Mike Kanetsugu, President and Group CEO, Mitsubishi UFJ Financial Group, President and Chief Executive Officer, MUFG Bank
Jun Ohta, Director President and Group CEO, Sumitomo Mitsui Financial Group
Makoto Takashima, President and CEO of Sumitomo Mitsui Banking Corporation
Tatsufumi Sakai, President & Group CEO, Mizuho Financial Group
Koji Fujiwara, President & CEO, Mizuho Bank, Ltd.
Tetsuo Ohkubo, Director, President of SuMi TRUST Holdings, Director of SuMi TRUST Bank

c.c.
Tadashi Maeda, Governor, Japan Bank for International Cooperation (JBIC)
Takehiko Takeuchi, CEO, Mitsubishi Corporation
Satoru Komiya, Group CEO, Tokio Marine Holdings
Yasuyoshi Karasawa, President & CEO, MS&AD Holdings
Kengo Sakurada, Group CEO, SOMPO Holdings

1 November 2019

**RE: Financing for Vung Ang 2 coal-fired power station in Vietnam**

Dear Sirs

We, the undersigned, **call on you to stop funding new coal plants and desist from financing Vung Ang 2**, a planned 2 x 600MW coal-fired power station in Kỳ Lợi commune, Hà Tĩnh province in Central Vietnam.

Funding yet another polluting coal plant will be in direct contravention of your promises to abide by the Paris Agreement and will only accelerate the climate crisis. This project also raises grave health and human rights concerns, as impacted communities in Vietnam are already suffering from air, water and environmental pollution from existing projects near their neighborhoods.

Your decision to fund such a project raises legal and reputational risks, and cannot be justified on economic grounds given the increasing affordability of renewable energy in Vietnam.

To demonstrate your real commitment to climate action and business practices that embody true consideration for Environmental (E), Social (S), and Governance (G) factors in your financing decisions, we urge you to make a public commitment not to finance Vung Ang 2 or any new coal-fired power stations and instead support sustainable energy solutions that protect the rights of local communities.

Given the issues raised, Mitsubishi UFJ Financial Group, Mizuho Financial Group, Sumitomo Mitsui Financial Group and Sumitomo Mitsui Trust Bank must urgently reconsider involvement with this controversial project.

Sincerely,

The Undersigned

Endorsed by: 350.org Japan, Market Forces, Friends of the Earth Japan, Mekong Watch, Japan Center for a Sustainable Environment and Society (JACSES), Greenpeace Japan, Urgewald, Rainforest Action Network

[followed by individual signatories TBD]

Further details on the project below:

**Significant health and human rights concerns**
Vung Ang 2, a US$ 2.2 billion coal plant being developed by One Energy Ltd., a joint venture between Diamond Generating Asia - a Mitsubishi Corporation subsidiary - and China Light and Power, is reportedly being considered for funding by Japan's Mitsubishi UFJ Financial Group (MUFG), Mizuho Financial Group, Sumitomo Mitsui Financial Group and Sumitomo Mitsui Trust Bank (SMTB), alongside the Japan Bank for International Cooperation (JBIC). The plant is proposed to be constructed on a site proximate to the Formosa Steel plant and the Vung Ang 1 coal plant, both of which have raised community protest. The Formosa Steel Mill spill is considered the most serious environmental disaster in Vietnam's history. In 2016, this steel plant spilled toxic chemicals into the ocean, devastating a hundred miles of coastline and rendering these areas presently unfishable, depriving communities of food and livelihoods. Vung Ang 1 coal power plant has been controversial given the proximity of its coal heap to residential areas and farmland, and the air pollution resulting from the plant. This project was funded by JBIC, MUFG and SMBC in 2011.The commune residents and health care centres state that they see an increase in "heart disease, stroke, lung disease, skin problems and cancers," from the projects already on the site.

Further, the only publicly available Environmental and Social Impact Assessment from 2010 does not demonstrate that the project-affected community was appropriately consulted on the issues, and it is unclear whether the communities are presently being informed or have been engaged with on these projects. Given the considerable cumulative impacts of the projects, robust consultation with this already burdened community is essential.

**Financial risks associated with coal power in Vietnam**
Vung Ang 2 is being developed in an economy where renewables are fast becoming cheaper than coal. According to a recent report from financial think tank Carbon Tracker, in 2020 it will already be cheaper in Vietnam to invest in new solar PV than new coal, with new onshore wind generated power expected to become cheaper than coal power in 2021.

Additional coal power capacity currently in Vietnam's pipeline – an estimated 35.7GW – has been significantly delayed. These costly delays have coincided with decreasing cost of renewables, to the point where any new coal capacity commissioned after 2020, including Vung Ang 2, would be more expensive than renewables. As such, Vung Ang 2 would be at risk of becoming a **stranded asset.**

**Funding coal power does not align with the banks' ESG policies and international commitments**
Both MUFG and SMTB have adopted credit policies with explicit commitments to phase out coal power financing in principle, and hence this project should not be considered for finance. However, both banks' policies include wide loopholes. MUFG states in its policy revision of 15 May that "MUFG will take a cautious approach to projects regarding which financial assessment has been ongoing since before the revision to the Framework" and it will "take into consideration the energy policies and circumstances of the host countries, international standards such as the OECD Arrangement on Officially Supported Export Credits, and the use of other available technologies when deciding whether to provide financing". Given the stranded asset risks of coal power alone as described above, MUFG should take its own advice and re-evaluate their financial support. SMTB also states that they may make exceptions to their coal power policy on a case-by-case basis, considering relevant international standards. The most relevant

international standard, meeting the goals of the Paris Agreement - requires banks to stop funding coal immediately. A decision by both banks to continue funding new coal, despite their earlier commitments, will reveal the true nature of their ESG policies - weak. Furthermore, all 4 Japanese banks, including Mizuho and SMBC recently signed on to the UN Principles for Responsible Banking (PRB) on 22 September, which commit signatory banks to “align their business strategy with the SDGs and the Paris Climate Agreement”. A decision to fund a new coal plant barely more than one month after this commitment will undermine their credibility on the international stage.