

[Press Release]

NGOs urge 51 investors to divest from Mitsubishi Corporation which promotes coal-fired power generation

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We, five environmental NGOs in Japan, have sent an open letter titled “A call for divestment from Mitsubishi Corporation” to 51 main shareholders and financing banks* which support Mitsubishi Corporation. The letters were sent over the first and second weeks of March, together with a summary sheet providing an overview of the company’s coal-fired projects, including plans to build new coal-fired power plants.

Among Japanese trading companies, Mitsubishi Corporation has the largest number of new planned coal-fired power plant projects --- two plants planned in Japan (Nakoso and Hirono in Fukushima Prefecture) and two in Vietnam (Vung Ang 2 and Vinh Tan 3). The total power generation capacity of these four projects is 4,266 megawatts (MW), of which 1,302MW is Mitsubishi Corporation’s share. The company is listed in the “Global Coal Exit List [1]” published by the German international NGO Urgewald, which is referenced by institutional investors upon making investment decisions.

The Paris Agreement is starting in full scale this year. Taking every measure to reduce GHG is a must and the world is now responding to the agreement. The number of financial institutions and insurance companies which divest from coal-related projects is increasing. If Mitsubishi Corporation were to continue to construct new coal-fired power plants, it would face bigger financial and reputational risks. One of Mitsubishi Corporation’s partner companies, Hong Kong’s CLP Holdings, has already pulled out from the Vung Ang 2 project after it released a coal-exit policy on December 17, 2019. The UK-based Standard Chartered, as well as two Singaporean banks, namely OCBC and DBS, have also withdrawn from the project, and as of February 2020, only Japanese public and private banks are still considering financing the project.

Having plans to build new coal-fired power plants contradicts the Paris Agreement’s set target to cope with climate change by keeping a global temperature rise well below 2°C above pre-industrial levels and to pursue efforts to limit the increase even further to 1.5°C. Mitsubishi Corporation claims that its analysis is based on the 2°C scenario, but

for keeping the temperature rise well below 2°C, there is no space on this planet to allow new coal-fired power plants, which would become CO2 emitting sources.

The US-based BlackRock CEO Larry Fink, in its January 2020 annual letter on corporate governance, expressed the policy change [2] that it would go through fundamental reshaping of finance, placing sustainability at the center, and exiting from high risk ones like thermal coal producers. Cases to divest from companies that are involved in coal-fired power generation projects are expected to increase. Japanese trading companies should reconsider their involvement in coal-fired power projects, too. We thus call for the investors of Mitsubishi Corporation to divest from the company so that their investment activities are more in line with the Paris Agreement target.

Footnote

* Of the 51 shareholders and financing banks of Mitsubishi Corporation, 26 are based in Japan. The total number of the letters sent is 59, as in some cases the letter was sent to multiple departments in the same shareholder or bank.

[1] Urgewald: <https://coalexit.org/database>

[2] A Fundamental Reshaping of Finance:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

Submitted Papers

- Open Letter to Investors “A call for divestment from Mitsubishi Corporation”
- SUMMARY SHEET “Why investors should divest from Mitsubishi Corporation”

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