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Press Release

Japanese environmental NGOs urge major investors to divest from Mitsubishi Corporation to protect the climate

FoE Japan
Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
350.org Japan
Mekong Watch

Five Japanese environmental organizations have sent a letter to 98 major investors in Mitsubishi Corporation urging engagement on its continued involvement in new coal-fired power projects, and to divest from the company if necessary. This is the second letter from the organizations to Mitsubishi Corporation's shareholders calling for divestment, the first being in March this year.

The Vung Ang 2 coal-fired power project aims to build two new 600 megawatt ultra-supercritical (USC) generating units in Hà Tĩnh Province of central Vietnam. Since the first letter was sent, investors have been among the many voices expressing concern about this project. Nordea Asset Management, the largest institutional investor in Nordic region, announced that in October it had sent a letter co-signed with Amundi, AP7, Allianz and many other institutional investors to public financial institutions and companies involved (or potentially considering involvement) in this project(1).

An analysis by the U.S. think tank Institute for Energy Economics and Financial Analysis (IEEFA) identified financial risks for the state utility Electricity of Vietnam (EVN), expected to purchase electricity from the plant (2). One of several risk factors is that the electricity purchase contracts would require it to guarantee power purchases at fixed prices from coal-fired independent power producers (IPP).

Climate change is causing increasingly serious damage around the world. This year four typhoons hit central Vietnam in the space of just one month, resulting in extensive flooding and damage. The construction of new coal-fired power plants is not consistent with the goal of the Paris Agreement to hold the global average temperature increase to well below 2°C relative to preindustrial levels and pursue efforts to limit the increase to 1.5°C. Considering the increasing seriousness of the climate crisis everywhere, including Vietnam, all new construction of coal-fired power plants needs to be halted immediately.

The letter calls on investors to:

- As shareholders, urge Mitsubishi Corporation to withdraw from the Vung Ang 2 coal-fired power plant project, and in particular, to submit a shareholder proposal to the company's general shareholders' meeting requesting that it withdraw from the project

- If it does not withdraw from this coal power project even after the above shareholder engagement, divest from Mitsubishi Corporation.

We will continue calling on Mitsubishi Corporation and its shareholders to exit from coal, including a withdrawal from Vung Ang 2 and all coal-fired power generation business in which Mitsubishi Corporation is involved.

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^[1] Nordea Asset Management, Enquiry regarding the Vung Ang 2 coal-fired power plant project in Vietnam, October 2020

https://www.nordea.lu/documents/static-links/Nordea_CEO_letter_on_climate_coal_phase_out_Vung_Ang_2.pdf/

^[2] Institute for Energy Economics and Financial Analysis (IEEFA), Vietnam's EVN Faces the Future: Time to Get Renewables Right, September 2020

https://ieefa.org/wp-content/uploads/2020/09/Vietnams-EVN-Faces-the-Future_September-2020.pdf