

<Joint Letter >

Open Letter to Marubeni Corporation Fix your loophole-filled new decarbonization policies

The undersigned 31 organizations present this open letter in response to Marubeni Corporation's announcement dated September 18, 2018 (Notification Regarding Business Policies Pertaining to Sustainability: In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business).

Marubeni Corporation announced new corporate "sustainability" policies that gave the world the impression that one of Japan's top carbon polluters was committed to pulling out of coal-fired power generation. We welcome the idea that Marubeni will no longer develop new coal projects and intends reduce its coal power generation capacity - as the first among Japanese trading houses to move in this direction. However, upon further investigation, the policies contain unacceptable loopholes and caveats that undermine any perceived climate benefits. U.N. agencies and the International Energy Agency point out that the development of additional coal power plants is not consistent with the Paris Agreement. The Intergovernmental Panel on Climate Change "Global Warming of 1.5 °C" special report (October 2018) makes it clear that decarbonization is even more urgent than previously thought. Therefore, we are sending this open letter calling on Marubeni to do more.

The policies state that in principle, Marubeni "will no longer enter into any new coal-fired power generation business" and it is committed to "cut its FY2018 coal-fired power net generation capacity of approximately 3 gigawatts in half" by 2030. These are noble statements, but the policies contain loopholes: "Marubeni might consider pursuing projects that adopt BAT (Best Available Technology), which at present is USC (ultra-supercritical steam generating technology), and are compliant with the policies and measures of the Japanese government and any country in which the project will be executed (e.g. energy supply stability, poverty and employment measures and economic growth policies)." In direct meetings in person, Japanese NGOs also learned that the stated 3 gigawatts includes projects that are currently at the planning stage, that Marubeni intends to continue implementing all of those projects, and that it will not consider cancelling any projects even if construction has not yet begun or if various required licences, approvals and contracts are still pending and/or subject to legal challenges.

With its announcement, Marubeni appeared to show leadership by being the first Japanese trading company to declare a "process of pulling out of coal." But when we learned more, Marubeni's approach is still inadequate for decarbonization. In reality, Marubeni's strategy appears to be a passive approach of continuing to operate coal plants under Power Purchase Agreements (PPA) and Build Operate Transfer (BOT) schemes, while simply waiting until the contracts run out. This strategy is not enough as a practical approach to control climate change.

Marubeni has the largest electricity generation portfolio among Japan's major trading companies. It is a powerful force in the construction of coal-fired power plants in Japan and overseas, and this has earned Marubeni second place (after J-POWER) among Japanese coal-related companies on the global "Coal Plant Developers" list (coalexit.org)

published by the German environmental NGO Urgewald. Many private banks and institutional investors use this database to evaluate the coal content of their investment portfolio. Many investors use this list for decision-making to accelerate decarbonization of their investment portfolios.

Thus, we the undersigned urge Marubeni to genuinely join the international community's decarbonization efforts and create real results in fighting climate change, consistent with the goals of the Paris Agreement, by improving its policies relating to coal-fired power generation plants, as follows:

- ✓ Disclosure of information: Disclose appropriate information in order to be publicly accountable for your commitment to cut coal-fired power net generation capacity in half by 2030 (e.g., how you come up with the 3 gigawatts, the ratio of Marubeni's investment in the share of generation capacity in each project, a schedule to divest from coal or cut greenhouse gas emissions, etc.)
- ✓ Coal-fired power plants at the operating stage: Actively accelerate your schedule to divest, cease delivery, and shut down operations, especially prioritizing any plants with serious problems (e.g., major human rights concerns, strong local resistance, etc.), for example, by reconsidering contract terms or conditions.
- ✓ Coal-fired power plants at the construction stage: Stop construction and conduct a "zero-based" review to consider whether or not to continue construction each one, with careful consideration of needs and alternatives, and a real option of project cancellation.
- ✓ Coal-fired power plants at the planning stage: Cancel all of them (i.e., where construction has not yet commenced and/or various approvals, licences or contracts are still pending) and seriously consider sustainable solar and wind renewable energy alternatives, premised upon Free, Prior and Informed Consent (FPIC) of the local community, and premised upon a real local need for the electricity.

We call upon Marubeni to acknowledge the global urgency of coal divestment and a faster shift to renewables, to show greater vision and leadership with genuine decarbonization policies, and to provide a positive model for other major corporations. We therefore call upon Marubeni to review and substantially amend its coal policies and/or adopt new policies, in line with the points stated above.

This letter is signed by following organizations. (at December 13, 2018):

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Alyansa Tigil Mina

Center for Energy, Ecology and Development

Center for Environmental Concerns (CEC) - Philippines

The Centre for Environmental Rights

Center for Renewable Energy and Sustainable Technology

Conservation Action Trust

Convergence of Initiatives for Environmental Justice Inc.

Earthlife Africa

Environics Trust

Freedom from Debt Coalition

Friends of the Earth France
Friends of the Earth Japan
Friends of the Earth U.S.
GreenID
groundWork
Green Thumb Coalition
Health Care Without Harm Asia
Japan Center for Sustainable Environment and Society (JACSES)
Kiko Network
Market Forces
NRDC
Philippine Movement for Climate Justice
Power for People Coalition
Sanlakas
Shankar Sharma (Power Policy Analyst)
Urgewald
Wahana Lingkungan Hidup Indonesia (WALHI - FoE Indonesia)
WALHI West Java
WoMin African Alliance

References:

No Coal Go Green! Campaign News Release: Marubeni's Announcement on Pulling Out of Coal-Power: A Significant Step Forward, but Need to Close Loopholes to Meet Paris Goal (September 18, 2018)
<https://sekitan.jp/jbic/en/2018/09/18/2983>

Marubeni Corporation News Release: Notification Regarding Business Policies Pertaining to Sustainability (In Relation to Coal-Fired Power Generation Business and Renewable Energy Generation Business) (September 18, 2018)
<https://www.marubeni.com/en/news/2018/release/00028.html>

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