

October 17, 2022

[Press Release]

Further engagement by institutional investors requested
Mitsui & Co.'s new gas development and introduction of ammonia co-firing at coal
fired power plants do not align with 1.5 degrees target

Friends of the Earth Japan
Kiko Network
Japan Center for a Sustainable Environment and Society (JACSES)
Mekong Watch
350.org Japan

We, five Japanese environmental organizations sent a letter(*1) on August 30 to 38 major shareholders of Mitsui & Co., requesting to engage and urge the company officials to reconsider its participation in new fossil gas projects including Liquefied Natural Gas (LNG) and also introduction of ammonia co-firing at coal fired power plants, which do not align with the Paris Agreement and the net-zero commitment of the company. Until today, we received seven responses, of which the two declined to respond on engagement, but the remaining five said they have engaged or have plans to engage.

The responses contained ones implying that their engagements are from the stance to make the company set credible targets and disclose implementation plans on how to reduce fossil fuel reliance.

Mitsui and Co.'s policy(*2) does not rule out or in any way restrict the development of new oil and gas fields. Thus, the company is trying to develop new gas fields in Vietnam (Block B gas field - O Mon gas-fired power) and also in Mozambique. The company also has a plan to develop the new Udabari gas field and raise output at the Vorwata gas field to expand the Tangguh LNG project in Indonesia(*3). In a pathway indicated by International Energy Agency (IEA), no new oil and gas field could be approved for development from 2021 if the world was to reach net zero by 2050(*4). Mitsui's pursuit of new fossil gas projects completely deviates from this drawn pathway.

The company has no policy to rule out or in any way restrict development of new LNG projects. Rather the company is seeing opportunities in LNG businesses. They are developing Barossa LNG facilities in Australia and also proceeding Arctic LNG 2 project in Russia. In the IEA pathway, many of the LNG liquefaction facilities currently (at 2021 present) under construction or at the planning stage are not needed.

In addition, in the company's policy, Scope 3 emissions target does not apply to use of sold products, therefore the policy does nothing to restrict emissions from the end use of its oil and gas products. If the company was to follow the IEA pathway, absolute emissions from oil and gas would need to fall by 23% from 2020-2030 (oil 27%, gas 17%).

Also, Mitsui & Co. is attempting to introduce ammonia co-firing at Safi coal-fired power plant in Morocco. Ammonia co-firing is a false solution that delays closure of the plant locking in further greenhouse gas emissions.

Mitsui and Co. should halt projects that accelerate climate change. The latest Intergovernmental Panel on Climate Change (IPCC) report(*5) revealed that "projected

cumulative future CO2 emissions over the lifetime of existing and currently planned fossil fuel infrastructure without additional abatement exceed the total cumulative net CO2 emissions in pathways that limit warming to 1.5°C (>50%) with no or limited overshoot. They are approximately equal to total cumulative net CO2 emissions in pathways that limit warming to 2°C (>67%)". This means that, in order to limit the temperature increase to below 1.5 degrees Celsius, a target agreed in the Paris Agreement, companies must stop expanding or exploring new fossil fuel projects besides phasing out existing infrastructure including coal power plants.

We request Mitsui and Co. to align their business with the 1.5 degrees Celsius target. We also request institutional investors investing in Mitsui and Co. to seriously take the risks this company's business charges and engage or further strengthen their engagement.

*1 A list of letter recipient institutions also contained in the website below.

Letter in Japanese <https://sekitan.jp/jbic/2022/08/31/5589>

Letter in English <https://sekitan.jp/jbic/en/2022/08/31/5042>

*2 Mitsui & Co., Climate Change,

https://www.mitsui.com/jp/en/sustainability/environment/climate_change/index.htm

*3 Mitsui & Co.(Aug.30, 2021), SKK Migas approved Plan of Development for Ubadari Field and Vorwata CCUS at Tangguh LNG Project,

https://www.mitsui.com/jp/en/topics/2021/1241849_12171.html

*4 IEA (2021), Net Zero by 2050 - A Roadmap for the Global Energy Sector,

<https://www.iea.org/reports/net-zero-by-2050>

*5 IPCC (2022), Climate Change 2022 Mitigation of Climate Change,

https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SPM.pdf

Contact:

Japan Center for a Sustainable Environment and Society (JACSES)

Yuki Tanabe [tanabe\[@\]jacses.org](mailto:tanabe[@]jacses.org)