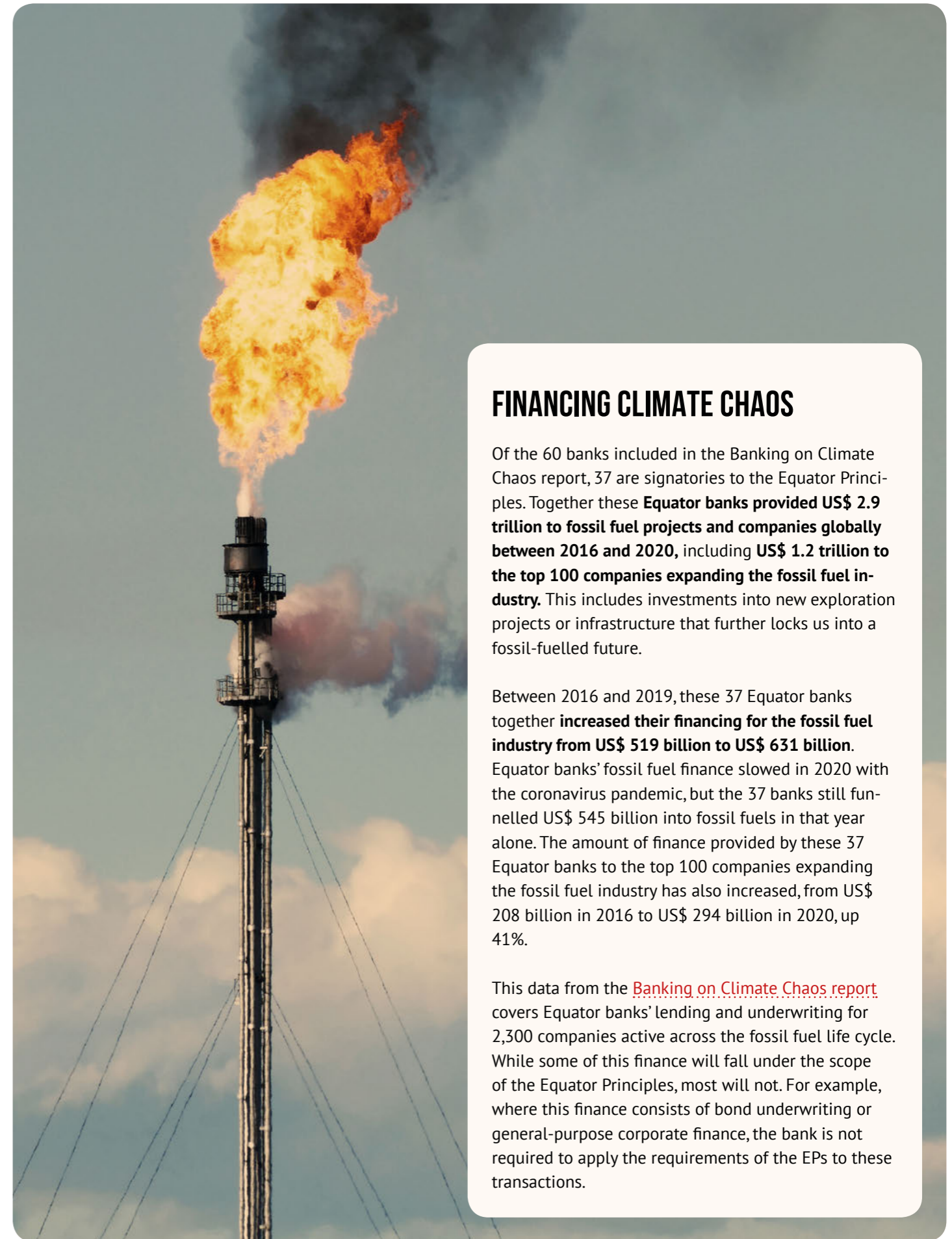
For further detail on the scores for each bank, visit the [BankTrack website's fossil fuel policy tracker](#).

# EQUATOR BANKS AND FINANCE FOR THE FOSSIL FUEL INDUSTRY

Six years have passed since the international community adopted the Paris Climate Agreement at the end of 2015, agreeing to confront the issue of climate change and to keep the global temperature rise this century to well below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees. However, the first instalment of the [Intergovernmental Panel on Climate Change \(IPCC\)](#)'s 6th Assessment report, published in August 2021, shows clearly that the world is far from on track to reach this goal, with climate change already “widespread, rapid, and intensifying”. The IPCC's report sent the stark warning that, unless there are immediate, rapid, and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5 degrees or even two degrees will be beyond reach.

Despite this, banks around the world continue to finance fossil fuel extraction, the primary cause of climate change, at alarming rates, in complete incompatibility with the goals of the Paris Agreement. The most recent [Banking of Climate Chaos report \(March 2021\)](#), produced by a coalition of civil society organisations including BankTrack, found that the world's 60 largest private sector banks have funnelled a staggering US\$ 3.8 trillion into fossil fuel projects and companies globally since the Paris Agreement was signed.

It is now more urgent than ever that banks align their portfolios with the 1.5-degree goal of the Paris Agreement. This requires immediately ending financing for fossil fuel expansion projects and for companies expanding fossil fuel extraction and infrastructure; phasing out all ongoing financing for fossil fuel projects and companies on a timeline aligned with the Paris Agreement; and setting clear targets for 2025 and 2030 in order to zero out all climate impact of bank finance by 2050 latest. The BankTrack led [Global Call on Banks](#) from the Fossil Banks No Thanks platform sets out these expectations in more detail.



## FINANCING CLIMATE CHAOS

Of the 60 banks included in the Banking on Climate Chaos report, 37 are signatories to the Equator Principles. Together these **Equator banks provided US\$ 2.9 trillion to fossil fuel projects and companies globally between 2016 and 2020**, including **US\$ 1.2 trillion to the top 100 companies expanding the fossil fuel industry**. This includes investments into new exploration projects or infrastructure that further locks us into a fossil-fuelled future.

Between 2016 and 2019, these 37 Equator banks together **increased their financing for the fossil fuel industry from US\$ 519 billion to US\$ 631 billion**. Equator banks' fossil fuel finance slowed in 2020 with the coronavirus pandemic, but the 37 banks still funnelled US\$ 545 billion into fossil fuels in that year alone. The amount of finance provided by these 37 Equator banks to the top 100 companies expanding the fossil fuel industry has also increased, from US\$ 208 billion in 2016 to US\$ 294 billion in 2020, up 41%.

This data from the [Banking on Climate Chaos report](#) covers Equator banks' lending and underwriting for 2,300 companies active across the fossil fuel life cycle. While some of this finance will fall under the scope of the Equator Principles, most will not. For example, where this finance consists of bond underwriting or general-purpose corporate finance, the bank is not required to apply the requirements of the EPs to these transactions.

## FINANCING CLIMATE DESTRUCTIVE PROJECTS

To assess the scale of support for fossil fuels that takes place under the scope of the Equator Principles, we analysed all project finance transactions reported by EPFIs between 2016 and September 2021, as provided on the Equator Principles [website](#) (and also collated in a searchable format on Bank-Track's [Equator Principles Project Database](#)). We categorised each project reported by EPFIs during this period by sector, according to the [NAICS six-digit industry code system](#), and identified the projects in sectors related to fossil fuel extraction or transportation. The resulting list of fossil fuel projects reported as financed 'under Equator' is provided in [Appendix I](#). A table showing the number of fossil fuel projects reported as financed by each Equator bank since 2016 is presented in [Appendix II](#).

We found that, since Paris, Equator banks have reported financing **195 separate fossil fuel projects**, including 83 gas power plants, 30 oil and gas extraction projects, 26 LNG terminals and transportation projects, 25 crude oil or gas pipelines, 21 coal power plants or coal mining projects, and 10 fossil fuel bulk stations or terminals.

The top three banks that reported financing the largest number of fossil fuel projects since 2016 are all Japanese banks: **Sumitomo Mitsui Banking Corporation (SMBC)** with 46 projects, **Mitsubishi UFJ Financial Group (MUFG)** with 45, and **Mizuho Financial Group (Mizuho)** with 38. Following closely behind are French banks **Crédit Agricole** and **Société Générale**, each of which reported financing 29 fossil fuel projects, and **Natixis**, with 23. The bank serving as the current chair of the Equator Principles Association, **Standard Chartered**, comes in equal ninth on the list, having reported financing 13 fossil fuel projects since 2016.

### FOSSIL FUEL PROJECTS FINANCED BY BANK: TOP 12 BANKS

Position	Equator Bank	Country	Fossil fuel projects reported since 2016
1	SMBC	Japan	46
2	MUFG	Japan	45
3	Mizuho	Japan	38
=4	Crédit Agricole	France	29
=4	Société Générale	France	29
6	Natixis	France	23
7	ING	The Netherlands	17
8	BNP Paribas	France	14
=9	HSBC	UK	13
=9	National Australia Bank (NAB)	Australia	13
=9	Standard Chartered	UK	13
12	Citigroup	US	12

To see the total number of fossil fuel projects reported to be financed by all Equator banks since 2016, see Appendix 2

## LIMITATIONS TO EQUATOR TRANSPARENCY

It is important to note that Equator banks are not obliged to report a project name for every project they finance under the Principles. There are significant caveats to the EP requirement to report project names, which together mean that only just over half of the transactions that fall under the EPs have their project name reported.

Most significantly, the reporting of project names is only required for Project Finance transactions and encouraged for Project-Related Corporate Loans. Although the EPs apply also to Project Finance Advisory Services, Project-related Refinance, Project-related Acquisition Finance and Bridge Loans under certain circumstances, there is no requirement for EPFIs to report projects which they support via these means.

Project name reporting is also subject to an EPFI obtaining client consent, as well as to applicable local laws and regulations, and to "no additional liability for the EPFI as a result of reporting in certain identified jurisdictions." This results in a significant number of projects finance transactions also not being reported. As such, many more fossil fuel projects will have been financed by Equator banks without this being reported.

## EQUATOR PRINCIPLES SIGNATORY BANKS HAVE BEEN INVOLVED IN FINANCING AT LEAST 200 FOSSIL FUEL PROJECTS SINCE THE PARIS AGREEMENT WAS SIGNED

For example, the big three Japanese banks, SMBC, MUFG and Mizuho, all reported financing the Cirebon 2 Coal-fired Power Plant and Kobe Coal-fired Power Plant, but did not report financing the Coastal GasLink pipeline, Mozambique LNG or Vung Ang II Coal-fired Power Plant. However, our financial research found that they did provide finance to these projects. Similarly, Standard Chartered reported financing the Nigeria LNG project in 2020 but failed to report providing finance to the Mozambique LNG project in the same year.

There are also discrepancies in reporting among French banks, with Société Générale not reporting its finance for Mozambique LNG, and BNP Paribas not reporting financing the Trans Adriatic Pipeline, although our financial research found that both banks did in fact provide finance to these projects and another French bank, Crédit Agricole, reported its finance for both projects.

In addition to the 195 fossil fuel projects that Equator banks reported financing, we have identified four additional projects during our analysis for this report that were financed by Equator banks but not reported on the EPA website ([ECA LNG, Mexico](#); [Port of Brownsville LNG, US](#); [Rio Grande LNG, US](#); [Vung Ang II Coal-fired Power Plant, Vietnam](#)), and one additional project, [East African Crude Oil Pipeline \(EACOP\)](#), in which Equator Principles banks are acting as financial advisors. Including these, **Equator Principles signatory banks have been involved in financing at least 200 fossil fuel projects since the Paris Agreement was signed.**



# EQUATOR COMPLIANT FOSSIL FUEL PROJECTS

For this report, we have selected eight projects as case studies that are illustrative of the type of major new fossil fuel extraction and transportation projects that still receive finance under the Equator Principles, despite having severe and often devastating impacts on the climate, communities and nature. Projects were selected to provide examples in both [“designated”](#) and [“non-designated”](#) countries, where financial close was reached after 2016, and where adverse impacts on the climate, environment and human rights have been identified by BankTrack and partners.

For each case study, we have presented which Equator banks reported financing the project, as well as which Equator banks are listed as financing the project on financial databases but did not report their financing on the EP website. We have also investigated whether and how the banks and project sponsors have complied with the climate-related requirements of the Equator Principles for each project, as set out in section 2.2.

We shared this analysis with 21 EPFIs that reported financing these projects ahead of publication and received responses from 10 banks. Three of these banks simply stated that they could not provide comment on specific projects due to client confidentiality, and seven banks provided substantive feedback which was taken into consideration in our analysis.



# COAL MINING AND POWER PLANTS

Coal, the fossil fuel that powered the industrial revolution, has long been recognised as being the dirtiest and most CO<sub>2</sub>-intensive of conventional fossil fuels. Even today, the burning of coal is the single **biggest source** of global CO<sub>2</sub> emissions. Although the burning of coal is on the decline in most OECD countries, many new coal power plants are still being built in Africa, Latin America and **especially Asia**. Meanwhile, an increasing number of existing coal mines and coal power plants are in financial difficulty due to rising costs of CO<sub>2</sub> emissions, competition from cheap fossil gas and the plunging cost of renewables. Expectations are that most coal power plants built today will run at a **loss** for most of their lifetime.

Apart from being the most CO<sub>2</sub>-intensive of fossil fuels, burning of coal also has the highest environmental impact of all traditional fossil fuels. The burning of coal emits sulphur dioxide, nitrogen oxides, particulates which contribute to smog, and heavy metals including mercury, all of which are damaging to the environment and/or human health. In many OECD countries (typically listed as “designated countries” under the Equator Principles) coal power plants are subject to strict environmental laws which somewhat limit environmental and health damage. In non-OECD countries (typically listed as “non-designated countries” under the Equator Principles), such laws are often not in place or not enforced, causing much higher environmental and health impacts.

In order to limit global warming to 1.5 degrees, coal power needs to decline rapidly till 2030. While global CO<sub>2</sub> emissions need to be halved by 2030 relative to 1990, emissions from coal need to plummet by 80% by 2030. To meet this target, Russia, the EU and OECD countries will need to completely **phase out** coal by 2030, and the rest of the world must do so by 2040. Based on the average 30-year lifetime of a coal power plant, it follows that no new coal power plants should be built, or financed, anywhere in the world.

Yet our research has shown that **since the Paris Climate Agreement Equator banks have financed at least 21 coal-related projects**. Below, we have highlighted three of these problematic projects.



# CIREBON 2 COAL-FIRED POWER PLANT

**LOCATION:** West-Java, Indonesia

**SECTOR:** Coal Electric Power Generation

**STATUS OF PROJECT:** Under Construction

*See the BankTrack dodgy deal profile on this project [here](#).*

**ABOUT THIS PROJECT**

Cirebon 2, with a capacity of **1,000 megawatts (MW)**, is a power plant project in the West Java region of Cirebon, Indonesia. The **first unit** of the Cirebon plant, with a capacity of 660 MW, was commissioned in 2012 and is operated by Cirebon Electric Power (CEP). In 2013 CEP announced its plans to build Cirebon 2. The project is estimated to require an investment of over US\$ 2 billion and was expected to be operational in 2020. However, in February 2019, the Indonesian government **mentioned** a project completion date of 2022. In March 2020 the project's sponsor **declared** force majeure and stated that development would be delayed as a result of the Covid-19 pandemic.

## FINANCING

A US\$ 1.74 billion project loan for Cirebon 2 was **agreed** in 2017, for which the Japan Bank for International Cooperation (JBIC) and Exim Bank of Korea provided US\$ 1.148 billion (66%) and a consortium of four commercial banks provided the remaining US\$ 592 million (34%). Dutch bank ING was lead arranger on the loan. The other commercial banks involved were Mizuho Bank, MUFG and SMBC. At the end of March 2017, Crédit Agricole **withdrew** from the consortium. The portion of the loan provided by the commercial banks was insured by Nippon Export and Investment Insurance (NEXI) and by guarantees from the Export-Import Bank of Korea. The project sponsors provided US\$ 435 million in equity, resulting in **total finance** of US\$ 2.175 billion.

### EPFIS THAT DISCLOSED LENDING

ING; Mizuho Bank; MUFG; SMBC

### EPFIS THAT DID NOT DISCLOSE LENDING

None

### OTHER FIS

Exim Bank of Korea; JBIC; NEXI

Source: IJGlobal, accessed August 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))



The project is being developed by Cirebon Energi Prasarana (CEPR), a consortium **consisting of** Marubeni Corporation (35%), Samtan (20%), IMECO (18.75%), Korea Midland Power (10%), JERA - a joint venture between Tokyo Electric Power and Chubu Electric (10%) and Indika Energy (6.25%). US-based engineering company Black & Veatch will oversee the scheduling, design, quality control of equipment supplied and construction. ING Bank and Latham & Watkins, an international law firm, are advising on the project.

The Cirebon project was also supposed to include another 1,000 MW expansion, Cirebon 3, expected to cost a further US\$ 2.1 billion. However, there seems to have been **no progress** on Unit 3 since May 2016, and the unit appears to be cancelled.

## CLIMATE IMPACT

Coal power plants are among the **most polluting fossil fuel projects**. In addition to the CO2 emissions that contribute to climate change, a coal power plant heavily contaminates water and air, and with that, entire ecosystems. The burning of coal emits hazardous air pollutants, including particulate matter, sulphur dioxide, mercury and arsenic, that can spread for hundreds of kilometres. Some of these pollutants react in the atmosphere to form ozone and more fine particulates. The emission of sulphates and nitrates also leads to acid rain, which damages streams, forests, crops and soils.

The Cirebon region is already feeling the **effects** of climate change in the form of a rise in sea level, increased flooding of the coastal area, and increased drought during the long dry season. About 13% of the total area in Cirebon city is at a heightened risk from flooding during high tides and high rainfall. In addition, the impacts of climate change threaten agricultural production as drought causes extensive crop failure in the Cirebon district.

## ENVIRONMENTAL IMPACT

Coal power plants are a significant source of air pollution, filling the air with toxic pollutants that enter deep into people's lungs. A [study](#) conducted by Greenpeace together with Harvard University already established in 2015 that pollution from coal power plants in Indonesia leads to an increased risk of lung cancer, stroke, heart diseases, and respiratory diseases. The study found that existing coal-fired power plants in Indonesia cause an estimated 6,500 premature deaths every year. Each additional new large power plant, such as Cirebon Unit 2, is expected to result in the premature death of an extra 600 Indonesians every year. There have been anecdotal reports from residents from the surrounding area of the Cirebon Unit 1 Plant of increased respiratory infections, which matches the government data showing there are more patients affected by acute upper respiratory tract infection in this area than other districts.

## COMMUNITY IMPACTS

[Communities](#) living near the plant have traditionally relied on small-scale fishing, shellfish harvesting, salt making, production of terasi (shrimp paste) and farming for their livelihood. According to testimonies from local communities, fish and shrimp catches decreased by more than half since the beginning of the Cirebon project in 2007. The productivity of salt pans near the project site has also deteriorated since Cirebon Unit 1 began its operations, with representatives reporting that some 500 laborers in the affected communities have lost their livelihood.

Cirebon 2 has also become the [centre of a corruption scandal](#) revolving around the paying of bribes to local government officials. Hyundai Engineering & Construction admitted to paying bribes in May 2019. Investigations were delayed in early 2021 when PT Cirebon Power's Corporate Affairs Director Teguh Haryono [failed to appear](#) in response to a summons of the Corruption Eradication Commission. Because of its involvement in the corruption scandal around Cirebon 2, Hyundai Engineering & Construction has been [placed under observation](#) by Norges Bank, which manages the Norwegian sovereign wealth fund GPF, since July 2021.

### CIREBON AND ING: FOUR YEARS OF COMPLAINTS

In December 2017, Responsibank (Fair Finance Indonesia) sent a complaint to the then-CEO of ING regarding its financing of Cirebon 1 and 2. The complaint cited issues with the project, including: environmental damage and related community health impacts; human rights violations; and an environmental impact assessment and environmental permit that was issued without the legally required consultations with affected communities.

In January 2018, ING responded with an explanation of how the bank had improved its general coal policies in 2015 and 2017, that the bank has a 'strong forward-looking policy' and that, to ING's knowledge, 'the project remains committed to Equator Principles and IFC Performance Standard compliance.' However, ING did not respond to the specific concerns of negative impacts for local communities and the environment.

In February 2018, Responsibank replied to ING's letter and made a second complaint, arguing that the facts on the ground disproved ING's arguments about Equator compliance, and highlighting several points from the original complaint that ING had failed to respond to, including a list of negative impacts to local communities resulting from the Cirebon coal power plant. ING did not respond.

In April 2021, Responsibank filed a [third complaint](#), with updated information about the project's impacts and concrete requests to ING to set out the steps it is taking to minimise negative impacts or withdraw from financing. Responsibank requested a response by June 15th, 2021; however the bank did not respond until September 6th, when it invited Responsibank for a dialogue meeting in Singapore. At the time of writing, this meeting has not yet taken place.

## EQUATOR COMPLIANCE REVIEW

Country designation	Project Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Non-designated	Category A	<a href="#">Available</a>	N/A	<a href="#">Available</a>	Not found

As the project reached financial close in 2017, it is governed by the requirements set out in EP3. This means that a Climate Change Risk Assessment (CCRA) was not required of the project sponsor. However, the requirements to publish a summary of the Environmental and Social Impact Assessment (ESIA) and to conduct an alternatives analysis remain.

The ESIA documents for the project can be found on the websites of both [JBIC](#) and [NEXI](#). Two ESIA's have been conducted for this project due to the original environmental permit being cancelled after a community lawsuit in April 2017. Another ESIA was then conducted, however this did not include [consultation with the community](#). We could not find an alternatives analysis which evaluates lower GHG intensive alternatives.

Cirebon Power has reported on GHG emissions in both [2016](#) and [2017](#), however there is no reporting on emissions for subsequent years. Additionally, these reports likely only account for a small portion of Scope 1 emissions, with no mention of other indirect emissions. The Cirebon Sustainability Report also only refers to Scope 1 emissions. As the Equator Principles require annual GHG emissions reports to refer to combined Scope 1 and 2 emissions and, if appropriate, the GHG efficiency ratio during the operational phase of the project, the reports published by the company do not meet the EP requirements.

Therefore, the project is **not in full compliance** with the basic climate-related requirements of the Equator Principles. The company failed to conduct an alternatives analysis and publish, at a minimum, a summary as part of the ESIA. The company must update the GHG emissions reporting to include more recent years and to cover combined Scope 1 and 2 emissions.



# KOBE COAL-FIRED POWER PLANT

**LOCATION:** Kobe-shi, Hyogo, Japan

**SECTOR:** Kobelco Power Kobe-2

**STATUS OF PROJECT:** Unit 3: Trialling; Unit 4: Under Construction

## ABOUT THIS PROJECT

A Kobe Coal-fired power plant is operated by [Kobe Steel Ltd.](#) (Kobelco) and started generating electricity at a with two 700 MW generating units, Unit 1 and 2 (1,400 MW in total), in 2002 and 2004 respectively. In 2014, they announced new plans to construct two 650 MW coal-fired units: Unit 3 and 4. A contract to deliver power to Kansai Electric Power Co., Inc. was signed in March 2015. Kobe Steel established a subsidiary, Kobelco Power Kobe No. 2, Inc., especially for Units 3 and 4, in March 2018. Construction of Units 3 and 4 [started](#) in October 2018. The company aims to [begin operating](#) Unit 3 in 2021 and Unit 4 in 2022. Unit 3 was [ignited for a trial run](#) on May 5, 2021.

Kobelco is planning to [co-fire ammonia](#) at Units 1 and 2 [sometime after 2030](#) and to completely shift to ammonia or biomass as part of its strategy to achieve carbon neutrality by 2050. However, it is unclear when and how Kobelco will shift fuels for Units 3 and 4.

## FINANCING

The total cost of the project is unknown but it reached a financial close in August 2018 for a total amount of US\$ 2,155 million.

### EPFIS THAT DISCLOSED LENDING

Mizuho, SMBC, MUFG

### EPFIS THAT DID NOT DISCLOSE LENDING

Development Bank of Japan

### OTHER FIS

None

Source: [IIGlobal](#), accessed August 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))

## OPPOSITION AND LAWSUIT BY COMMUNITY GROUP

In 2017, the community group “[No Coal Kobe](#)” was established by a coalition of pollution victims associations, local environmental groups, environmental NGOs, and researchers. In the first ever case of its kind in Japan, they [launched a major petition](#) through a pollution mediation process in Hyogo Prefecture seeking to cancel the construction of the new units of the Kobe Coal-fired Power Plant. The plaintiffs and their legal team claim that the investigation, projections, and assessments of the project’s impacts on lives and health due to air pollution and climate change were not conducted properly. Additionally, in September 2018, local residents initiated a civil lawsuit seeking an injunction to stop the coal-fired power plant’s construction and operation, targeting three companies: Kobe Steel, Kobelco Power Kobe 2 and Kansai Electric Power (KEPCO). The administrative lawsuit, demanding the cancellation of the notice of finalisation of the project’s environmental assessment and to regulate CO2 emissions, was [dismissed](#) on 15th March, 2021. The court ruled that the environmental assessment is not illegal and consequently allowed the construction of Units 3 and 4. The group appealed against this ruling on 26th March, 2021. The civil lawsuit is still ongoing and was listed on the UNEP’s “[Global Climate Litigation Report 2020 Status Review](#)”.

## CLIMATE IMPACT

Once the two new units begin operation, they will emit 6.9 million tons of CO<sub>2</sub> per year. The expected amount of emissions with operating units 1 and 2 combined will be 14 million tons of CO<sub>2</sub> per year. This conflicts with Japan's 2030 and 2050 climate targets.

## ENVIRONMENTAL AND COMMUNITY IMPACTS

On 30th August 2018, Kobe Steel entered into an environmental conservation agreement with the city of Kobe for its Kobe Coal-fired Power Plant, with the aim of preventing pollution and protecting the environment. Despite this agreement, local residents are concerned about the power plant's impact on air pollution and climate change and insisted that the operation of the new coal-fired units would violate their right to clean air and a healthy environment.

The Kobe coal power plant is located very close to the centre of Kobe city where around 1.5 million people live. The nearest residence area is only 400 meters away from the boundary of the Kobe Steel construction site with many schools, hospitals and parks nearby. Residents of Kobe city have already been suffering from a high number of cases of chronic bronchitis, asthmatic bronchitis and emphysema due to significant air pollution for many years and the city has been designated by the national and prefectural governments as an area in need of prioritised measures to combat these health effects. The new power plant units will increase the amount of emissions of air pollutants such as nitrogen oxide, sulphur oxides and fine particulate matter, and will therefore worsen the air quality in the area. The nitrogen oxide emissions are expected to increase by nearly 500 tonnes per year.

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Designated	Category A	<u>Available</u> (in Japanese)	N/A	N/A	Not found

As the project reached financial close in 2018, it is governed by the requirements set out in EP3. This means that a Climate Change Risk Assessment (CCRA) was not required of the project sponsor. However, the requirements to publish a summary of the Environmental and Social Impact Assessment (ESIA) and annual GHG emissions reports, and to conduct an alternatives analysis remain.

The Environmental Impact Assessment documents for Units 3 and 4 of the Kobe Coal-fired Power Plant project are available on the Kobe City website in Japanese. These documents also include information on the expected GHG emissions of the project. As the project is not yet in its operational phase, the project sponsor has not published annual GHG emissions reports in line with the requirements set out in the Equator Principles. We found no evidence that an alternatives analysis, which evaluates lower GHG intensive alternatives, was conducted by the company.

Therefore, this project is **not in full compliance** with the basic climate-related requirements set out in the Equator Principles. The company must, in line with the EPs, conduct an alternatives analysis and one would expect the company to publish, at minimum, a summary of that analysis. It is also required that the company publish annual GHG emissions reports whilst the project is in operation.





# VUNG ANG II COAL POWER PLANT

**LOCATION:** Ha Tinh, Vietnam

**SECTOR:** Coal Electric Power Generation

**STATUS OF PROJECT:** Under Construction

See the BankTrack dodgy deal profile on this project [here](#).

## ABOUT THIS PROJECT

The Vung Ang II Coal-fired Power Plant is [part of the Vung Ang thermal power centre](#) and is the second complex of the plant located in the Vung Ang economic zone in Ha Tinh province in Vietnam. Vung Ang II will be constructed adjacent to Vung Ang I, which is [already in operation](#). It consists of two units with a total capacity of 1,200 MW. The first unit is expected to be [commissioned](#) in 2024, the second one in 2025. The project is run by Vung Ang II Thermal Power Limited Liability Company (VAPCO), formed by Mitsubishi Corp (40%), Chugoku Electric Power Co (20%), and Korea Electric Power Corporation (KEPCO) (40%). The engineering, procurement and construction ([EPC contractors](#)) for the project are Doosan Heavy Industries & Construction and Samsung C&T. Land clearance for the project has [recently started](#).

## FINANCING

This project reached a financial close in December 2020 for a total amount of US\$ 1.767 billion. BNP Paribas initially acted as the financial advisor to the project but was [replaced by Mizuho](#) in 2018. Mitsubishi Corp., KEPCO, Chugoku Electric Power and Shikoku Electric Power made a combined US\$527 million [equity investment](#).

### EPFIS THAT DISCLOSED LENDING

None

### EPFIS THAT DID NOT DISCLOSE LENDING

SMBC, MUFG, Mizuho, Sumitomo Mitsui Trust Holdings

### OTHER FIS

Bank of China, JBIC, Export-Import Bank of Korea.

Source: [IJGlobal](#), accessed August 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))

## CLIMATE IMPACT

The Vung Ang II Coal-Fired Power Plant Project is expected to emit [more than 10 million tonnes](#) of CO2 per year. This increase in greenhouse gas emissions not only diminishes our chances of staying below 1.5°C, it will more directly have an impact on Vietnam as a country that is [susceptible to the impacts of climate change](#), with significant flood risks, especially along coastal areas and delta.

trapped in the air. While the emissions calculated in the EIA report would actually comply with Vietnamese emissions standards, these standards are [significantly weaker](#) than internationally determined standards, like those in the European Union.

## ENVIRONMENTAL IMPACT

In order to build the power plant, [149 hectares of land](#) will need to be cleared. This land also includes 24.42 hectares of forest land of which 9.95 hectares is protected forest. Land clearance for the project has [already started](#).

Water use is another environmental concern. The Vung Ang II coal power plant will use sea water for cooling, after which the heated water will be discharged back into the sea. This discharged water would [raise ambient water temperatures by more than 3°C](#) in the dry season and could negatively affect a huge number of marine species in the Vung Ang Bay. Lastly, the disposal of coal combustion residuals such as coal ash poses threats to the environment, for instance by [contaminating groundwater and surface water](#).

Coal-fired power plants emit [large quantities of air pollutants](#), including particulate matter (PM), sulphur dioxide (SO2) and nitrogen oxides (NOx). While the 2018 Environmental Impact Assessment (EIA) report for the Vung Ang II project already predicts high quantities of air pollutants, [according to ELAW](#) the EIA Report still underestimates the level of pollution because of choosing the wrong calculation model. The coal power plant is located close to hills which makes it likely that air pollutants from the power plants will be

## COMMUNITY IMPACTS

The large quantities of pollutants and emissions coming from the Vung Ang II power plant will [adversely impact human health](#). The communities in the area are already suffering from pollution from nearby plants, including from a [toxic spill](#) from a steel plant operated by Formosa Ha Tinh Steel Corporation in 2016, several power plants operating in the same Formosa complex, and plants in development like the [Quang Trach I coal power plant](#). In addition, Vung Ang I is already in operation and communities have [reported negative health impacts](#) from dust and ash from the plant, complaining amongst other things about [chronic coughs and itchy skin](#). Healthcare centres in the surrounding areas [report](#) that they observe an increase in heart disease, stroke, lung disease, skin problems and cancers.

In addition, since 149 hectares of land in [the Ky Loi commune, Ky Trinh and Ky Long](#) will need to be cleared for the plant, together with the land cleared in the wider Vung Ang Economic Zone, approximately [9,900 residents in the Ky Loi commune alone](#) will need to be resettled, losing their farmland and livelihoods.

### A CLEAR ALTERNATIVE: RENEWABLE ENERGY

In March 2020, the [Carbon Tracker Initiative \(CTI\) found](#) that new renewables are cheaper than new coal in all major markets. To illustrate its findings, the report shows how, in 2020, new wind projects in Vietnam have a levelized cost of electricity (LCOE) of \$58 per megawatt-hour (\$/MWh) which is substantially lower than the LCOE of \$69/MWh for new coal-fired plants. Therefore, it can be presumed that utility-scale solar and wind projects in Vietnam will meet the basic purpose of a new coal-fired power plant with far less environmental and social impacts and fewer economic risks.

Both the project sponsor and financiers of the project should have been aware of this before providing finance to the project in 2020. In June 2018, the [Green Innovation and Development Centre \(Green ID\) published a report](#) showing that the LCOE of both ground-mounted solar installations and wind turbines in Vietnam would be at or below the LCOE of ultra-supercritical coal-fired power plants by the year 2020. Later in 2018, the [CTI published a report](#) concluding that by 2020 in Vietnam “it will be cheaper to invest in new solar PV than new coal and 2020 for onshore wind”. This clearly shows that there is an alternative to the Vung Ang II Coal-fired Power Plant, however this was not identified in an alternatives analysis for the project and was not taken into consideration by the financial institutions that provided finance to the project.

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Non-designated	Category A	<a href="#">Available</a> (in Vietnamese)	Not found	<a href="#">Available</a> (in Vietnamese)	Not found

This project reached financial close in December 2020 and may have been mandated after the implementation date of EP4, therefore we have assessed compliance against the requirements set out in both EP3 and EP4, including the requirement to conduct and publish, at minimum, a summary of a Climate Change Risk Assessment (CCRA) as part of the ESIA.

The full Environmental Impact Assessment (EIA) is [available online](#) on the website of the Japan Bank for International Co-operation (JBIC). The ESIA is only available in Vietnamese and therefore we have relied on basic translation and an [evaluation of the EIA by Environmental Law Alliance Worldwide \(ELAW\)](#) conducted in April 2020 to analyse the content of the EIA. Based on this, we found that the EIA included a GHG emissions report, but did not include either a CCRA or an alternatives analysis.

ELAW evaluated whether the EIA report “fulfils basic requirements of internationally-accepted best practices for informing decision-makers and stakeholders about the potential environmental impacts of the proposed project”. They concluded, *inter alia*, that the EIA report failed to examine alternatives that prevent or minimise adverse environmental impacts of the project and applied significantly weaker emission standards for the project than those used internationally, including by the European Union. Based on this, and other problems they identified with the EIA, ELAW stated that the EIA report should be rejected.

The project is **not in full compliance** with the basic climate-related requirements set out in EP4, as the project sponsor failed to include a CCRA in the ESIA or conduct an alternatives analysis. The company must publish a CCRA as part of an updated ESIA and conduct an alternative analysis which evaluates lower GHG intensive alternatives. In line with the EPs, one would expect the company to publish, at minimum, a summary of this alternative analysis as part of an updated ESIA. In addition, according to the ELAW evaluation of the EIA report, the GHG emissions report provided by the company is inadequate. The company should publicly report annually on the GHG emissions of the project and ensure that the emissions standards for the project used are based on international best practice.





# OIL & GAS PIPELINES

Oil and gas pipelines are part of the 'midstream' infrastructure in the oil and gas sector, transporting oil or gas from 'upstream' production sites to 'downstream' oil refineries, LNG terminals or customers. Without these pipelines, the development of the oil and gas reserves they are designed to serve will often be impossible. Therefore, pipelines act as the bottleneck between the production site and the international market, as in the case of the [Line 3 replacement project](#) and the [East African Crude Oil Pipeline](#). Pipelines often cross natural reserves and freshwater supplies, which can make the prospect of a potential leak catastrophic.

Astonishingly there are currently [212,000](#) kilometres of oil and gas pipelines being planned or under construction – enough to circumnavigate the globe 5 times. The additional oil and gas to be transported by these pipelines will emit an estimated [170 gigatons](#) of CO<sub>2</sub> during their planned lifetimes, equivalent to four times the world's total CO<sub>2</sub> emissions in 2019.

Apart from the lock-in of future emissions, oil and gas pipelines also have severe environmental and human rights impacts. Oil and gas pipelines often run right through communities, including Indigenous communities, leading to frequent opposition. Furthermore, leaks from these pipelines, which happen [very often](#), cause oil spills, gas explosions or release methane, a very potent greenhouse gas, into the atmosphere.

Despite these impacts on climate, environment and human rights, **Equator banks reported financing a total of 25 crude oil or gas pipelines since 2016**. Below we highlight three of these destructive pipeline projects.



# COASTAL GASLINK PIPELINE

**LOCATION:** British Columbia, Canada

**SECTOR:** Pipeline Transportation of Natural Gas

**STATUS OF PROJECT:** Under Construction

See the BankTrack dodgy deal profile on this project [here](#).

## ABOUT THIS PROJECT

The Coastal GasLink pipeline is a **670-kilometre** pipeline currently under construction in British Columbia, Canada. The proposed route of the pipeline will run through the lands of the **Wet'suwet'en** nation. The pipeline is intended to transport fracked gas from Dawson Creek to Kitimat. From there, LNG Canada will convert the gas into liquefied natural gas (LNG) for export to global markets. The pipeline is expected to start operating in 2023 with an initial capacity of two to three billion cubic feet of gas per day. It has the capacity to expand to **five billion** cubic feet of gas per day. Initially, the project was fully owned by TransCanada Pipelines, a 100% subsidiary of TC Energy, but in December 2019, a 65% stake in the project was sold to US private equity company KKR and Alberta Investment Management Corporation (AIMCo).

## FINANCING

In April 2020, TC Energy secured **project financing** for the pipeline to the amount of **CAD 6.4 billion**, estimated to cover 80% of the project costs. Five commercial banks, Royal Bank of Canada, Bank of Montreal, Scotiabank, CIBC and TD Bank also provided the project with working capital to the amount of CAD 200 million. In October 2021 the project finance loan was extended by a number of commercial banks to the amount of CAD 159 million, bringing the total debt finance to CAD 6.8 billion. Royal Bank of Canada acts as financial advisor to the project. The remaining costs will be provided through equity by **TC Energy**.

## CLIMATE IMPACT

It is expected that the Coastal GasLink pipeline will transport up to five billion cubic feet of gas every day when in operation. When burned, this natural gas is equivalent to the emissions of **585.5 million pounds** of CO2 every day. This corresponds to approximately 13% of Canada's daily greenhouse gas emissions in 2017. In June 2020, an article published by Canada's National Observer set out how the Canadian government is **undermining its own climate goals** by supporting pipeline projects such as the Coastal GasLink pipeline.

## ENVIRONMENTAL IMPACTS

Aside from the obvious climate risks of the pipeline, there are also other environmental risks such as pollution and diesel spills. The Coastal GasLink pipeline will carry gas fracked from the Montney Shale Formation. Hydraulic fracturing, or fracking, is the technology being used to develop unconventional hydrocarbon reservoirs and scientific research shows that the employment of such fracking **negatively impacts** public health, water, soil and air. The technique makes use of several dangerous chemicals that are released during the process causing pollution. Furthermore, in June 2020, there were **reports of two fuel spills** that occurred on Wet'suwet'en territory which both caused 500 litres of diesel to leak into the ground. Both of these spills were not reported to the hereditary chiefs until days after the fact.

## EPFIS THAT DISCLOSED LENDING

Bank of Montreal (BMO), Caixabank, CIBC, Citi, National Australia Bank (NAB), Royal Bank of Canada (RBC), Scotiabank.

## EPFIS THAT DID NOT DISCLOSE LENDING

Bank of America, Export Development Canada, JPMorgan Chase, KB Financial Group, KfW IPEX-Bank, Mizuho, MUFG, SMBC, Sumitomo Mitsui Trust Holdings, TD Bank.

## OTHER FIS

ATB Financial, Bank of China, Canadian Western Bank, China Construction Bank, ICBC, Landesbank Baden Württemberg, National Bank of Canada, Raymond James, Truist Financial Corporation, United Overseas Bank\*

\*United Overseas Bank was not an EPFI at the time of financial close.

Source: [IJGlobal](#), accessed September 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))

According to hereditary chiefs, the project does not comply with the conditions set out in the initial Environmental Assessment Certificate of 2014. In its **inspection reports**, the Environmental Assessment Office (EAO) notes dozens of violations, **ranging from** blocking Indigenous People from accessing their traplines to missing deadlines on commitments to conserve the caribou and endangered plants. In June 2020, the EAO found that TC Energy had cleared a large stretch of protected wetland areas, which are of cultural and ecological importance for the Wet'suwet'en and serve as habitats for **various at risk species, without proper surveying and planning**. In total, **42 wetlands** have already been affected by construction and, if construction continues without site-specific mitigation strategies, more than 300 protected wetlands will eventually be affected.

## COMMUNITY IMPACTS

The Coastal GasLink pipeline will run directly through the lands of the Wet'suwet'en nation. In violation of the [United National Declaration on the Rights of Indigenous Peoples](#), the project did not receive the free, prior and informed consent for the construction of the pipeline from the lands' title holders. In retaliation to Wet'suwet'en resistance to the pipeline, the Royal Canadian Mounted Police has spent [almost CA\\$ 20 million](#) on policing the area and violently removing Indigenous peoples from their land.

In February 2020, the hereditary chiefs of the Wet'suwet'en nation filed an application to the Supreme Court, [requesting a judicial review](#) of the decision made by the EAO to grant an extension to the Environmental Assessment Certificate for the project. The chiefs argue that the extension, which was granted in October 2019, should not have been granted based on the project's non-compliance with the conditions of its permits as well as the findings of Canada's [National Inquiry on Missing and Murdered Women](#). The inquiry found that there is [substantial evidence](#) that natural resource projects increase violence against Indigenous women and children and two-spirit individuals' through the creation of 'man camps'.

Also connected to the development of the Coastal GasLink pipeline are the health issues related to fracking activities in Dawson Creek, where the natural gas that the pipeline will carry is fracked. Physicians [reported](#) seeing patients with symptoms they could not explain, such as nosebleeds, respiratory illnesses and rare cancer types which can be attributed to highly toxic chemicals like benzene, toluene, butoxyethanol and heavy metals which seep into drinking water as a [result of fracking](#).

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Designated	Category A	<a href="#">Available</a>	N/A	N/A	<a href="#">Available</a>

This project reached financial close in April 2020 and therefore, as EP4 came into effect from October 1st 2020, it is governed by the requirements under EP3. However, as EP4 was released in November 2019 and EPFIs were encouraged, although not mandated, to apply the updated version of the Principles to transactions before EP4 officially came into effect, we have sought to analyse the project in light of the requirements set out in EP4 in addition to EP3.

The Environmental and Social Impact Assessment (ESIA) for this project is provided in an "assessment report" prepared by the Environmental Assessment Office (EAO) in October 2014. This assesses the potential adverse environmental, economic, social, heritage and health effects of the Coastal GasLink Project and formed part of the certification process for the project. However, the assessment report states that it is "not possible to estimate the impacts of an individual project's emission on global climate change" and provides no details on the physical or transition risks the project might cause in line with the requirements for a Climate Change Risk Assessment (CCRA) under EP4, which the bank and project sponsor would have been aware of at the time of financial close.

As this project is not in its operational phase, there have been no greenhouse gas (GHG) emissions reports published yet. The assessment report does, however, include a section on GHG emissions (Section 5.3) and a [GHG emissions management plan](#) from 2016 can be found on the EAO website. The assessment report includes a section on alternative means of undertaking the proposed project (Section 2.4), however it only considers alternative routes for the pipeline. It does not evaluate other technically and financially feasible and cost-effective options that would reduce project-related GHG emissions in line with requirements set out in the EPs.

The project is in compliance with the two relevant climate-related requirements of EP3, however there still remains a lack of information on the climate change risks of the project. Additionally, the alternatives analysis does not meet the requirements set out in Annex A of the EPs, and the project is therefore **not in full compliance with EP3**. The project sponsor has not provided a CCRA in line with EP4, despite the fact that it would have been aware of the requirements set out in EP4 at the time of financial close, meaning the project is also **not in compliance with EP4**. The assessment report provided by the EAO does not provide sufficient information to meet each of these criteria and one would expect the project sponsor to publish a full ESIA including a CCRA and an adequate alternatives analysis. It is important that the company publicly report annually on the project's GHG emissions during the operational phase of the project, in line with the requirements set out in the EPs.



# TRANS ADRIATIC PIPELINE

**LOCATION:** Greece, Albania, Italy

**SECTOR:** Pipeline Transportation of Gas

**STATUS OF PROJECT:** Operational

See the BankTrack dodgy deal profile on this project [here](#).

## ABOUT THIS PROJECT

The Trans Adriatic Pipeline (TAP) project is the western extension of the [Southern Gas Corridor](#) (SGC). SGC exports natural gas – initially 10 billion cubic metres (bcm) per year but with [capacity](#) to expand to 20 bcm – from the Shah Deniz II field in the Caspian Sea to western markets via the South Caucasus Pipeline extension (Azerbaijan to Georgia), on through the Trans-Anatolian pipeline (TANAP) stretching across Turkey, and then joining up with TAP at the border of Turkey and Greece. With estimated construction costs of [over EUR 5 billion](#), TAP runs for [878 kilometres](#) in total across northern Greece (550 km), Albania (215 km), the Adriatic Sea (105 km), makes landfall in Italy at a small, popular beach in San Foca, and concludes with a short pipeline section (8 km). A further 55 km pipeline, the TAP Interconnection, connects TAP to the Italian gas network.

## FINANCING

In addition to public finance provided by the [host countries](#), the project reached a [financial close](#) in 2018 for a total amount of EUR 3.9 billion. Financing was provided by 17 commercial banks, through a EUR 635 million commercial loan facility and a EUR 500 million loan through the European Bank for Reconstruction and Development (EBRD). The European Investment Bank (EIB) also provided a EUR 700 credit facility, under guarantee from the EU. The export credit agencies bpifrance (EUR 450 million), Euler Hermes (EUR 280 million) and SACE (EUR 700 million) covered part of the financing. Société Générale acted as financial advisor for TAP AG.

### EPFIS THAT DISCLOSED LENDING

Santander; Caixabank; Crédit Agricole; Intesa San Paolo; KDB; Mizuho; MUFG; Natixis; SMBC; Société Générale; Standard Chartered; UniCredit

### EPFIS THAT DID NOT DISCLOSE LENDING

BNP Paribas, ING

### OTHER FIS

Bank of China, bpifrance, EBRD, EIB, Euler Hermes, SACE, Helaba, UBI Banca

Source: IJGlobal, accessed August 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))



[Construction](#) started in 2016 and [according to TAP AG](#), commercial operations began on 15 November 2020. Italy's [Ministry of Ecological Transition](#) reports that over 2.5 billion cubic metres of gas have been delivered so far. The [shareholders of TAP AG](#), the company that constructed and now operates the pipeline, are oil major BP (20%), the State Oil Company of Azerbaijan Republic (SOCAR, 20%), Italian energy infrastructure company Snam (20%), Belgium's Fluxys (19%), Spain's Enagás (16%) and Switzerland's Axpo (5%).

## ENVIRONMENTAL IMPACT

In addition to the destruction of highly fertile agricultural land in all three countries, local communities in Melendugno, Italy, where the pipeline reaches land after crossing the Adriatic sea, [fear the destruction](#) of their coastline and negative effects on tourism, agriculture and fisheries. The TAP consortium, as well as 18 executives from both the company itself and some of its contractors are currently [under trial](#) in Italy for environmental disaster.

## CLIMATE IMPACT

Analysis by [CEE BankWatch and Observatori del Deute en la Globalització \(ODG\)](#) showed that gas from the Southern Gas Corridor is likely to be as climate-damaging as coal. It also shows that the Southern Gas Corridor will already in its first stage cause annual CO2 emissions of at least 55,000 kiloton CO2 equivalent (ktCO2eq), which is comparable to the annual emissions of Bulgaria. Following a [complaint](#) by CEE BankWatch, Counter Balance, Re:Common and Friends of the Earth Europe that the environmental assessment of the project by the EU was based on outdated science and did not include all emissions, the Ombudsman of the European Union opened a formal investigation. TAP is also at high risk of becoming a [stranded asset](#), as the EU already has a surplus of gas import infrastructure, and the EU's own 2050 Energy Strategy expects natural gas imports to further decrease.

## COMMUNITY IMPACTS

The pipeline's route crosses highly fertile agricultural land in all three countries it runs through, and the project has faced widespread opposition from affected communities. Fact-finding missions by [Re:Common](#) and [CEE BankWatch](#) have found evidence of involuntary resettlement, land right violations and unpaid compensation.

Several of the companies involved in the construction of the Southern Gas Corridor have a history of [corruption](#). For example, three Greek companies involved in the building of the Trans Adriatic Pipeline (TAP) – Ellaktor (through the subsidiary Aktor), J&P Avax, and GEK Terna – are considered by the authorities to be part of a cartel which was operating in the construction sector for nearly 30 years. Firms in this group are alleged to have been taking turns in winning large public tenders and then dividing them among the group.

Opposition has been strongest in Italy, where around 200 families, local fisheries and a burgeoning local tourism sector are directly affected by the project. Up to 2000 more land-owners are affected by the construction of the TAP Interconnection gas pipeline. There are ongoing trials against around 100 protesters that were involved in peaceful protests against the project. In [March 2021](#), over 90 people were sentenced in the court of first instance with prison time, interdictions from public office for up to five years, and hundreds of thousands of Euros in fines. This is the latest development in [a prolonged saga](#) of state repression and judicial harassment faced by the community.



Construction of TAP pipeline in Albania

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Designated & non-designated	Category A	<a href="#">Available</a>	N/A	N/A	<a href="#">Available</a>

As the project reached financial close in 2018, it is governed by the requirements set out in EP3. This means that a Climate Change Risk Assessment (CCRA) was not required of the project sponsor. However, the requirements to publish a summary of the Environmental and Social Impact Assessment (ESIA) and annual GHG emissions reports, and to conduct an alternatives analysis remain.

Full ESIA reports for each country – Greece, Albania and Italy – can be found on the project website, and also include an alternatives analysis for each country. However, the alternatives analyses only include a “route alternatives assessment”, covering the selection of the onshore and offshore pipeline route, and do not evaluate other technically and financially feasible and cost-effective options further upstream that would reduce project-related GHG emissions in line with requirements set out in the EPs. As the project only became operational in 2021, there have been no annual greenhouse gas (GHG) emissions reports published yet, however the ESIA provides no details on the expected GHG emissions of the project.

While the project is in compliance with the two relevant climate-related criteria of the Equator Principles, the alternatives analysis does not meet the requirements set out in Annex A of the EPs and is, therefore, **not in full compliance** with the Principles. The project sponsor should have conducted a more extensive alternatives analysis in line with the requirements set out in the Principles and one would expect them to, at minimum and in line with the EPs, publish a summary of this analysis. It is important that the company publicly report annually on the project's GHG emissions during its operational phase, in line with the requirements set out in the EPs.



# EAST AFRICAN CRUDE OIL PIPELINE

**LOCATION:** Uganda and Tanzania

**SECTOR:** Pipeline Transportation of Crude Oil

**STATUS OF PROJECT:** Planned

See the BankTrack dodgy deal profile on this project [here](#).

## ABOUT THIS PROJECT

The [East African Crude Oil Pipeline](#) (EACOP) is a proposed 1,445-kilometer pipeline that will transport oil for the international market from the Kingfisher and Tilenga oil fields in Hoima, Uganda to the port of Tanga in Tanzania. If completed, it will be the longest heated pipeline in the world. Of the project sponsors, TotalEnergies [owns a majority](#) 62% stake, followed by the Ugandan National Oil Company (UNOC) with 15%, Tanzania Petroleum Development Corporation (TPDC) with 15% and CNOOC Ltd (part of China National Offshore Oil Corporation) with 8%.

## FINANCING

The EACOP project is expected to cost US\$ 5 billion. The EACOP project has not yet reached financial close and is seeking a project finance loan of US\$ 3 billion, with the remaining finance to be met by the project owners. Three banks are [involved as financial advisors](#): Sumitomo Mitsui Banking Corporation (SMBC) of Japan, advising Total; Stanbic Bank Uganda, a subsidiary of South Africa's Standard Bank, advising Uganda and Tanzania; and the Industrial and Commercial Bank of China (ICBC), advising CNOOC. Both SMBC and Standard Bank are Equator Principles signatories.

## CLIMATE IMPACT

The EACOP pipeline is expected to carry [216,000](#) barrels of crude oil per day at peak production. Combustion of this oil would result in CO2 emissions of over [33 million tonnes](#) a year, significantly greater than the combined emissions of Uganda and Tanzania. A [report](#) from the Carbon Tracker Initiative named parts of the Tilenga project as among the largest oil blocks that are not viable under the IEA's Sustainable Development Scenario.

## ENVIRONMENTAL IMPACTS

Nearly [2,000 square kilometres](#) of protected wildlife habitats will be negatively impacted by the EACOP project. Among the areas to be impacted by the project are: the Murchison Falls National Park, the Bugoma Forest Reserve, and Taala Forest Reserve in Uganda; and Biharamulo Game Reserve, Wembere Steppe Key Biodiversity Area and two important Ecologically or Biologically Significant Marine Areas (EBSAs) in Tanzania. In all, some 500 square kilometres of wildlife corridors for Eastern Chimpanzees and African Elephants are likely to be [severely degraded](#), and the homes of lions, buffalo, elands, lesser kudu, impalas, hippos, giraffes, zebras, roan antelopes, sitatungas, sables, aardvarks, the red colobus monkey, and sea turtles [will be affected](#). In addition, the project will directly impact several [Ramsar Wetlands of International Importance](#). The pipeline also poses [high risks of freshwater pollution and degradation](#), particularly to the Lake Victoria basin, which the pipeline cuts through for over 400 kilometres. The Lake Victoria watershed is an active seismic area and there are already [several accounts](#) of oil spills or seepages in the region. Oil spillages into Lake Victoria would severely [impact people's livelihoods](#) as over 40 million people rely on the lake for their water and income.

**NEARLY 2,000 SQUARE KILOMETRES OF PROTECTED WILDLIFE HABITATS WILL BE NEGATIVELY IMPACTED BY THE EACOP PROJECT**



1. Activists from 350.org Africa hand over a petition at the Johannesburg offices of Standard Bank on the day before the bank's Annual General Meeting
2. Global action targeting MUFG

## COMMUNITY IMPACTS

In total, 5,300 hectares of land will be needed for construction and operation of the pipeline, meaning around 13,000 households, or 86,000 individuals in Ugandan and Tanzania will lose land as a result of the project, with thousands more to be affected by the associated oil extraction. The valuation and compensation process for this land was highly flawed. Local community representatives report having been harassed, forced to sign different forms without clear explanation, stamp and sign empty forms, and fill valuation forms using a pencil but sign in ink. People whose land is being compulsorily acquired for the EACOP project also face intimidation from people associated with the project.

Even though construction of the pipeline has not yet officially started, the project has already severely impacted local communities. Cut-off dates, after which compensation will not be paid for new permanent developments on land valued and demarcated for the project, were already announced in 2019 in Uganda, and in 2018 in Tanzania. However, to date compensation has still not been paid. The delays in paying compensation and the restrictions on using the land have a severe impact on people's livelihoods and the continuation of everyday life. Women are likely to be disproportionately affected by the project's impacts, with one real risk being an increase in gender-based violence due to an influx of male workers for the EACOP project.

There have also been several instances of civil society members and journalists who speak up about the social and environmental consequences of EACOP and the Tilenga project being intimidated and even arrested. Recently Ugandan human rights defender Maxwell Atuhura and Italian journalist Federica Marsi were arrested while they were documenting human rights abuses of affected communities in the region. In August 2021 several civil society groups were suspended for spurious reasons, in a move described as "political persecution." Despite the difficult circumstances, the project faces significant local community and civil society resistance. A growing coalition of local and international organisations, the #StopEACOP coalition, is advocating for an end to the project.



Protesters outside Standard Bank's Annual General Meeting, 21st May 2021

Still from EACOP information video.  
Click image to view.

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Non-designated	Unknown	<a href="#">Available</a>	Not found	N/A	<a href="#">Available</a>

This project has not yet reached financial close and is currently seeking a project finance loan. However, two banks involved as financial advisors to the project – SMBC and Standard Bank – are EPFIs and therefore required to conform with the standards as set out in EP4.

The full Environmental and Social Impact Assessment (ESIA) for both Uganda and Tanzania are available on the project website. Whilst section 6.6 of the ESIA refers to "global climate, including energy use, greenhouse gas emissions, carbon storage and sequestration, and local and global climate regulation", it does not meet the criteria set out in the EPs and implementation guidance to constitute a Climate Change Risk Assessment (CCRA).

Section 3 of the ESIA provides an alternatives analysis for the project which states that only "other modes of crude oil transport were assessed" alongside assessment of alternative routes and siting. The alternative analysis makes no reference to project options that reduce project-related GHG emissions in line with the requirements of the EPs. Section 6.6.4 of the ESIA references the GHG emissions of Uganda but this does not provide an analysis of the project's expected GHG emissions. As the project is still in the planning stage, it is unlikely that the project sponsor has published any GHG emissions reports and therefore we have not included this as an assessment criteria for this project.

Whilst the project sponsor has published a full ESIA which includes an alternative analysis, the ESIA does not yet include a CCRA despite the requirement to do so under the Principles and the alternatives analysis does not meet the criteria set out in the EPs. Therefore, the project is **not in compliance** with the EPs. The project sponsor must publish the CCRA which should address the current and anticipated physical and transition climate risks of the project's operations. The project sponsor should conduct a more extensive alternatives analysis in line with the requirements set out in the Principles and, one would expect them to, at minimum and in line with the EPs, publish a summary of this analysis. The project sponsor must also publish annual GHG emissions reports during the operational phase of the project.



# LIQUIFIED NATURAL GAS

Liquified Natural Gas (LNG) is a fossil gas that has been liquified by cooling it till about  $-160^{\circ}\text{C}$ . The fossil gas can then be transported over the sea after which it is “regasified” and fed into the local gas network. The cooling of fossil gas to LNG happens in LNG terminals. Many new LNG terminals have been built around the world as demand for fossil gas has steadily climbed in the last couple of years.

Fossil gas is often called a ‘transition fuel’ by its proponents as gas power plants release about half the amount of CO<sub>2</sub> compared to coal. However the climate impact of fossil gas extraction, energy-intensive liquefaction, shipping and re-gasification of LNG can be almost [as high](#) as the emissions of burning fossil gas itself, effectively doubling the climate impact. The environmental and climate impact of LNG is particularly high when the fossil gas was produced by hydraulic fracturing.

The comparison with coal worsens significantly if one takes into account the impact of leakages. Fossil gas or LNG consists predominantly of the potent greenhouse gas methane, and so leakages anywhere along the production chain is particularly worrisome. At a leakage rate of only [2 to 2.5%](#), fossil gas has the same climate impact [as coal](#). Although leakage rates vary significantly between projects and countries, a recent study estimated that leakage rates over the Permian basin, the epicentre of the US fracking industry, to be about [3.7%](#).

Despite this impact, **since 2016, Equator banks have reported financing at least 26 LNG projects**. Below, we have highlighted two of these LNG projects that have severe impacts on people and planet.





# MOZAMBIQUE LNG

**LOCATION:** Cabo Delgado, Mozambique

**SECTOR:** Liquefied natural gas (LNG)

**STATUS OF PROJECT:** Construction halted

See the BankTrack dodgy deal profile on this project [here](#).

## ABOUT THIS PROJECT

The [Mozambique LNG](#) Project in the Cabo Delgado province in northern Mozambique will involve the extraction, liquefaction and transportation of gas from the offshore Area 1 gas fields. Gas will be extracted from [offshore subsea wells](#) and transported via a subsea pipeline to the Afungi LNG Park, an onshore liquid natural gas (LNG) facility covering an area of 17,000 acres. [A pipeline](#) will transport the LNG to tankers for [export to](#) among other countries, France, Japan, China, and India. The LNG facility is expected to [produce](#) 12.88 million tonnes per year of LNG in its initial phase, which can be expanded to [43 million tonnes](#).

## FINANCING

The project is [estimated](#) to cost US\$ 23 billion and reached a [financial close](#) in May 2020 for a total amount of US\$ 15 billion. [Société Générale](#) is the financial advisor for the project.

The [joint venture](#) developing the project consists of TotalEnergies (26.5%), ENH Rovuma (15%), Mitsui E&P Mozambique (20%), ONGC Videsh (10%), Beas Rovuma Energy Mozambique Limit (10%), BPRL Ventures Mozambique (10%), and PTTEP Mozambique (8.5%).

While construction had already [started](#), TotalEnergies suspended the project indefinitely [declaring force majeure](#) on 26th April, 2021, following a spike in militant attacks in the region.

## CLIMATE IMPACT

The [environmental impact assessment](#) of the project estimates the project's direct emissions at 12.9 million tonnes of CO<sub>2</sub> per year. However, the proposed LNG facility will release a large amount of methane and according to according to Friends of the Earth US, Justiça Ambiental/Friends of the Earth Mozambique, and the Center for Biological Diversity, the [assessment underestimates](#) the impact of methane that will be released during the extraction, processing and transportation of the natural gas. Methane is [87 times as potent as CO<sub>2</sub>](#) over 20 years. When this is taken into consideration direct emissions are [closer to 44.9 million tonnes](#) per year.

## EPFIS THAT DISCLOSED LENDING

Crédit Agricole, FirstRand.

## EPFIS THAT DID NOT DISCLOSE LENDING

Absa bank, JPMorgan Chase, MUFG, Mizuho, Nedbank, Shinsei Bank, Société Générale, Standard Bank, Standard Chartered, SMBC, Sumitomo Mitsui Trust Holdings, Export Import Bank of the United States, UK Export Finance, Shinsei Bank, Nippon Life Insurance Company.

## OTHER FIS

Export-Import Bank of Thailand, ICBC, African Development Bank, Japan Bank for International Cooperation (JBIC), Cassa Depositi e Prestiti, Development Bank of Southern Africa, Rand Merchant Bank, African Export Import Bank, Industrial Development Corporation of South Africa. Bank of China, JBIC, Export-Import Bank of Korea

Source: [IJGlobal](#), accessed August 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))

## ENVIRONMENTAL IMPACT

The Mozambique LNG project is [located](#) in an area with unique but vulnerable ecosystems important for biodiversity such as mangrove forests, coral reefs and seagrass beds, including the Quirimbas National Park, a [UNESCO Biosphere Reserve](#). The project puts these unique ecosystems and the many species of flora and fauna that inhabit the area, including endangered species, [at great risk](#) of damage or destruction through a [range of impacts](#), including direct destruction of habitats, introduction of invasive species, emissions, and soil erosion. Animals at risk of being impacted by the project include [a number of species](#), such as sei whales, Indian yellow nosed albatross, leatherback, and hawksbill turtles, that are considered threatened by the International Union for Conservation of Nature (IUCN). The seismic survey has [reportedly](#) already led to the death of shallow-water bottom-feeding sea-grass fish, shellfish and turtles.

## COMMUNITY IMPACTS

On top of facing the consequences from the ongoing violent conflict in the Cabo Delgado province, which has left over 1,000 people dead and displaced more than 800,000 people, people's lives are also being wrecked by the LNG project. The community consultation process for the project was faulty and inadequate and the project sponsors have failed to observe due process in respecting the pre-existing land rights of community members. Forced displacements have already taken place to make way for the onshore facilities. So far 556 families have been relocated and 2,000 families will be moved in the near future. Fishing communities have been moved 10 kilometres inland, losing their means of income as a consequence. In addition, the method to determine compensation for families that have been relocated was inaccurate and compensation is consequently inadequate.

People not only live in fear of militant attacks but also of violence and harassment from the army and private security companies. To protect the project's facilities, the government has brought the military into the area, while gas companies have contracted several foreign private security companies. Many private security companies, including the Russian paramilitary organisation, the Wagner group, and Dyck Advisory Group from South Africa, have been in Cabo Delgado recently. Local communities report living under constant fear of mistreatment by the military and by private security actors rather than feeling protected from the attacks. Furthermore, many journalists working in Cabo Delgado, especially those reporting on the violence and its links to the LNG industry, have been arrested or detained without charge over the last couple of years and some have even disappeared.



Village of Quitunda where residents were relocated



Protest outside Standard Bank during its AGM

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Non-designated	Category A	<u>Available</u>	N/A	N/A	<u>Available</u>

This project reached financial close in May 2020 and therefore, as EP4 came into effect from October 1st 2020, it is governed by the requirements under EP3. However, as EP4 was released in November 2019 and EPFIs were encouraged, although not mandated, to apply the updated version of the Principles to transactions before EP4 officially came into effect, we have sought to analyse the project in light of the requirements set out in both EP3 and EP4.

The full Environmental and Social Impact Assessment (ESIA) can be found on the project website, however due to a major increase in violence in the project area since the ESIA was conducted, local groups argue that the ESIA is, in some areas, obsolete and a new ESIA must be undertaken which also addresses the shortcomings in the consultation process. The ESIA provides no details on the physical or transition risks the project might cause in line with the requirements for a Climate Change Risk Assessment (CCRA) under EP4, which the bank and project sponsor would have been aware of at the time of financial close.

Section 12.3 of the ESIA includes information on the expected GHG emissions of the project as compared to the expected increase in GHG emissions in Mozambique and benchmarked against international LNG facilities. The report excludes Scope 3 emissions, meaning that the estimate made in the ESIA – which claims that the terminal's activities will account for 10% of Mozambique's national GHG emissions – does not include the estimated emissions from burning LNG. As such, the terminal's contribution to national emissions is actually much more significant than presented in the ESIA. As this project is not in its operational phase, there have been no greenhouse gas (GHG) emissions reports published yet.

Section 5 of the ESIA presents the alternative analysis, which addresses "site alternatives; layout alternatives; technology and process alternatives; and no-go alternative". The alternative analysis states that the project will "increase Mozambique's contribution to global greenhouse gas emissions" and that if the project did not go ahead this would be avoided. However, it does not evaluate other options to reduce project-related GHG emissions such as "comparisons to other viable technologies" or "alternative fuel or energy sources", in line with the EPs.

Whilst the project sponsor has published a full ESIA which includes information on GHG emissions and an alternative analysis, this analysis does not meet the criteria set out in the EPs and there is a lack of information on the climate change risks of the project. In addition, the ESIA is now outdated and, in some instances, obsolete due to the increase in violence in the project area. Therefore, the project is **not in compliance with EP3**. The project sponsor has also failed to provide evidence of a CCRA in line with the requirements of EP4, meaning the project is also **not in compliance with EP4**. The project sponsor, taking into account the concerns of local groups, must conduct a new ESIA which includes a CCRA that addresses the current and anticipated physical and transition climate risks of the project's operations. The project sponsor should conduct a more extensive alternatives analysis in line with the requirements set out in the Principles and, one would expect them to, at minimum and in line with the EPs, publish a summary of this analysis.

Example of an LNG terminal



# NIGERIA LNG LIMITED

**LOCATION:** Finima, Bonny Island in the Niger Delta, Nigeria

**SECTOR:** Liquefied Natural Gas (LNG)

**STATUS OF PROJECT:** Under construction

## ABOUT THIS PROJECT

**A** [Nigeria LNG Limited](#) is an LNG terminal on 2.27 square kilometres (km<sup>2</sup>) of largely reclaimed land in Finima, Bonny Island in the Niger Delta, in operation since 1999. It consists of six trains (or processing units) which together can produce 22 million tonnes of LNG per annum (mtpa), about 6% of the global LNG trade. The project is a [joint venture](#) by the Nigerian National Petroleum Corporation (NNPC), Shell, TotalEnergies and Eni. Construction on Train 7, an expansion of the project which would increase the total production capacity to 30mtpa, [started in June 2021](#).

## FINANCING

The Train 7 expansion project reached a financial close in May 2020 for a total amount of US\$ 2.77 billion. Japanese bank SMBC and Nigerian Guaranty Trust Bank were financial advisors to the project.

### EPFIS THAT DISCLOSED LENDING

DZ Bank, Standard Chartered

### EPFIS THAT DID NOT DISCLOSE LENDING

Absa Bank, Access Bank, BNP Paribas, Citi, Deutsche Bank, KfW IPEX Bank, Natixis, Santander, SMBC Group, Société Générale, Standard Bank

### OTHER FIS

[Africa Finance Corporation](#), Cassa Depositi e Prestiti, Stanbic Bank, African Export Import Bank, United Bank for Africa, Bank of China, First Bank of Nigeria, Guaranty Trust Bank, First City Monument Bank, UBI Banca, First Securities Discount House, Union Bank of Nigeria, Zenith Bank, ICBC

Source: [IJGlobal](#), accessed July 2021; bank reporting on [equator-principles.com](#) (also see BankTrack's [searchable database](#))

## CLIMATE IMPACT

The Niger Delta, in which the Nigeria LNG plant is located, is [one of the most polluted](#) areas in the world and accounts for a large part of Nigeria's emissions. This is, among other things, due to [gas venting and flaring](#), which releases substantial amounts of methane. Out of the 123 gas flaring sites in Nigeria, around [20 are located](#) on Bonny Island. Even though the project sponsors claim to have improved the energy efficiency of Train 7, the [Environmental, Social and Health Impact Assessment \(ESHIA\)](#) (on page 7) states that the overall greenhouse gas emissions of the Nigeria LNG project as a whole will nevertheless increase as a result of Train 7.

## ENVIRONMENTAL IMPACT

The Niger Delta is [the largest wetland in Africa](#) and one of the largest in the world. The area's biodiversity is of [global significance](#), and the region is home to many local and endangered species and the majority of all plant and animal species in Nigeria. However, the Delta is affected by the oil and gas industry's pollution and land degradation practices. The Nigeria LNG project has so far reclaimed [2.27 km<sup>2</sup>](#) of mostly forest and swamp land in this region, leading to a [loss of habitats and breeding grounds](#) for marine species. As part of the expansion project, up to 31 additional hectares of forest and swamp land needs to be cleared for the construction of the New Worker Village (according to the [ESHIA](#)). According to a [report](#) by Dutch civil society organisations BothEnds and Milieudefensie, clearing this land will increase the already high rate of deforestation and will further [affect](#) the biodiversity in the area. Additionally, canalization and an increase in shipping activities to facilitate the gas plant will lead to an influx of seawater, further damaging the forest.

## COMMUNITY IMPACTS

The communities in the area have suffered a range of adverse impacts from the Nigeria LNG project. When construction started in 1991, communities on Bonny Island were [relocated](#) from 'Old Finima' to 'New Finima', a reclaimed mangrove area. Community members were intimidated during the process and relocation often occurred with the use of a military task force. Many community members lost their source of livelihoods because the new site was not suitable for their traditional sources of income like fishing or cultivating certain crops. The consequent increase in poverty has led to young girls [dropping out of school](#), with some of them resorting to sex work to earn money. In addition, communities claim they still [have not received the promised compensation](#) 20 years after being relocated.

The lives of communities are further impacted by pollution. Frequent [gas flaring](#) causes acid rain and pollutes the air, rivers, streams and agricultural land, making it difficult to find clean water, grow crops or catch fish. Additionally, the pollution has a [tremendous impact on the health](#) of people in the region, with gas flaring being linked to kidney problems, cancer and lung damage, and neurological and reproductive problems among pregnant women and infants. Opposition from communities has been fierce from the start and [protests still occasionally take place](#). A lot of these protests, like the one on Bonny Island in [September 1999](#), have been violently put down and many protesters have been [arrested and detained](#).

## EQUATOR COMPLIANCE REVIEW

Country designation	Category	Summary of ESIA	Climate Change Risk Assessment	GHG emissions report(s)	Alternative Analysis
Non-designated	Category A	<a href="#">Available</a>	N/A	N/A	<a href="#">Available</a>

This project reached financial close in May 2020 and therefore, as EP4 came into effect from October 1st 2020, it is governed by the requirements under EP3. However, as EP4 was released in November 2019 and EPFIs were encouraged, although not mandated, to apply the updated version of the Principles to transactions before EP4 officially came into effect, we have sought to analyse the project in light of the requirements set out in both EP3 and EP4.

The full Environmental and Social Impact Assessment (ESIA) has been made available online by the project sponsor. The ESIA provides no details on the physical or transition risks the project might cause in line with the requirements for a Climate Change Risk Assessment (CCRA) under EP4, which the bank and project sponsor would have been aware of at the time of financial close.

As this project is not in its operational phase, there have been no greenhouse gas (GHG) emissions reports published yet, however the ESIA provided no details on the expected GHG emissions of the project. Section 0.3.2 of the ESIA provides an alternative analysis which outlines "five alternative locations" that were considered. The alternative analysis does not reference the GHG emissions of the project or evaluate other options to reduce project-related GHG emissions in line with the requirements set out under the EPs.

The project is in compliance with the two relevant climate-related requirements of EP3, however there still remains a lack of information on the climate change risks of the project. Additionally, the alternatives analysis does not meet the requirements set out in Annex A of the EPs and is, therefore, **not in full compliance with EP3**. The project sponsor has failed to provide evidence of a CCRA in line with the requirements set out in EP4, meaning the project is also **not in compliance with EP4**. One would expect the project sponsor to conduct a more comprehensive alternatives analysis and a CCRA, which should be published as part of an updated ESIA. It is important that the company publicly report annually on the project's GHG emissions during the operational phase of the project, in line with the requirements set out in the EPs.

# MOVING FORWARD

The aim of the Equator Principles is to provide a minimum standard for social and environmental due diligence and monitoring, and as the EPA website sets out, to “[support responsible risk decision-making](#)”. In signing up to the Principles, Equator banks commit to implement each of the criteria set out in the Principles, and where a client is unable or unwilling to comply, to not provide finance. However, the findings of this report show that compliance with even the most basic climate-related requirements set out in the Principles is not happening in many cases, including in all of the case studies we assessed.

Despite committing to support the objectives of the Paris Climate Agreement in the Preamble of EP4, as well as to various other climate-related voluntary initiatives, EPFIs have continued to grow the overall finance they provide for the fossil fuel industry each year from 2016 to 2019 and have financed at least 200 new fossil fuel projects since 2016. In allowing for the continued financing of fossil fuel expansion, the Equator Principles are exacerbating the risk of climate breakdown, making the Paris Agreement targets harder to achieve, and negatively impacting countless lives around the world. This is a far cry from supporting responsible decision-making.

In this section we summarise our review of Equator compliance of the eight case studies investigated in this report, and we set out how the Equator Principles can move forward by setting clear criteria to put an end to “equator compliant” finance for climate destructive projects, freeing up capital that is urgently needed to finance a just transition to a zero-carbon society.

## FAILURE TO COMPLY

### SUMMARY OF EQUATOR PRINCIPLES COMPLIANCE REVIEW RESULTS

Project	ESIA (summary)	CCRA	GHG report(s)	Alternatives Analysis
Cirebon 2 coal power plant, Indonesia	<a href="#">Available</a>	N/A*	<a href="#">Available</a>	Not found
Kobe Coal-fired power plant, Japan	<a href="#">Available</a> (in Japanese)	N/A*	N/A***	Not found
Vung Ang II coal power plant, Vietnam	<a href="#">Available</a> (in Vietnamese)	Not found	<a href="#">Available</a> (in Vietnamese)	Not found
Coastal GasLink pipeline, Canada	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>
Trans Adriatic pipeline, Albania/Greece/Italy	<a href="#">Available</a>	N/A*	N/A***	<a href="#">Available</a>
East African Crude Oil pipeline, Uganda/Tanzania	<a href="#">Available</a>	Not found	N/A***	<a href="#">Available</a>
Mozambique LNG	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>
Nigeria LNG	<a href="#">Available</a>	N/A**	N/A***	<a href="#">Available</a>

\*These projects reached financial close before the publication of EP4, and therefore the requirement for a CCRA is not applicable.  
 \*\*These projects reached financial close between the publication of EP4 and the date it officially came into effect (October 1st, 2020), therefore a CCRA is encouraged but not required.  
 \*\*\*These projects are not currently in the operational phase and therefore the requirement to publish annual GHG emissions report is not applicable.

Our compliance review of the eight projects covered as case studies in this report found that none fully comply with the climate-related requirements under the Equator Principles.

**Environmental Social Impact Assessments were available online but were inadequate in some cases.** Every project analysed provided a full Environmental Social Impact Assessment (ESIA) online. However, for some projects, for example Cirebon 2 and Mozambique LNG, local communities affected by the project have raised serious concerns about their validity.

**None of the projects analysed published a CCRA in line with the requirements set out in the Principles.** Although only two of the projects, Vung Ang II and EACOP, reached or are expected to reach financial close after October 1st, 2020 – the implementation date of EP4 – three projects reached financial close after the new set of Principles had been published back in November 2019, when EPFIs were encouraged to apply the updated version of the Principles. In these instances, it is reasonable to expect an assessment of the climate change risks of these high-risk projects as part of the ESIA.

**Neither of the projects that reached the operational phase have published adequate GHG emissions reports each year.**

Six out of the eight projects analysed are yet to reach the operational phase. However, neither of the remaining two – Cirebon 2, Vung Ang II – have published adequate GHG emissions reports for each year of operation. For Cirebon 2, GHG emissions reports are only present for 2016 and 2017 and only refer to a small portion of Scope 1 emissions. For Vung Ang II, an analysis of the ESIA found that the project sponsor is applying significantly weaker emissions standards to the project than those used internationally, including in the European Union. This analysis highlighted a number of problems with the ESIA and concluded that the report should be rejected.

In addition, our analysis of the GHG reporting information shows that project sponsors are often misrepresenting expected emissions. For example, in the case of Mozambique LNG, the project sponsor states that the terminal’s activities will account for 10% of Mozambique’s national GHG emissions, but it fails to include Scope 3 emissions that include estimated emissions from burning LNG, meaning that the actual estimated emissions from the terminal would be much more significant than presented in the ESIA.

**None of the eight projects analysed provide an adequate alternatives analysis in line with the requirements set out in the Equator Principles.** We found no alternatives analysis for the three coal power projects highlighted in this report and, for the other five projects analysed, none provided an adequate alternatives analysis which evaluated “technically and financially feasible and cost-effective options available to reduce project-related GHG emissions during the design, construction and operation of the project” as set out in Annex A of the Principles.

The Principles state that the alternatives analysis should consider “alternative fuel or energy sources” including “comparisons to other viable technologies, used in the same industry and in the country or region”. For the three pipeline projects highlighted in this report, the alternatives analysis only addresses route alternatives and for the two LNG projects analysed, the companies considered alternative locations or site layouts. Nowhere did any of the project sponsors consider alternative energy sources. This is highlighted

most apparently in the case of Vung Ang II coal power plant in a report by the Carbon Tracker Initiative that found that utility-scale solar and wind projects in Vietnam will meet the basic purpose of a new coal-fired power plant with far less environmental and social impacts and fewer economic risks – and that new renewables are cheaper than coal in all major markets today. Both the project sponsor and the banks should have been aware of this before deciding to go ahead with the Vung Ang II project.



*Cirebon Coal Power Plant in Indonesia*

## TOWARDS CLIMATE RESILIENT EQUATOR PRINCIPLES

The above compliance review shows that fossil fuel projects are falling short of meeting the Equator Principles in practice. However, there are more fundamental flaws with the very idea of “Equator compliant” fossil fuel projects in a time of accelerating climate crisis.

The current approach of the Equator Principles when it comes to tackling climate change is principally focused on managing risks to the project itself. This is highlighted in the emphasis on physical and transition risks in climate change risk assessments, which only consider the impacts that climate change might have on the project rather than the impacts the project itself will have by exacerbating climate change. This is a narrow and short-sighted approach to managing climate risk which needs to be expanded if the Principles are to remain relevant.

Since the commitment of the EPA to support the objectives of the Paris Agreement was included in the first draft of EP4 in 2018, the urgency of the climate crisis has been made clearer than ever before, as the world experiences a sequence of natural disasters increasing in intensity and scale year upon year. The publication of the first instalment of the IPCC’s 6th assessment report and the recent IEA Net Zero by 2050 Roadmap has led to a now near universal acknowledgement that “commitment to the Paris objectives” must mean a commitment to help limit global average temperature rise to a maximum of 1.5 degrees, the lower target of the Paris Climate Agreement. The EPA and EPFIs must also now explicitly commit to the 1.5 degree target, and beyond this, provide clarity on how they plan to help reach this goal.

In doing so, they must acknowledge the clear guidance of the IEA’s Roadmap, which requires “no investment in new fossil fuel supply projects, and no further final investment decisions for new unabated coal plants”. Following this, the **Equator Principles should no longer allow any financing for new fossil fuel projects and infrastructure along the whole fossil fuel value chain.** Abandoning the financing of new fossil fuels can be a necessary first step towards making sure finance for the energy sector under Equator exclusively supports projects that help transition to a renewables-based economy and respect human and Indigenous rights.

In addition, the EPA must take further steps to ensure **there is no room under the Equator Principles to provide finance to projects that abuse human and Indigenous rights.** In order to properly address climate change and protect biodiversity, human and Indigenous rights must be protected with explicit attention on the proper implementation of free, prior and informed consent processes for all local and Indigenous communities.

Equator Compliant finance for climate destruction undermines the legitimacy of the Equator Principles framework as a whole. The EPA must take action now if the Principles are to genuinely support responsible decision-making and serve as an adequate risk framework which not only protects banks from climate risks, but also contributes to combating climate chaos and promoting a just transition, instead of making the problem worse.

# APPENDIX I

## ALL FOSSIL FUEL PROJECTS REPORTED AS FINANCED UNDER THE EQUATOR PRINCIPLES SINCE 2016

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Access Pipeline (Edmonton)	Canada	Oil pipelines	2018	Royal Bank of Canada (RBC)
AES Southland (AES Alamos; Huntington Beach Energy)	US	Gas power	2017	Banco Santander; Bank of Montreal (BMO); BNP Paribas; Citi; Commonwealth Bank; HSBC; ING; Manulife; MUFG; Wells Fargo
Ajapa Oil Field Development	Nigeria	Oil & gas extraction	2020	Fidelity Bank
Al Dur 2 IWPP	Bahrain	Gas power	2019	KfW IPEX-Bank; Standard Chartered
Al Layyah Power Plant Expansion	United Arab Emirates	Gas power	2020	Standard Chartered
Al-Zour LNG Terminal	Kuwait	LNG Terminal	2018	Banco Santander
Amandi Energy	Ghana	Gas power	2016	FirstRand; Nedbank
Amur Gas Processing Plant	Russia	Gas power	2019	Credit Suisse; DZ Bank; Mizuho; MUFG; Natixis; Société Générale; UniCredit
Anegasaki Power Project	Japan	Gas power	2019	Mizuho Bank; MUFG; Nippon Life Insurance; SMBC; Sumitomo Mitsui Trust Holdings
Argentina Fastpower Project Financing	Argentina	Gas power	2017	Citi; Export Development Canada; HSBC
Armada Olombendo FPSO	Angola	Oil & gas extraction	2016	SMBC
Atinkou S.A.	Ivory Coast	Gas power	2020	FMO
Atlantic Coast Pipeline (ACP)	US	Gas pipelines	2017	Credit Suisse; Royal Bank of Canada (RBC)
Azito Energie S.A. (Azito I - III)	Ivory Coast	Gas power	2019	FMO
Bahrain LNG Import Terminal	Bahrain	LNG Terminal	2017	Crédit Agricole; Natixis; Société Générale
Banpong SPP	Thailand	Gas power	2016	Mizuho; SMBC
BAPCO Modernisation Project	Bahrain	Oil & gas extraction	2019	Crédit Agricole; HSBC; Société Générale; Standard Chartered
Batang Coal Power Project	Indonesia	Coal power	2016	Bank of Tokyo-Mitsubishi UFJ; Mizuho Bank; MUFG; SMBC

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Birdsboro PJM Combined Cycle	US	Gas power	2017	ABN AMRO; Citi
Birdsboro Power	US	Gas power	2019	E.SUN Commercial Bank
Block A Aceh Gas Development Project	Indonesia	Gas power	2017	ING; Mizuho; Société Générale
BW FSRU (Floating Storage Regasification Unit)	Pakistan	LNG Terminal	2018	SMBC
BW Gas Port Acu FSRU Project	Brazil	LNG Terminal	2019	SMBC
Caithness Guernsey Power Station	US	Gas power	2019	Banco Sabadell; Crédit Agricole; Société Générale
Calcasieu Pass LNG	US	LNG Terminal	2019	JPMorgan Chase; Mizuho; Royal Bank of Canada (RBC)
Carioca FPSO Project	Brazil	Oil & gas extraction	2018	MUFG
Carlsbad Energy Center	US	Gas power	2017	Crédit Agricole; DNB; ING; MUFG; SMBC
Carroll County Energy	US	Gas power	2019	E.SUN Commercial Bank
Cascade Power	Canada	Gas power	2020	Natixis
Central El Campesino S.A. and GNL Penco SpA	Chile	LNG Terminal	2016	DNB
Central Térmica Las Flores	Peru	Gas power	2019	Banco de Crédito
Central Térmica Termopaipa	Colombia	Coal power	2019	Bancolombia
Central Utilities Block	Canada	Gas power	2018	SMBC
Chevron Nigeria Ltd	Nigeria	Oil & gas extraction	2017	FirstRand
Ciclo Combinado Tierra Mojada	Mexico	Gas power	2018	Banco Sabadell; BBVA; Credit Agricole; Mizuho; Natixis; SMBC; Société Générale
Cirebon 2 coal power plant	Indonesia	Coal power	2017	ING; Mizuho Bank; MUFG; SMBC
Clean Energy Future - Lordstown, LLC	Australia	Gas power	2019	Commonwealth Bank
Coastal GasLink pipeline	Canada	Gas pipelines	2020	Bank of Montreal (BMO); Bank of Nova Scotia; Caixabank; CIBC; Citi; National Australia Bank (NAB); Royal Bank of Canada (RBC)
Cogeneration Rosignano	Italy	Gas power	2017	MUFG
Combustible Mollendo	Peru	Bulk stations & terminals	2018	Banco de Crédito
Cooper Energy Ltd	Australia	Oil & gas extraction	2018	ANZ; ING; National Australia Bank (NAB); Natixis

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Coral South LNG	Mozambique	LNG Terminal	2017	ABN AMRO; BNP Paribas; Caixabank; Crédit Agricole; HSBC; Natixis; SMBC; Société Générale; Standard Bank; UniCredit
Cornegliano Gas Storage Project	Italy	Gas power	2016	Société Générale
Corpus Christi LNG	US	LNG Terminal	2018	Banco Sabadell; Banco Santander; BBVA; BNP Paribas; Caixabank; CIBC; Citi; Credit Suisse; HSBC; ING; JPMorgan Chase; KfW IPEX-Bank; Mizuho; MUFG; National Australia Bank (NAB); Natixis; Royal Bank of Canada (RBC); Scotiabank; SMBC; Société Générale; Standard Chartered; Wells Fargo
CPV Fairview Energy Center	US	Gas power	2017	Banco Sabadell; BNP Paribas; Commonwealth Bank; Crédit Agricole; DNB; MUFG; National Australia Bank (NAB); Wells Fargo
CPV Three Rivers	US	Gas power	2020	Crédit Agricole
CPV Towantic	US	Gas power	2016	Crédit Agricole; DNB; ING; MUFG; National Australia Bank (NAB); Natixis; Société Générale; Wells Fargo
Creyke Beck Power Limited	United Kingdom	Gas power	2017	NatWest
Cricket Valley Energy Centre	US	Gas power	2017	BNP Paribas; Crédit Agricole; National Australia Bank (NAB); SMBC
Dakota Access Pipeline	US	Oil pipelines	2016	Bank of Tokyo-Mitsubishi UFJ; BBVA; Citi; Crédit Agricole; DNB; ING; Intesa Sanpaolo; MUFG; Société Générale; TD Bank; Wells Fargo
Dominion Cove Point LNG	US	LNG Terminal	2018	Citi; Crédit Agricole
Duqm Refinery	Oman	Oil & gas extraction	2019	Crédit Agricole; Credit Suisse; HSBC; Intesa Sanpaolo; MUFG; Natixis; Société Générale; Standard Chartered; UKEF
El Encino-La Laguna Gas Pipeline	Mexico	Gas pipelines	2017	Mizuho

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Elba Island LNG (2019)	US	LNG Terminal	2019	Banco Santander; KfW IPEX-Bank; Royal Bank of Canada (RBC)
Elba Island LNG (2017)	US	LNG Terminal	2017	ABN AMRO; Caixabank; KfW IPEX-Bank; Mizuho; National Australia Bank (NAB); Royal Bank of Canada (RBC); SMBC; Société Générale
Electrogas Malta	Malta	Gas power	2017	KfW IPEX-Bank; Natixis
Enegean Karish Field	Israel	Gas power	2018	Natixis; Société Générale
Energia Valle Mexico II	Mexico	Gas power	2018	BNP Paribas; Citi; Manulife; SMBC
Excelerate Energy Bangladesh Ltd	Bangladesh	LNG Terminal	2017	FMO
Facility D IWPP	Qatar	Gas power	2019	Mizuho; MUFG; SMBC
Fengate Central Utilities Block LP Project	Canada	Bulk stations & terminals	2018	Sumitomo Mitsui Trust Holdings
Flex Intermediate Holdco LLC	US	Oil & gas extraction	2018	Banco Santander
Freeport HoldCo FLEX	US	LNG Terminal	2018	Royal Bank of Canada (RBC)
Freeport LNG Expansion	US	LNG Terminal	2020	Royal Bank of Canada (RBC)
Fujairah F3 IPP	United Arab Emirates	Gas power	2020	BNP Paribas; Standard Chartered
Fukushima Gas-Fired Power Project	Japan	Gas power	2017	Mizuho; MUFG; SMBC
Gas Natural Atlantico - Transmission Line	Panama	Gas power	2016	Scotiabank
Gas to the West Project	United Kingdom	Gas pipelines	2017	Export Development Canada
Georgia Gulf Generating, LLC	US	Gas power	2018	DZ Bank
GPS Klang Terminal	Malaysia	LNG Terminal	2019	Natixis
Gray Oak Pipeline	US	Oil pipelines	2019	Bank of Montreal (BMO)
Grays Harbor Energy Center	US	Gas power	2017	CIBC
Gulf PD Gas-Fired Power Plant Project	Thailand	Gas power	2019	Mizuho; Sumitomo Mitsui Trust Holdings
Hamriyah Independent Power Project	United Arab Emirates	Gas power	2019	SMBC; Société Générale; Standard Chartered; Sumitomo Mitsui Trust Holdings
Heartland Petrochemical Complex's Central Utility Block	Canada	Gas power	2018	Mizuho



Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Herne 6	Germany	Gas power	2020	KfW IPEX Bank; Skandinaviska Enskilda Banken (SEB)
Hickory Run Energy Station	US	Gas power	2017	ABN AMRO; BNP Paribas; Crédit Agricole; HSBC; National Australia Bank (NAB); SMBC
Hirono Thermal Power Station	Japan	Gas power	2016	Bank of Tokyo-Mitsubishi UFJ; MUFG
HitachiNaka Generation Power Project	Japan	Coal power	2017	Mizuho Bank; MUFG; SMBC; Sumitomo Mitsui Trust Holdings
Humber Gathering System	United Kingdom	Gas pipelines	2018	Banco Santander; Crédit Agricole
Hunter	US	Coal power	2020	HSBC
Ibri IPP (Ad-Dhahirah Generating Company)	Oman	Gas power	2016	Bank Muscat; BNP Paribas; Mizuho; SMBC
Indeck Niles	US	Gas power	2019	Crédit Agricole
Iona Gas Storage Facility	Australia	Gas power	2018	MUFG
Ital Gas Storage	Italy	Gas power	2016	Crédit Agricole; ING
Jackson Generation	US	Gas power	2019	Mizuho; MUFG; National Australia Bank (NAB); SMBC
Jawa 1	Indonesia	LNG Terminal	2019	Crédit Agricole; Mizuho; MUFG; Société Générale
Jawa 9&10 Coal-fired Power Project	Indonesia	Coal power	2020	Korea Development Bank
Jazan Air Separation Complex	Saudi Arabia	Gas power	2016	SMBC
Jubail Export Refinery Project	Saudi Arabia	Oil & gas extraction	2019	First Abu Dhabi Bank (FAB)
Junction Road Power Plant	New Zealand	Gas power	2018	National Australia Bank (NAB)
Kalsel Power Plant	Indonesia	Coal power	2017	HSBC; Mizuho
KIEL Gas-Fired Power Project	Germany	Gas power	2016	ING
Kilpilahden Power Plant	Finland	Gas power	2016	ING; MUFG; Nordea; UniCredit
Kings Mountain	US	Gas power	2016	Caixabank
Kobe Coal-Fired Power Plant	Japan	Coal power	2018	Mizuho; MUFG; SMBC
Lackawanna Energy Centre (2019)	US	Gas power	2019	Bank of Montreal (BMO); MUFG

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Lackawanna Energy Centre Project (2016)	US	Gas power	2016	BNP Paribas; Commonwealth Bank; ING; SMBC; Société Générale; Wells Fargo
Leviathan Gas Field	Israel	Oil & gas extraction	2017	HSBC; Natixis; Société Générale
LL-AGS Pipeline	Mexico	Gas pipelines	2016	Banco Sabadell; Banco Santander; BNP Paribas; ING; Intesa San Paolo; Mizuho Bank; Natixis
Long Phu I coal power plant	Vietnam	Coal power	2017	E.SUN
Lordstown Energy Centre Project	US	Gas power	2016	Société Générale
Los Guindos Thermal Power Project	Chile	Coal power	2018	SMBC
Los Ramones Natural Gas Pipeline	Mexico	Gas pipelines	2016	Banco Santander; Caixabank
Meade Pipeline	US	Gas pipelines	2019	Mizuho
Medco (2017)	Indonesia	Gas power	2017	ANZ; BNP Paribas; Crédit Agricole; Intesa Sanpaolo; SMBC
Medco Refinancing 2018	Indonesia	Oil & gas extraction	2018	Crédit Agricole
Midcontinent Supply Header Interstate Pipeline Project	US	Gas pipelines	2019	Korea Development Bank (KDB)
Midship Pipeline	US	Gas pipelines	2019	Crédit Agricole; National Australia Bank (NAB); Natixis; SMBC; Société Générale
Moko GTCC Power Plant	Japan	Gas power	2016	Bank of Tokyo-Mitsubishi UFJ; Mizuho; MUFG; SMBC
Mortlake Pipeline	Australia	Gas pipelines	2016	Commonwealth Bank
Mozambique LNG	Mozambique	LNG Terminal	2020	Crédit Agricole; FirstRand
Myingyan IPP Project	Myanmar	Gas power	2017	DZ Bank
Nacala Corridor Project	Mozambique	Coal Mining	2017	Mizuho
Nakoso Thermal Power Station	Japan	Coal power	2016	Bank of Tokyo-Mitsubishi UFJ; MUFG
Newcross Exploration and Production	Nigeria	Oil & gas extraction	2019	Access Bank
Nghi Son 2 coal power plant	Vietnam	Coal power	2018	Bank of Tokyo-Mitsubishi UFJ; Mizuho Bank; MUFG; Natixis
Nigeria LNG	Nigeria	LNG Terminal	2020	DZ Bank; Standard Chartered
Norfolk Naval Station	US	Gas power	2019	Manulife

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Norte III	Mexico	Gas power	2017	Natixis
NRG Canal 3	US	Gas power	2018	Natixis
NTE Carolinas	US	Gas power	2016	Crédit Agricole
Nueva Era Pipeline	Mexico	Gas pipelines	2016	Bank of Tokyo-Mitsubishi UFJ; Caixabank; MUFG; SMBC; Société Générale
Oiltanking MOGS Saldanha (RF) Proprietary Limited	South Africa	Bulk stations & terminals	2018	FMO
Oiltanking Singapore Chemical Storage	Singapore	Bulk stations & terminals	2018	SMBC
Pemcorp	Mexico	Gas power	2018	Korea Development Bank; Natixis; SMBC
Pengerang Terminals	Malaysia	LNG Terminal	2017	ING; MUFG; Natixis
Permian Highway Pipeline (PHP)	US	Gas pipelines	2019	Crédit Agricole; Mizuho; MUFG; SMBC; Société Générale
Petroperú	Peru	Oil & gas extraction	2018	Banco Sabadell
PetroVietnam Gas	Vietnam	Oil & gas extraction	2019	E.SUN
Pin Oak POTAC	US	Bulk stations & terminals	2020	Crédit Agricole
Pine Oak	US	Oil & gas extraction	2017	ING; SMBC
Porto de Sergipe I	Brazil	Gas power	2018	Credit Suisse
Progetto Nuovo Deposito GNL Ravenna	Italy	LNG Terminal	2020	Intesa San Paolo
Project Eagle	Chile	Coal power	2016	SMBC
Project Falcon (Eastern Hydrocarbon Funding)	Nigeria	Oil & gas extraction	2018	SMBC; Société Générale
Project Karadeniz Powership KPS14	Indonesia	LNG Terminal	2019	E.SUN
Project Marigold	Malaysia	Oil & gas extraction	2019	ANZ; Crédit Agricole; DZ Bank; HSBC; JPMorgan Chase; Mizuho; MUFG; Société Générale
Project Poinsettia	Mexico	Oil & gas extraction	2016	SMBC
Project Venturi	Ghana	Oil & gas extraction	2016	Standard Chartered
Project Wright	Italy	Oil & gas extraction	2016	Intesa San Paolo
Riau IPP Project	Indonesia	Gas power	2019	MUFG
Sabine Pass LNG	US	LNG Terminal	2019	Intesa Sanpaolo; MUFG; National Australia Bank (NAB); SMBC
Saint Sébastien	France	Gas pipelines	2018	Société Générale
Salalah LPG	Oman	Oil & gas extraction	2017	Bank Muscat; ING; Société Générale; Standard Chartered

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Samalayuca-Sasabe Pipeline	Mexico	Gas pipelines	2017	BBVA; Mizuho; MUFG
Sepia FPSO	Brazil	Oil & gas extraction	2017	Mizuho
Servicios y Terminales de Tuxpan (Servitux) Terminal	Mexico	Bulk stations & terminals	2019	Citi
Shinas Generating Company	Oman	Gas power	2016	Bank Muscat; BNP Paribas; Mizuho Bank
Shunan Bulk Terminal Facility Expansion	Japan	Bulk stations & terminals	2016	MUFG
SIPCO2 92MW gas fired power project	Thailand	Gas power	2020	Standard Chartered
Sitra Refinery Expansion	Bahrain	Oil & gas extraction	2019	Credit Suisse
Sohar 3 IPP	Oman	Gas power	2017	SMBC
Soli.In.Build S.r.l	Italy	Gas power	2017	UniCredit
Soma Coal and Biomass Co-Firing Power Generation Plant	Japan	Coal power	2018	SMBC
Sonam & Okan Gas Field Development	Nigeria	Oil & gas extraction	2017	Standard Chartered
South Field Energy	US	Gas power	2018	Credit Agricole; National Australia Bank (NAB)
South Peruvian Gas Pipeline	Peru	Gas pipelines	2016	Banco de Credito
Southern Gas Corridor	Azerbaijan	Gas pipelines	2018	Citi
Spalding OCGT Power Plant Expansion	United Kingdom	Gas power	2018	Banco Santander
St. Joseph Energy Center, LLC	US	Gas power	2018	E.SUN
Stoneway	Argentina	Gas power	2017	Credit Agricole
Tabalong power station	Indonesia	Coal power	2017	MUFG
Taketoyo Thermal Power Station	Japan	Coal power	2020	Mizuho Bank; Sumitomo Mitsui Trust Holdings
Tangguh Expansion Project	Indonesia	LNG Terminal	2016	Bank of Tokyo-Mitsubishi UFJ; MUFG
Tanjung Jati-B 2 (TJB2) coal power plant	Indonesia	Coal power	2017	Mizuho; MUFG; SMBC
Techgen	Mexico	Gas power	2019	Banco Santander
Tenaska Westmoreland (2019)	US	Gas power	2019	E.SUN
Tenaska Westmoreland Generating Station (2016)	US	Gas power	2016	Bank of America; Bank of Tokyo-Mitsubishi UFJ; BNP Paribas; Citi; Commonwealth Bank; DNB; MUFG

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Tengizchevroil	Kazakhstan	Oil & gas extraction	2016	Citi; HSBC; ING; Intesa San Paolo
Terminal Internacional de Fluidos Tuxpan	Mexico	Bulk stations & terminals	2019	BBVA; Société Générale
Terminales del Perú	Peru	Bulk stations & terminals	2019	Banco de Credito
The Gulf PD Power Project	Thailand	Gas power	2020	DZ Bank
Tokuyama East Thermal Power Station Unit 3	Japan	Coal power	2017	Sumitomo Mitsui Trust Holdings
TPP GNA I LNG-to-Power	Brazil	LNG Terminal	2019	KfW IPEX-Bank
Trans Adriatic Pipeline (TAP)	Italy	Oil & gas extraction	2018	Banco Santander; Caixabank; Crédit Agricole; Intesa San Paolo; Korea Development Bank (KDB); Mizuho; MUFG; Natixis; SMBC; Société Générale; Standard Chartered; UniCredit
Trans Mountain Pipeline Expansion project (TMEP)	Canada	Oil pipelines	2017	CIBC; Royal Bank of Canada (RBC); Scotiabank; SMBC
Transcameron Pipeline	US	Gas pipelines	2019	Caixabank
Ulsan LNG and Oil Terminal Project	South Korea	LNG Terminal	2020	Korea Development Bank (KDB)
Umm Al Houl Power RO Expansion Project	Qatar	Gas power	2019	Sumitomo Mitsui Trust Holdings
Uzbekistan GTL	Uzbekistan	Oil & gas extraction	2019	Credit Suisse
VAG Pipeline	Mexico	Gas pipelines	2016	Mizuho
Van Phong I	Vietnam	Coal power	2019	Mizuho; MUFG; SMBC; Sumitomo Mitsui Trust Holdings
Venture Global Calcasieu Pass	US	LNG Terminal	2019	Natixis; Scotiabank; SMBC
Viridis 178 Ltd - Moorfield Drive	United Kingdom	Gas power	2017	NatWest
Vitol Upstream Ghana (Cape Three Integrated Oil & Gas Project)	Ghana	Oil & gas extraction	2017	HSBC; Mizuho; MUFG; Natixis; Société Générale
Washington Parish Energy Centre	US	Gas power	2019	MUFG
Westport Oil Limited (Eland Oil & Gas PLC)	Nigeria	Oil & gas extraction	2018	Standard Bank
Whistler Pipeline	US	Gas pipelines	2020	Banco Sabadell; Caixabank
WhiteWater Midstream	US	Bulk stations & terminals	2018	MUFG
Wink to Webster Pipeline	US	Oil pipelines	2020	MUFG; Scotiabank

Project name	Location	Sector	Year (financial close)	EPFIs reported as providing finance to the project
Y-GEN Electrica & Y-GEN Electrica II	Argentina	Gas power	2017	Credit Suisse
Yokosuka Power Project	Japan	Coal power	2019	Mizuho; MUFG; SMBC; Sumitomo Mitsui Trust Holdings
York Energy Centre	Canada	Gas power	2018	Royal Bank of Canada (RBC)
Zulu	Norway	Oil & gas extraction	2016	Rabobank

# APPENDIX II

## TOTAL NUMBER OF FOSSIL FUEL PROJECTS REPORTED AS FINANCED BY EACH EPFI SINCE 2016

Position	Equator Bank	Country (HQ)	Fossil fuel projects reported since 2016
1	SMBC	Japan	46
2	MUFG	Japan	45
3	Mizuho	Japan	38
=4	Crédit Agricole	France	29
=4	Société Générale	France	29
6	Natixis	France	23
7	ING	The Netherlands	17
8	BNP Paribas	France	14
=9	HSBC	UK	13
=9	National Australia Bank (NAB)	Australia	13
=9	Standard Chartered	UK	13
12	Citigroup	US	12
=13	Banco Santander	Spain	11
=13	Royal Bank of Canada (RBC)	Canada	11
=15	Caixabank	Spain	10
=15	Sumitomo Mitsui Trust Holdings	Japan	10
17	Intesa Sanpaolo	Italy	9
18	Credit Suisse	Switzerland	8
=19	Banco Sabadell	Spain	7
=19	E.SUN Commercial Bank	Taiwan	7
=19	KfW IPEX-Bank	Germany	7
=22	Scotiabank	Canada	6
=22	Commonwealth Bank	Australia	6
=22	DNB	Norway	6
=22	DZ Bank	Germany	6
=22	Wells Fargo	US	6
=22	BBVA	Spain	5
=22	Korea Development Bank (KDB)	South Korea	5
=22	UniCredit	Italy	5
=30	ABN AMRO	Netherlands	4
=30	Banco de Crédito	Peru	4
=30	Bank of Montreal (BMO)	Canada	4

Position	Equator Bank	Country (HQ)	Fossil fuel projects reported since 2016
=30	CIBC	Canada	4
=30	FMO	Netherlands	4
=35	ANZ	Australia	3
=35	Bank Muscat	Oman	3
=35	FirstRand Limited	South Africa	3
=35	JPMorgan Chase	US	3
=35	Manulife	Canada	3
=40	Export Development Canada	Canada	2
=40	Natwest	UK	2
=40	Standard Bank	South Africa	2
=43	Access Bank	Nigeria	1
=43	Bancolombia	Colombia	1
=43	Bank of America	US	1
=43	FAB	United Arab Emirates	1
=43	Fidelity Bank	Nigeria	1
=43	Nedbank	South Africa	1
=43	Nippon Life Insurance Company	Japan	1
=43	Nordea	Finland	1
=43	Rabobank	Netherlands	1
=43	SEB	Sweden	1
=43	TD Bank	Canada	1
=43	UK Export Finance (UKEF)	UK	1


All remaining EPFIs reported to have financed no fossil fuel projects since 2016



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