



Open Letter to Investors

A call for divestment from Mitsubishi Corporation

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We, the undersigned Japanese environmental organizations, are concerned about climate change and energy issues. We are closely watching the activities of financial institutions and companies that promote the coal-fired power generation industry, which is one of the major causes of climate change. To accelerate efforts to achieve the goals of the Paris Agreement, we are sending this letter asking you to divest from Mitsubishi Corporation, one of Japan's top trading companies, in which you are investing.

Mitsubishi Corporation is a major general trading company that accounts for 669 megawatts of total coal-fired power generation inside and outside Japan (as of September 2019). The company is also promoting the construction of two new coal-fired power plants in Japan and two in Vietnam (total power generation capacity of these four projects is 4,266 megawatts, of which the company accounts for 1,302 megawatts.) Among the Japanese trading companies, Mitsubishi Corporation has the largest number of new coal power projects. The German environmental NGO Urgewald publishes the "Global Coal Exit List," a comprehensive global list of companies in the coal business, and the name of Mitsubishi Corporation appears prominently for its involvement in the coal-fired power plant business.

Mitsubishi Corporation (MC) revised the 2018 edition of its "ESG Data Book" and announced a policy that in principle it will not be engaged in the development of new coal-fired power generation. The 2019 edition of the Data Book states that: "MC has adopted a policy not to enter into any new coal-fired power generation businesses, with the exception of projects which MC has already commenced development. Going forward, paying attention to factors including future technology trends for reducing CO₂ emissions (such as CCS), which will become necessary for promoting businesses while considering the environment, as well as progress towards achieving the energy mix of 2030 (including policy trends), MC will aim to reduce its coal-fired power generation capacity on a net equity basis based on 2°C scenario analysis." Mitsubishi Corporation has announced that the "exceptions" for projects already under way include the Vung Ang 2 and Vinh Tan 3 coal-fired power plants in Vietnam and the Nakoso and Hirono power plants in Fukushima Prefecture, Japan. Thus, the company has asserted that these four projects will proceed.

However, the new construction of any coal-fired power projects contradicts the climate goal set under the Paris Agreement to limit the global temperature rise to well below 2°C. Mitsubishi Corporation claims that it has conducted analysis assuming a 2°C scenario, but the private research institute Climate Analytics has stated

that all existing coal-fired power plants need to be gradually phased out, and that this should be by 2030 as the target year for OECD countries, and by 2040 for other countries. The construction of any new coal-fired power plant is inconsistent with efforts to achieve the goals of the Paris Agreement, and is completely unacceptable in the context of efforts to phase out all the plants including existing ones and achieve zero plants by 2040.

There is a growing wave of financial institutions and companies divesting from involvement in coal-related businesses around the world. In 2016, the ABN Amro Bank of the Netherlands was the world's first to stop financing coal-fired power plant construction companies. So far, this has been followed by leading insurance companies AXA (life insurance), Generali and Allianz SE (general) and SCOR (reinsurance), etc. Then, in January 2020, major American funds manager BlackRock announced it would shift to an investment policy based on sustainability, and stated that it would be exiting coal-related stocks from its investments. Amid this accelerating wave of divestment, trading companies like Mitsubishi Corporation, which do not appear on center stage in the power generation business, have escaped attention as divestment targets. However, many institutional investors are now noticing that Japanese trading companies are involved in coal-fired power generation projects in Japan and around the world, and are expanding their scope of divestment targets.

As the Paris Agreement will enter the implementation phase, we the undersigned environmental organizations are asking you as an institutional investor to establish policies to divest from companies that are involved in any coal-fired power generation projects and to strengthen your efforts to achieve the goals of the Paris Agreement. In that light, we are asking you to consider divesting from Mitsubishi Corporation.

Together with this letter we are sending a Summary Sheet containing information about Mitsubishi Corporation's coal-fired power plant business. We hope it serve as a useful resource as you consider divestment from this company. We also request that you kindly respond by March 31, 2020 to the e-mail contact listed below regarding our request to your company to consider and implement divestment.

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Attachment: Summary Sheet: "Why Mitsubishi Corporation"