

Jakarta, April 26, 2021

Subject: Complaint against ING Bank for unethical behaviour regarding the financing of businesses that violate human rights, its involvement in environmental destruction, and corruption with respect to Cirebon Coal Power Plant Unit 1 and 2

To:

Steven van Rijswijk, CEO, Member Executive Board, Management Board Banking ING Group

Tanate Phutrakul, CFO, Member Executive Board, Management Board Banking ING Group

Hans Wijers, Chairman Supervisory Board ING Group

Mike Rees, Vice-chairman and member Supervisory Board ING Group

Jan Peter Balkenende, Member Executive Board ING Group

Juan Colombas, Member Executive Board ING Group

Mariana Gheorghe, Member Executive Board ING Group

Margarete Haase, Member Executive Board ING Group

Herman Hulst, Member Executive Board ING Group

Harold Naus, Member Executive Board ING Group

Herna Verhagen, Member Executive Board ING Group

Cc. Dutch Minister of Finance, Mr Wopke Hoekstra

Dutch Minister of Trade and Aid, Mrs. Sigrid Kaag

Dutch Parliament Commission on Finance

Dear Sir and Ma'am,

Hereby we, the Indonesian civil society organizations (CSOs) cooperating within ResponsiBank, file a formal and, this time, public complaint against ING Bank because of the negative impacts in Indonesia on the environment, human rights and corruption, resulting from ING Bank's financing of the Cirebon Coal Power Plant Unit 1 and a new coal power plant currently under construction, Cirebon Coal Power Plant Unit 2.

The ResponsiBank Indonesia coalition is a part of Fair Finance International, a global NGO network working on social, environmental and human rights standards for the financial sector. We believe that the finance industry must go beyond the pursuit of profit and incorporate human and environmental dimensions into their investment decision-making.

ResponsiBank sent a complaint to the then CEO of ING, Mr. R. Hamers, because of its financing of the Cirebon Coal Power Plants on December 11, 2017, and argued the ‘ongoing criticism and protest in Indonesia’, the ‘environmental damage caused potential deprivation of health conditions of the community’, ‘human rights violation in terms of intimidation and social conflicts amongst the affected communities’, ‘the project’s environmental impact assessment and environmental permit were issued without legally required consultations with the affected communities’ and more. On January 12, 2018, ING responded with an explanation of how ING 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 and local concerns of local negative impacts for local communities and the environment, as explained in our complaint of December 11, 2017 (attached). On February 5, 2018, responding to ING’s letter of January 12, we responded in a second complaint and mentioned that ‘despite your statement that the project remains committed to Equator Principles and IFC Performance Standard compliance, the facts on the ground proved otherwise. Not only that the development of the coal power plant caused massive environmental destruction, it also caused adverse impacts to local communities in terms of their livelihood and quality of life.’ To remind ING of ‘several crucial points on our complaint letter that you have missed to respond to, we included a list of negative impacts to local communities in Cirebon related to the development of the coal power plant’.

1. Human rights violations: Massive water and air pollution threaten both health conditions, income opportunities, and livelihoods of local communities.

- The construction of Cirebon Coal Power Plant Unit 2 has impacted at least 208 boat fishers, 26 fishers cultivating green mussels, 570 salt farmers, and 31 paddy farmers concerning the loss of livelihoods. Water contamination from the Cirebon Coal Power Plant Unit 1 has destroyed biodiversity and has made it difficult for local small-scale fishers and salt makers to make a living. The operation of Cirebon Coal Power Plant Unit 2 can further worsen water contamination, causing loss of livelihoods to residents and pushing them into poverty.
- A high level of toxic substances, including mercury, lead, arsenic, cadmium, and toxic particles produced by the coal power plant increases the risk of lung cancer, stroke, heart disease, and respiratory infection among residents of the surrounding area. Air pollution directly threatens 1190 households in Waruduwur Village and 1517 households in Kanci Village, or approximately 10,828 people living surrounding the area of Cirebon Coal Power Plant Unit 2.
- Existing coal-fired power plants in Indonesia cause an estimated 6,500 premature deaths every year. Like the Cirebon Coal Power Plant Unit 2 expansion (1000 MW capacity), each large new power plant is expected to result, on average, in the death of 600 Indonesians every year.’

2. Being a controversial project, it has raised public resistance, social conflicts and human rights violations among local communities.
 - Fishing communities who lose their livelihoods turn into low-paid labourers. In turn, they have to compete with migrant workers, and they become unemployed, vulnerable, and more impoverished.
 - The construction has continued throughout the pandemic without enforcing secure health protocols. Many construction workers are still working despite exposure to Covid-19, leading to the transmission of the virus within families and local communities. Most of them do not have health insurance.

Apart from the impact on local communities, the Cirebon Coal Power Plant Unit 2 project has flaws in the environmental permit and is also involved in a corruption case.

- a. There was no proper information disclosure regarding the project's environmental impact assessment (AMDAL) and environmental license as required by the State Minister for the Environment Regulation No 17/ 2012. Local people who expressed concern about the project were excluded from public consultations even though it is mandatory to incorporate the opinions, comments, and suggestions of affected and concerned communities.
- b. In 2017, Bandung Regional Court in West Java ordered to revoke the environmental permit of the Cirebon Coal Power Plant Unit 2 since the project has violated local spatial planning. Without an environmental permit, the project should not be allowed to continue.
- c. In May 2019, Bandung Regional Court issued the verdict 14 /Pid.Sus-TPK /2019/PN. Bdg, which stated, among others, that a certain amount of money given by the Cirebon Energy Prasarana (a company representing Cirebon Coal Power Plant Unit 2 that applied for the environment and construction permit) to the Cirebon Regent to smoothen the permit issuance. In turn, the Cirebon Regent handed over the money to the local parliament's Chairman to change the spatial plan regulation.
- d. In May 2019, Hyundai Engineering & Construction admitted that it had given bribes of between Rp 6.5 billion and Rp 9.5 billion to Cirebon Regent Sunjaya Purwadisastra to appease residents who were opposed to the construction of coal power plant Cirebon unit 2.
- e. In October 2019, Indonesia's Corruption Eradication Commission (KPK) banned three additional suspects in the case related to the construction of Cirebon Coal Power Plant Unit 2 from leaving the country for three years.

ING is involved in 3 ways in this project:

1. ING provided a loan of US\$ 60 million for the construction of Cirebon Coal Power Plant Unit 1.
2. ING was the lead arranger of a consortium that provided a loan of US\$ 592 million in 2017 for the construction of Cirebon Coal Power Plant Unit 2.
3. ING also provided a loan of US\$ 182 million to Marubeni, one of the companies behind the construction of Cirebon Coal Power Plant Unit 2.

As the financier of both Cirebon coal power plants, we hold ING accountable for harm to environmental and social conditions and violations of sound corporate governance principles due to the project.

Being involved in a project that costs negative impacts on the planet and people contradicts your commitment to develop and strengthen your Environmental and Social Risk policies and the letter and the spirit of international guidelines like the OECD Guidelines and the UN Guiding Principles (UNGPs). According to a December 2019 report by Fair Finance Guide Japan, ING and other involved banks had violated international CSR guidelines on 66 different aspects. Some of these concerns were also explicitly depicted in a movie made in December 2019 by the affected residents of the neighbourhood of Cirebon. ING responded to neither the report nor the 2019 [video](#). We have noted that Credit Agricole, a French Bank, became an example of a financial institution that upholds its climate commitment to stop financing coal by withdrawing its financing commitment to the Cirebon project. ING has to be committed to the highest standard possible in sustainability.

A general improvement of ING's coal policy, preventing the bank from financing new coal power plants in the future, is welcome but is in no way sufficient to address the negative impacts for the local population ING is also responsible for, related to its earlier financing of Cirebon Coal Power Plants 1 and 2. Secondly, the fact that there are ongoing court cases related to the building of Cirebon Coal Power Plant 2 does not provide ING, as a financier of this project, any reason to shirk its responsibility in line with the OECD Guidelines and UNGPs.

Concretely, we, the Indonesian CSOs cooperating in ResponsiBank, ask ING:

1. To publicly explain which exact measures the bank has made to prevent environmental destruction and human rights violations resulting from Cirebon Coal Power Plant Unit 1 and the new Cirebon Coal Power Plant Unit 2.
2. To publicly explain which exact measures the bank has taken to prevent corruption and which steps ING has taken after it became clear that corruption was part of acquiring the environmental permit for Cirebon Coal Power Plant Unit 2.
3. Particularly if ING is not willing or able to provide concrete and in-depth replies on what we requested in our complaints of 2017 and 2018, and in our asks 1 and 2: **stop further funding or pull out of Cirebon Coal Power Plant Unit 2.**



We kindly ask you to respond to these three questions by email before June 15, 2021.

We are looking forward to your reply and sincerely hope for a positive response, which clearly demonstrates ING’s willingness to uphold the highest standards on ESG and listen to the concerns of local CSOs and stakeholders negatively impacted by ING’s investments.

Sincerely,

Ah Maftuchan
National Coordinator of ResponsiBank Indonesia Coalition

ResponsiBank Indonesia, a part of the Fair Finance Asia and Fair Finance International initiative, is committed to ensuring that financial institutions’ funding decisions respect the social and environmental well-being of local communities. The goal of this thirteen-member coalition is to encourage banks investing in Indonesia to adopt genuine “sustainable banking” policies and practices that are in line with the Paris Agreement goals, the United Nations’ Sustainable Development Goals (SDGs) and United Nations Guiding Principles on Business and Human Rights (UNGPs).

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