

July 27, 2021

Dear Investors,

A Request to Engage with Developers and the Japan Bank for International Cooperation (JBIC) Not to Support New Gas Projects in Canada and Australia

Japan Center for a Sustainable Environment and Society (JACSES)
Friends of the Earth Japan
350.org Japan
Mekong Watch
Anthropocene Fixed Income Institute (AFII)
Conservation Council of Western Australia
Jubilee Australia
Solutions for Our Climate (SFOC)
The Environment Centre NT (ECNT)
Cas Yikh (Wet'suwet'en Nation)
Stand.earth
Wilderness Committee

We, as civil society organizations (CSOs), would like to ask you to engage with project developers and the Japan Bank for International Cooperation (JBIC), which is a publicly-funded financial institution, with regard to three newly planned gas projects below. We are sending this request to 160 financial institutions, including shareholders of each project developer, JBIC bond underwriters and JBIC bondholders (see attachment).

The newly planned three projects are, LNG Canada project (“LNG Canada”) in Canada, Barossa offshore gas development project (“Barossa”) and Waitsia gas Stage 2 project (“Waitsia 2”) in Australia [1]. We urge not to provide support for these three projects.

Table 1: Developers of each project (ownership ratio)

LNG Canada	Shell (40%), Petronas (25%), PetroChina (25%), Mitsubishi Corporation (15%), Kogas (5%)
Barossa	Santos (50%), SK E&S (37.5%), Tokyo Electric Power (6.25%), Chubu Electric Power (6.25%)
Waitsia 2	Mitsui & Co. (50%), Beach Energy (50%)

Climate change is an urgent matter and viable measures are necessary to tackle it. In its recently published report, “Net Zero by 2050, A Roadmap for the Global Energy Sector” [2], the International Energy Agency (IEA) calls for an immediate end to financing new fossil

fuel development projects to achieve net-zero greenhouse gas emissions by 2050. Therefore, there is no room for new projects to be developed.

Supporting these three projects will add a significant amount of greenhouse gas emissions to the world that has already been severely affected by climate change, and undermine efforts of the international community to tackle the climate crisis. As presented in Table 2, the three projects in total will be producing 59.17 million tons of greenhouse gas emissions every year. This represents about 4.9% of total greenhouse gas emissions produced in Japan [3].

Table 2: Annual greenhouse gas emissions from the three projects (MtCO₂e = million tons of CO₂ equivalent)

	Annual emissions from production / gas processing facility	Annual emissions from a gas liquefaction plant	Annual emissions when LNG produced from the project consumed [4]	Total annual emissions from each project
LNG Canada (construction of a liquefaction facility and terminal) Annual LNG production: 14 Mtpa	N/A	2.0	37.7	39.7
Barossa Annual LNG production: 3.7 Mtpa	3.4	2.0	10.0	15.4
Waitsia 2 Annual LNG production: 1.4 Mtpa	0.3	N/A	3.77	4.07
Total emissions from three projects				59.17

Source: the proposals of each project [5]

In addition to the climate risks, many problems have been pointed out on the three projects.

LNG Canada is the largest LNG project in Canada that liquefies gas extracted in British Columbia and exports it to the Asian market. This project is made up of three components. They are 1) LNG Canada, which constructs a liquefaction facility and terminal and JBIC is considering financing, 2) Montney shale gas development project for extracting natural gas, and 3) Coastal GasLink (CGL) pipeline for transporting the natural gas from the gas field to the exporting terminal. Since the Coastal GasLink pipeline, which is one of the associated

facilities of LNG Canada, will cut through the land of the Wet'suwet'en Nation, there is strong opposition among many indigenous peoples who are concerned about the impacts of the project on the environment, livelihood and culture. It has been pointed out that the Government of Canada and project developers do not obtain Free, Prior and Informed Consent (FPIC) from all indigenous peoples, which is required in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). In addition, the Wet'suwet'en and their allies have been raising their voices against the project, worrying that the project increases the burden on the environment and climate [6].

It appears that the project developers of Barossa and Waitsia 2 have not followed the principles of FPIC. Barossa is an offshore gas extraction project and could produce the most carbon intensive gas in Australia [7]. Of particular concern about the Barossa project is the construction of a new pipeline that will connect the project to the mainland. The pipeline would come within 6km of the Tiwi Islands, where the Tiwi People, who are indigenous to Australia, live. However, it appears that the consultation process by the project developers with the Tiwi People was severely lacking. There is no evidence of the developers having the consultation with and providing easily accessible information to the communities. With regard to Waitsia 2, which is an onshore development project that drills new wells and constructs a new gas processing plant and related infrastructure, the project developers have not consulted with the Yamaji peoples, the indigenous peoples of the land where the project is planned [8].

Furthermore, a submission to JBIC made by Australian CSOs [9] outlines how the project could cause two of Australia's most important fisheries to lose access to fishing grounds and negatively impact the biodiversity in the region. Constructing the pipeline could destroy the habitat of the endangered Olive Ridley sea turtle and the Australian Flatback sea turtle.

Therefore, we would like to request you as shareholders of project developers and/or JBIC bondholders to do the following:

- Engage with project developers and/or JBIC not to develop/support the LNG Canada, Barossa and Waitsia 2 project;
- Engage with project developers and/or JBIC to develop a business policy or investment policy that is aligned with 1.5 degree Celsius goals of the Paris Agreement;
- If project developers and/or JBIC do not properly address the two points mentioned above, we urge you to divest from project developers and/or JBIC.

We would appreciate it if you could fill out our Response Form and send us your institution's policies and opinions regarding this request to the contact person below by September 3, 2021.

Thank you for your consideration and we look forward to receiving your response.

Sincerely,

Contact:

Japan Center for a Sustainable Environment and Society (JACSES)
Program Director, Yuki Tanabe
2F Akasakamisuzu Bldg., 1-4-10 Akasaka, Minato-ku, Tokyo, 107-0052 Japan
Email: tanabe@jacses.org

Footnotes:

[1] JBIC made a decision to finance the Waitsia 2 project on July 29, 2021.

<https://sekitan.jp/jbic/en/2021/07/01/4873>

[2] <https://www.iea.org/reports/net-zero-by-2050>

[3] Total greenhouse gas emissions in FY 2019 in Japan was 1,212 million tons (CO2 equivalent).

https://www.nies.go.jp/gio/archive/nir/jqjm1000000x4g42-att/NIR-JPN-2021-v3.0_GIOweb.pdf

[4] 1 ton of LNG will produce 2.693 tons of CO2 when consumed as fuel according to 2006 IPCC Guidelines.

[5] LNG Canada:

<https://www.jbic.go.jp/ja/business-areas/environment/projects/page.html?ID=62412&lang=ja>

Barossa: https://www.jbic.go.jp/ja/business-areas/environment/projects/pdf/62018_1.pdf

Waitsia 2: https://www.jbic.go.jp/ja/business-areas/environment/projects/pdf/62572_1.pdf

[6] https://www.foejapan.org/aid/jbic02/lngcanada/pdf/210327_en.pdf,

<https://www.foejapan.org/aid/jbic02/lngcanada/pdf/210528.pdf>

[7]

http://ieefa.org/wp-content/uploads/2021/03/Should-Santos-Proposed-Barossa-Gas-Backfill-f-or-the-Darwin-LNG-Facility-Proceed-to-Development_March-2021.pdf

[8]

<https://drive.google.com/file/d/157VoqD6T4oU9ffGfcvm8gcjvkEzJPXs7/view?usp=sharing>

[9]

<https://www.jubileeaustralia.org/storage/app/media/uploaded-files/jbic-submission-on-santos-barossa-project-2021.pdf>

Attachment:

List of letter recipients