

October 21, 2019

NGO Joint Statement on Mitsubishi Corporation's Coal-fired Power Generation Policy:
**We welcome its decision to not develop any new coal-fired power generation projects, but
Mitsubishi should also cancel its projects that are already under development**

Friends of the Earth Japan
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Mitsubishi Corporation published a revised version of the ESG Data Book 2018 on its website, and announced a policy to not develop any new coal-fired power generation projects in general.

According to the data book, Mitsubishi Corporation will “not enter into any new coal-fired power generation businesses, with the exception of projects which [Mitsubishi Corporation] has already commenced development, and aim to reduce [Mitsubishi Corporation]’s coal-fired power generation capacity on a net equity basis based on 2°C scenario analyses¹.”

We welcome the new policy to “not enter into any new coal-fired power generation businesses.” However, continuation of “projects which [Mitsubishi Corporation] has already commenced development” is insufficient as a measure against climate change. We therefore request further strengthening of Mitsubishi Corporation’s policy by promptly withdrawing from the projects under development.

1. Ensuring consistency with the Paris Agreement

There are a total of four projects that are exempt from the policy as “projects which [Mitsubishi Corporation] has already commenced development,” namely two coal-fired power generation projects - Vung Ang 2 and Vinh Tan 3, and two IGCC (Integrated coal Gasification Combined Cycle) projects - Hirono and Nakoso in Japan. It is clear that these projects will further increase CO₂ emissions because of their project scales (Vung Ang 2 - 1,200MW, Vinh Tan 3 - 1,980MW, IGCC projects - 543MW each). It has been pointed out by the United Nations’ agencies and International Energy Agency (IEA) that the construction of new coal-fired power plants is not consistent with the Paris Agreement. The Intergovernmental Panel on Climate Change (IPCC)’s *Special Report: Global Warming of 1.5°C* also points out that more rapid decarbonization is urgently needed. Thus, as a substantial measure against climate change that is consistent with the Paris Agreement, it is necessary to cancel not only new projects but also projects that are currently planned and under construction, and withdraw from operating projects as early as possible. In particular, the two projects in Vietnam, where the construction has not started, should be stopped immediately.

2. Pollution of the local environment

¹ Mitsubishi Corporation ‘ESG Data Book 2018’ (2019)
<https://www.mitsubishicorp.com/jp/en/ir/library/esg/pdf/esgdata/2018/all.pdf>

Of the above-mentioned two coal-fired power generation projects in Vietnam that Mitsubishi Corporation is currently involved in, the planned construction site for the Vung Ang 2 coal-fired power plant has the Vung Ang 1 coal-fired power plant (1,200MW) right beside it. In a nearby area, there is also a Formosa Group steel plant that caused massive ocean pollution and fish deaths in 2016² and coal and gas power plants. It has been reported that environmental pollution caused by drainage and exhaust as well as coal ash from these facilities are leading to health damage of local residents³.

Similarly, regarding the Vinh Tan 3 coal-fired power generation project, there have already been serious pollution problems at the project sites due to Vinh Tan 1,2 and 4 coal-fired power plants already operating and there have been protests by local residents seeking improvement. In addition, there are concerns about the damaging impact on the Marine Protected Area off the planned project site of the Vinh Tan 3 including Hòn Cau Island where coral reefs spread and various species inhabit.

Support for new coal-fired power generation projects not only accelerates climate change, but it also causes damage locally that cannot be overlooked, such as the loss of livelihood for residents around the power plants and worsening air pollution. A report by the international environmental NGO Greenpeace published in August this year, *A DEADLY DOUBLE STANDARD: How Japan's Financing of Highly Polluting Overseas Coal Plants Endangers Public Health*, reveals how low efficiency technologies that are not used in Japan are applied to the plants that Japan finances overseas, and that the same pollution control measures are not taken as in Japan⁴.

Severe environmental pollution has already been reported in Vietnam. Building new coal-fired power plants will impose further pollution onto the local people.

3. Stranded assets with coal-fired power generation businesses

Due to growing concerns about climate change and its impact, divestments from fossil fuel-related companies have been taken place. In particular, regarding coal-fired power generation businesses and coal mining businesses, an increasing number of financial institutions and insurance companies have changed their credit policy for coal-related businesses⁵.

In April of this year, the Norwegian Government Pension Fund Global (GPF) sold all coal power related stocks, including the ones for Sumitomo Corporation. The business environment around coal power may become more severe from the perspective of ESG investment and the Paris Agreement.

Furthermore, the latest report *LAND OF THE RISING SUN AND OFFSHORE WIND: The financial risks and economic viability of coal power in Japan* published by Carbon Tracker, the University of Tokyo Institute for Future Initiatives and CDP Japan in October analyzed the sustainability of Japan's coal-fired power generation business. According to the report, the price of renewable energy (onshore wind, offshore wind, and utility-scale solar PV) will decline in Japan and it will gradually become cheaper than coal power after 2023. Risks associated with investing and operating coal power are also shown in the report. In another report released in 2018, Carbon Tracker concludes that in Vietnam,

² Formosa's steel plant and power plants are located less than 10 km away from the planned construction site for the Vung Ang 2 coal-fired power plant

³ Mekong Eye, 'Vietnamese provinces say "no" to coal plants—government and industry still want more' <<https://www.mekongeye.com/2019/03/07/vietnamese-provinces-say-no-to-coal-plants-but-the-government-and-industry-build-more/>> March 7, 2019

⁴ Greenpeace South East Asia, Greenpeace Japan, 'A deadly double standard: how Japan's financing of highly polluting overseas coal plants endangers public health', August, 2019

⁵ BankTrack (Last updated 2019), 'Bank moves out of coal' https://www.banktrack.org/campaign/bank_moves_out_of_coal#inform=1 Accessed October 21, 2019

the cost of building solar power will be lower than the cost of operating existing coal-fired power plants by 2027⁶.

In Japan, the impact of climate change is visibly getting worse. In September, Typhoon Faxai caused significant damage especially in Chiba Prefecture, and soon thereafter in October, Typhoon Hagibis attacked and caused even more damage. We are already in an era of climate crisis.

In order to prevent climate change and environmental pollution from coal-fired power plants, we demand Mitsubishi Corporation strengthen its efforts toward a coal phase-out by reviewing its all projects including planned and under construction.

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⁶ Carbon Tracker, 'Economic and financial risks of coal power in Vietnam' October, 2018