

Reef Credit: An Indulgence

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Our radar for egregious greenwashing actions pinged hard on Oct 21 as a marketing release announcing investments in a construct designed to safeguard the Great Barrier Reef from agricultural offsets was distributed. We quote “[HSBC \[Australia\] and Queensland announce nature-based solution to safeguard Great Barrier Reef](#),” 21 October, 2020, directly:

“[T]he scheme pays landholders for improved water quality resulting from their on-farm actions”

To contrast this so-called safeguarding of the Reef, we quote the Australian government:

“Climate change is the greatest threat to the Great Barrier Reef”¹

With the government of Queensland’s dedicated to its world leading coal industry with associated negative climate effects,² see overleaf and references, the AUD1mn³ (shared with HSBC) in Reef Credits seems inadequate to generate absolution for its contribution to CO₂ emissions and climate change. Laughable, actually.⁴ For example, we believe the Reef Credit contribution is likely to be well covered by the submission fees for the [2020 Queensland exploration program](#) for coal, petroleum and gas.

Furthermore, we had hoped otherwise but HSBC’s joint business with the world’s greatest per capita coal producer seems a corollary to the group’s commitment to another top carbon related issuer of the world, Saudi Aramco. This was succinctly expressed by HSBC’s CEO last year ([Big Banks Back Saudi Market Return, Saudi Arabia goes on hunt for oil and gas, Banks Helps Riyadh Move on from Khashoggi](#), Financial Times, 9 Jan/12 Feb/24 April, 2020):

“It’s a privilege to be back in Saudi Arabia. We are committed.”

To be fair, commitments pay off. HSBC was the only European bank on the Saudi Aramco mega bond deal in April 2019 ([Saudi bond bonanza as investors move on from Khashoggi](#), *ibid*, 10 April 2019), as well as the sole Western bank lead on what was supposed to be the great prize, the equity IPO of late 2019 ([Saudi Arabia sidelines foreign banks on Aramco IPO](#), *ibid*, Nov 29, 2019).

BankTrack scores HSBC as a ‘[Laggard](#)’ for its policy on fossil fuel financing (22 Oct, 2020).

¹ “[Threats to Reefs: Climate change](#)” Australian government, accessed 21 Oct 2020.

² “Queensland Investment Corporation Chief executive Damien Frawley says a stake in Dalrymple Bay coal terminal would be a good strategic investment for the Palaszczuk government given the state’s coal boom is likely to continue for decades.” Australian Financial Review, 10 Sep, 2020. [Link](#).

³ See for example this [link](#), Australian Financial Review, 22 Oct, 2020.

⁴ Similar to our statements on QLD green bonds, this is not a view on the quality of the underlying marketed activities, the Reef Credits. See “[Dalrymple of Queensland and the Mighty Greenwash](#)”, AFII 29 Sep 2020.

Figure 1. Coal production per capita, top five globally, energy content. Source: [Our World in Data](#).

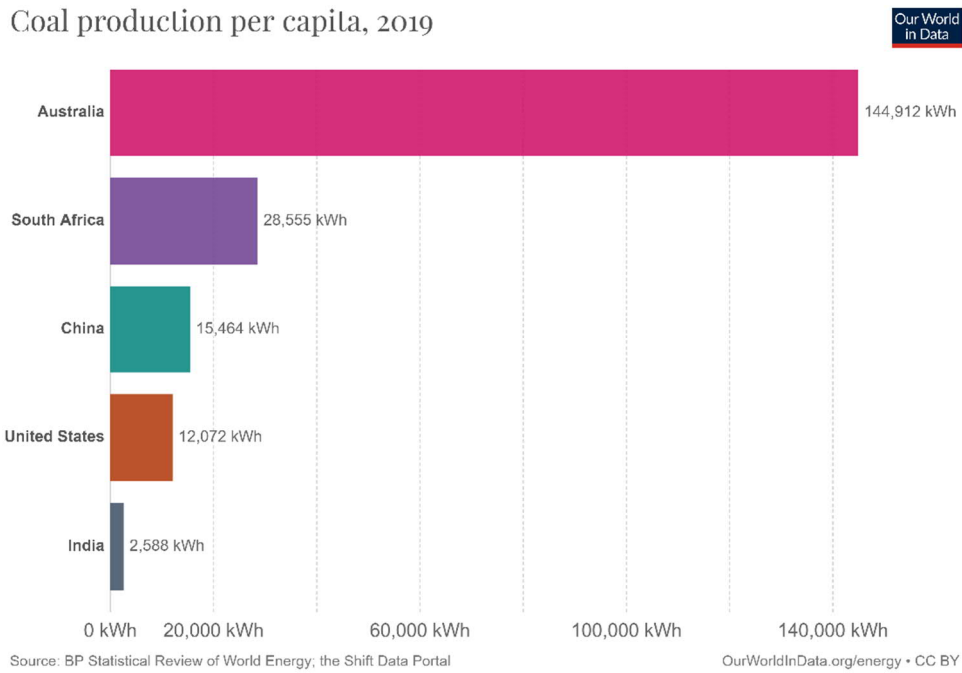
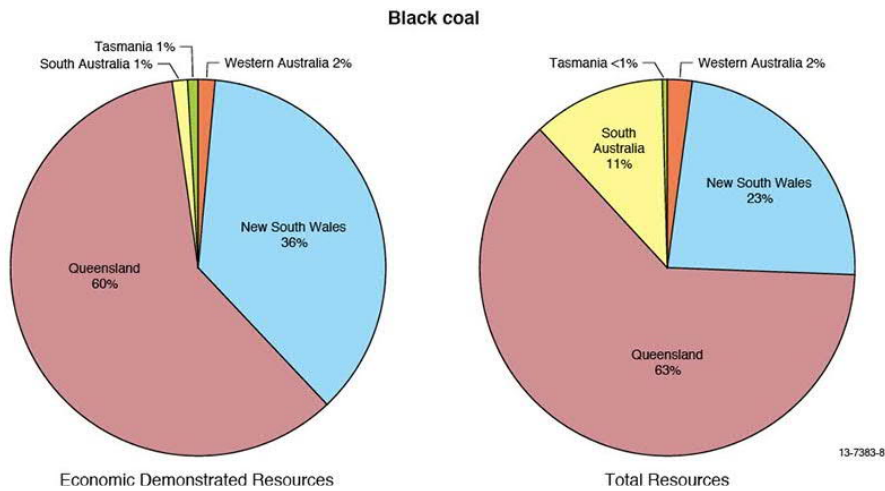


Figure 2. Coal resources of Australian states. The Australian terminology differs slightly from European or other modern terminology and we would advise against using it. This chart references what European terms would consider a combination of hard coal (anthracite) and soft coal (sub- and bituminous coal), but not lignite. Source: [Australian government](#).



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