

August 31, 2020

Dear Sirs or Madams,

Re: Request H.I.S. to withdraw from palm oil power plant project

We, the undersigned, are environmental groups and individuals who share a deep concern about climate change and the loss of biodiversity, and are working towards the protection of forests globally. We are writing to you as an investor in H.I.S. to ask you to speak with company management on this issue, and to end financing or investments in H.I.S. if they do not respond favorably.

H.I.S. Super Power Company Co., Ltd, which is invested in by travel industry giant H.I.S., is currently constructing a 41 megawatt palm oil power plant in Kakuda City, Miyagi Prefecture. Trial operation is expected to begin shortly. Each year, this power plant will require about 70,000 tons of palm oil to be imported for fuel.

We oppose this project due to our concerns that burning palm oil "destroys tropical forests," and "generates more carbon dioxide than coal," and directly conveyed this when we met with Mr. Sawada, CEO of H.I.S. and Mr. Akao, the president of H.I.S. Super Power. It is very regrettable that despite this, they decided to commence construction. Following that, we called upon the public to speak out against the project and twice submitted more than 200,000 signatures from people all over the world. However, they refused a second meeting with us.

As you know, palm oil has been used mainly for food production, and in recent years, oil palm plantations have been expanding rapidly to meet this demand. This has become one of the major causes of the destruction of tropical forests in Indonesia and Malaysia, with some 3.5 million hectares of tropical forest converted to oil palm plantations in the past 20 years.

Once a tropical forest consisting of diverse species is cut down and replaced by a plantation with a single species, oil palm, the orangutans, elephants, and other wildlife that originally lived in the tropical forest will no longer be able to live there, and biodiversity will be lost.

H.I.S. says it will use RSPO (Roundtable on Sustainable Palm Oil) certified oil, and while RSPO (2013) certified oil does prohibit conversion of "high conservation value" forest after 2005, conversion of other forests is allowed. In addition, since there is a limited amount of land available for cultivation, there is a limit to the amount of oil which can be certified by RSPO, and food companies are struggling to procure certified palm oil.

In addition, if demand for palm oil expands further, the development of tropical forests and peat lands for oil palm plantations will release enormous amounts of CO₂. Additionally, a large amount of methane and other greenhouse gases are also generated from the waste liquid that is produced in the processing stage. Accounting for these full lifecycle emissions, a palm oil power plant generates far more CO₂ than even coal-fired power generation.

We are very concerned that H.I.S.'s power generation using palm oil will destroy irreplaceable tropical forests while worsening climate change.

We believe that H.I.S.'s entry into this dangerous business represents a tremendous reputational and financial risk to the company. Over the coming decades, H.I.S. will have to continue to

import enormous quantities of palm oil from Malaysia and Indonesia. Going forward, the growing demand for palm oil will be increasingly criticized for damaging the climate and biodiversity.

Japan's Ministry of Economy, Trade and Industry of Japan indicated in recent discussions regarding the sustainability of biomass under the Feed-in Tariff (renewable energy incentive) that it would move to require GHG emission lifecycle assessments. In the future, there is a possibility that palm oil power plants will be forced to shut down as incompatible with efforts to address climate change. News outlets including The Economist, Toyo Keizai, NHK BS and others have already provided critical coverage of the problems with palm oil power generation.

We believe that those who invest in or finance H.I.S. also bear a great responsibility. Based on your understanding of this situation, we would like you to consider asking H.I.S. to withdraw from this project, and if H.I.S. decides to continue, we ask you to refrain from investing or financing H.I.S.

We would appreciate it if you could let us know by **September 18** your response to this matter.

Best Regards,

Friends of the Earth Japan (Japan)
HUTAN Group (Japan)
Kiko Network (Japan)
Greenpeace Japan (Japan)
Global Environmental Forum (Japan)
Plantation Watch (Japan)
Fridays for Future Sendai (Japan)
Fridays for Future Furano (Japan)
Fridays for Future Sapporo (Japan)
Fridays for Future Iwate (Japan)
Fridays for Future Miyazaki (Japan)
Fridays for Future Saitama (Japan)
Friends of the Earth US (US)
Stand.earth (US)
Mighty Earth (US)
Biofuelwatch (US/UK)
pivot point (US)
Water Justice and Gender (Netherlands)
BankTrack (Netherlands)
Forum Ökologie & Papier (Germany)
Rainforest Rescue (Germany)
BUND (Friends of the Earth Germany) - Bund fuer Umwelt und Naturschutz Deutschland e.V. (Germany)
Centar za zivotnu sredinu/ Friends of the Earth Bosnia and Herzegovina (Bosnia and Herzegovina)
Bob Brown Foundation (Australia)
Friends of the Siberian Forests (Russia)
Centre for Environmental Justice (Sri Lanka)
TABIO (Tanzania)

Fern (Belgium)
reacción climática (Bolivia)
Justica Ambiental - JA! (Mozambique)
Protect the Forest Sweden (Sweden)
Coalition for Rivers (Czech Republic)
Friends of the Earth International (World Wide)
Global Forest Coalition (World Wide)

+ 19 individuals

CONTACT:

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