



Protect VIP

c/o Protect Verde Island Passage (Protect VIP)

info@ceedphilippines.com

117C Matatag Street, Barangay Central

Diliman, Quezon City 1100

22 June 2023

MR. MASAHIRO KIHARA

President & Group CEO

Mizuho

Otemachi Tower, 1-5-5 Otemachi,

Chiyoda-ku, Tokyo 100-8176, Japan

Re: Protect Verde Island Passage, Withdraw and Prohibit Financing to Companies Destroying the Verde Island Passage

Mr. Kihara,

The Philippines is home to the Amazon of the Oceans, the Verde Island Passage (VIP). Nestled at the heart of Southeast Asia's Coral Triangle, VIP houses over 300 coral species and about 1,736 shorefish species all within a 10-kilometer area - making it the most biodiverse marine habitat in the world. VIP is identified as a high-priority conservation area for corals, reef fishes, mollusks, mangroves, seagrasses, and cetaceans. It is a source of livelihood and sustenance for millions of Filipinos and a hotspot for tourists wanting to be one with nature.

Unfortunately, the Amazon of the Oceans is under threat from a massive fleet of fossil gas power plants and terminals including SMC Global Power-Excellent Energy Resources, Inc. (EERI) 1,700 MW Batangas Combined Cycle Power Plant project in Batangas, in which your institution was engaged for the issuance of USD 600 million in securities, and proceeds would be used primarily for the development of the project¹.

¹ SMC Global Power, Disclosure Statement.

https://smcglobalpower.com.ph/storage/files/reports/Other%20Disclosures/SMC_Global_Power_Disclosure_6.9_21_2.pdf

We, the Protect Verde Island Passage (Protect VIP) network, strongly oppose and have been highly concerned about the environmental destruction posed by the fossil gas projects including the 1,700 MW Batangas Combined Cycle Power Plant, and the hazards it inflicts on the livelihood and sustenance of over two million of Filipinos depending on the VIP. We have raised concerns about the environmental and social impacts of this and other fossil gas projects in the VIP, along with frontline communities, fisherfolk groups, and civil society. Inquiries and complaints filed against SMC Global Power-EERI have also revealed serious lapses regarding its compliance with government permitting requirements, namely issues with premature land conversion, illegal coconut tree cutting, and lack of water permits for power generation purposes, along with the failure to comply with certain reportorial requirements under the terms of its Environmental Compliance Certificate - all of which have resulted in multiple violations of the Philippine Environmental Impact Assessment Process, among other laws.

San Miguel's proposed gas projects account for half of the planned gas expansion in the Philippines, and by far the largest in Southeast Asia. Fossil gas has no place in the Philippines' net-zero scenario. It is critical for the Philippines to phase out all fossil fuels from the power sector by 2035, and many civic groups are calling for an even earlier deadline. With the Philippines' vast renewable energy sources of about 800 GW, there is an opportunity to hasten the shift to a genuinely sustainable powered future. Investment shifts to renewable energy must follow.

Additionally, San Miguel Corporation, the parent company of SMC Global Power, was involved in the recent oil spill caused by a tanker carrying 900,000 liters of industrial oil that capsized off the coast of Oriental Mindoro. The oil is staining beaches black, dead fish are washed ashore, and mangroves are dying. Nearly 20,000 fisherfolk have been robbed of their livelihood due to a fishing ban since the oil spill began.

In 2022, San Miguel sought to hike power prices for two of its gas and coal fixed-cost contracts with the country's biggest distribution utility, Meralco, after reportedly losing up to 15 billion pesos due to fossil fuel price volatilities. The request was denied by regulation authorities, and San Miguel is now going through legal battles to terminate said contracts. In its latest annual report, San Miguel's power arm reported a 22% loss in its operating income from the previous year. Recently, a Fitch group unit also raised alarm over liquidity issues faced by SMC. Meanwhile, SMC's EERI power plant project is nearing completion still without a power supply contract, after it terminated its contract with distribution utility MERALCO earlier this year.

Over the past month, Protect VIP engaged European² and US³ financial institutions to call to end fossil gas financing in the Verde Island Passage. As a result, at Shell's AGM last month, DWS raised questions about the Verde Island Passage, whereas US banks responded favorably to the call for investing in renewable energy instead.

We now reach out to you with the same call to take immediate action to protect the Verde Island Passage by withdrawing and prohibiting financial support for companies that endanger critically important and biologically diverse ecosystems and habitats and pose grave reputational risks associated with such investments.

Signed,

² The Guardian, Filipino activists appeal to British banks over region devastated by oil spill. <https://www.theguardian.com/environment/2023/may/05/filipino-activists-appeal-to-british-banks-over-region-devastated-by-oil-spill-aoe>; Reuters, Filipino priest on mission in Europe to halt fossil fuel financing. <https://www.reuters.com/world/asia-pacific/filipino-priest-mission-europe-halt-fossil-fuel-financing-2023-05-12/>

³ Business Mirror, Activists to ask US banks, financiers to stop funding marine corridor's destruction. <https://businessmirror.com.ph/2023/06/21/activists-to-ask-us-banks-financiers-to-stop-funding-marine-corridors-destruction/>



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MR. HIRONORI KAMEZAWA

President & Group CEO

MUFG Bank, Ltd.

2-7-1, Marunouchi,

Chiyoda-ku, Tokyo, Japan

Re: Protect Verde Island Passage, Withdraw and Prohibit Financing to Companies Destroying the Verde Island Passage

Mr. Kamezawa,

The Philippines is home to the Amazon of the Oceans, the Verde Island Passage (VIP). Nestled at the heart of Southeast Asia's Coral Triangle, VIP houses over 300 coral species and about 1,736 shorefish species all within a 10-kilometer area - making it the most biodiverse marine habitat in the world. VIP is identified as a high-priority conservation area for corals, reef fishes, mollusks, mangroves, seagrasses, and cetaceans. It is a source of livelihood and sustenance for millions of Filipinos and a hotspot for tourists wanting to be one with nature.

Unfortunately, the Amazon of the Oceans is under threat from a massive fleet of fossil gas power plants and terminals including SMC Global Power-Excellent Energy Resources, Inc. (EERI) 1,700 MW Batangas Combined Cycle Power Plant project in Batangas, in which your institution has provided financing to a total of USD 249.37 from 2018 to 2022⁴.

We, the Protect Verde Island Passage (Protect VIP) network, strongly oppose and have been highly concerned about the environmental destruction posed by the fossil gas projects including the 1,700 MW Batangas Combined Cycle Power Plant, and the hazards it inflicts on the livelihood and

⁴ Banking on Climate Chaos, <https://www.bankingonclimatechaos.org/#data-panel>.

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⁶ Business Mirror, Activists to ask US banks, financiers to stop funding marine corridor's destruction. <https://businessmirror.com.ph/2023/06/21/activists-to-ask-us-banks-financiers-to-stop-funding-marine-corridors-destruction/>

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MR. AKIHIRO FUKUTOME

President and Chief Executive Officer

Sumitomo Mitsui Banking Corporation

1-1-2, Marunouchi,

Chiyoda-ku, Tokyo, Japan

Re: Protect Verde Island Passage, Withdraw and Prohibit Financing to Companies Destroying the Verde Island Passage

Mr. Fukutome,

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