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Press Release

Five major insurers and asset managers say they are doing
engagement with Mitsubishi Corporation
- NGOs call for greater efforts to make Mitsubishi Corp. withdraw
from new coal-fired power plant project in Vietnam

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

Five Japanese environmental organizations wrote jointly in December 2020 to 98 major shareholders of Mitsubishi Corporation (1) urging them to conduct shareholder engagement with the company, which is proceeding with new coal-fired power generation projects in Vietnam, and to divest from the company if necessary (2). As of January 28, 2021, the organizations had received 15 responses, some of which were simply an acknowledgment of receipt, although five major life insurance or asset management companies did state that they were conducting engagement with Mitsubishi Corporation. This was the second letter from the environmental groups to shareholders of Mitsubishi Corporation formally urging divestment (3).

While Mitsubishi Corporation has been promoting the Vung Ang 2 coal-fired power plant project (Vung Ang 2) in Vietnam, many voices have been calling for the project to be stopped, including not only the signatory groups but also many other organizations and youth groups and institutional investors in Japan and overseas (4).

The request letter from NGOs called upon institutional investors, as shareholders, to urge Mitsubishi Corporation to withdraw from Vung Ang 2, and more specifically, to submit a shareholder proposal to the company's general shareholders' meeting requesting that the company withdraw from the project; and if, even after shareholder engagement, Mitsubishi Corporation does not withdraw from the coal power project, to divest from the company.

None of the responses received to date stated that the respondent was proceeding with or considering divestment, but five companies did state that they were conducting engagement with Mitsubishi Corporation.

One Japanese institutional investor replied as follows: "Regarding coal-fired power plant projects, we are conducting rigorous ESG evaluations considering their significant impacts on the environment, and we are conducting engagement through meetings with companies about reducing and/or reviewing/reconsidering existing projects and business plans that could result in the loss of corporate value in the long-term; and furthermore, regarding companies that cannot over time accept the matters of our engagement, we enforce active ownership including exercise of voting rights and continue to apply pressure." From this response one can see evidence of progress in investor efforts.

Meanwhile, despite voices of strong opposition and concern from Japan and overseas, a bank consortium at the end of December went ahead and signed a loan agreement for Vung Ang 2, giving Mitsubishi Corporation an apparent boost, and the company's intention to proceed with Vung Ang 2 has become increasingly clear. The amount of information that NGOs are able to obtain regarding the content of engagement efforts by institutional investors is limited, but some of the institutional investors that received the request letter have a coal exit policy.

Going forward, we believe that institutional investors should redouble their engagement efforts and actions toward Mitsubishi Corporation to withdraw from Vung Ang 2 on which no construction work has yet begun, including actions targeting the shareholders general meeting as sought in our request letter in order to ensure the effectiveness of environmental pollution prevention and climate change measures.

In closing, we call upon Mitsubishi Corporation to heed the voices of investors and citizens, and to withdraw decisively from the project.

END

Summary of Responses

Total: 15 responses, of which

- 11 are Japanese institutional investors
- 4 are overseas institutional investors

Footnotes:

1. The number includes several affiliate companies in the same group.
2. “Japanese environmental NGOs urge major investors to divest from Mitsubishi Corporation to protect the climate” <https://sekitan.jp/jbic/en/2020/12/23/4763>, 23rd December 2020
3. After the first request, most responses were just acknowledging receipt of the letter, but responses to the second request reveal a trend of investors recognizing the need for climate change countermeasures, and the fact that they are beginning to actively express their intentions regarding strategies toward the companies in which they are invested.
4. For example, Nordea Asset Management, the largest institutional investor in the 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 involved) in this project.

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