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[NGO Joint Statement on Sumitomo Corporation's Coal Policy]
**Sumitomo Corporation Must Aim at
Complete Coal Phase-Out to Combat Climate Change**

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

Sumitomo Corporation issued the “Integrated Report 2019” in August and announced that it will no longer develop new coal-fired power generation and coal mining projects¹.

According to the report, the company aims to reduce the ratio of coal from 50% to 30% while increasing gas from 30% to 40% and renewable energy from 20% to 30% on the basis of equity generation capacity by 2035. Regarding the coal-fired power generation business, it states, “We will not have new development in the coal-fired power generation business.” However, it is also written, “We make a decision individually about new development in cases where the project is essential to the economic and industrial development of the local community and where the project is complying with the policies of the Japanese and host country governments based on the international initiatives to mitigate climate change issues.”, and in the commentary of the statement, “The Van Phong coal-fired power generation project in Vietnam is a project based on this policy.”

1. It is critical to not only withdraw from new coal projects but also cancel planned and under construction projects and withdraw from operating projects as soon as possible

We have continued to request Sumitomo Corporation to withdraw from the coal-fired power generation business. We therefore welcome the company's decision to try to align with the global trend towards decarbonization and adopt a policy to take a step in such direction.

Nevertheless, it is necessary to cancel not only new projects, but also projects that are currently planned and under construction, and withdraw from operating projects as soon as possible to achieve the Paris Agreement's goal, as it has been pointed out by a number of organizations such as the United Nations agencies and the International Energy Agency (IEA) that the construction of new coal-fired power plants cannot ensure consistency with the Paris Agreement. Furthermore, the Intergovernmental Panel on Climate Change (IPCC)'s “Special Report: Global Warming of 1.5 °C” also points out that more rapid decarbonization is urgently needed. In particular, the Van Phong coal-fired power generation project (1,320 MW), where construction work has not yet started, should be stopped immediately. In addition to

¹ Sumitomo Corporation “Integrated Report 2019” (Japanese). As the English version of the report is not yet available, the quotes were taken from Sumitomo Corporation “Construction Commences on Van Phong 1 Coal-fired Power Project in Vietnam”. The official English version is to be published on <https://www.sumitomocorp.com/ja/jp/ir/financial/investors-guide/2019>.

the Van Phong project, it is also not too late to cancel the Indonesian Tanjung Jati B re-expansion (2,000 MW) as it is still under construction.

Sumitomo Corporation not only develops its own power generating projects but also undertakes construction of coal-fired power plants from other companies as an EPC (Engineering, Procurement and Construction) contractor. For example, it is involved in the Lontar expansion project in Banten Province (315 MW) in Indonesia and the Matarbari coal power project (1,200 MW) in Bangladesh. Whether it is its own power generating project or EPC project, the fact that continuing to construct new coal-fired power plants will be a negative factor for global warming countermeasures should not be ignored.

2. Sumitomo Corporation should set a reduction target in absolute value instead of in ratio of power generation capacity, and aim for coal phase-out earlier than 2035

To reduce the proportion of coal from 50% to 30% by 2035 in accordance with the policy set out by Sumitomo Corporation, there will be an option to withdraw from investment in coal or to expand the overall power generation capacity. However, the report does not clarify how to reduce the proportion. If the latter, the big question remains in the effectiveness as a countermeasure. Therefore, instead of setting a target for the ratio of power generation capacity, the company should set a reduction target in absolute value and aim for coal phase-out earlier than 2035.

3. Sumitomo Corporation should avoid environmental destruction and human rights violations in the Vang Phong coal-fired power generation project

Regarding the aforementioned Van Phong coal-fired power generation project in Vietnam, requests to Sumitomo Corporation for withdrawal have been submitted by domestic and overseas NGOs and civil society organizations². The project plans to use inefficient technology called Supercritical. Furthermore, according to a report by Greenpeace, the plant in the project is expected to emit about 9 times more dust and SO₂ and about 6 times more NO_x than the median limits for Japan's domestic coal power plants since 2012³. Moreover, there are problems such as the lack of appropriate local consultations on the project development, and in fact there is still a household that cannot accept eviction demands from the planned construction site⁴.

Sumitomo Corporation stated in its integrated report that "If there are problems pointed out by stakeholders such as local residents or NGOs regarding the impact of Sumitomo Corporation Group's business activities, we will consider and implement improvement measures based on the actual situation⁵." However, at least with regard to the Van Phong project, no improvement has been made in spite of problems and concerns pointed out by NGOs in Japan and overseas. Sumitomo Corporation should avoid

² Friends of the Earth Japan "Japan shamelessly continues to finance coal ignoring the voices of the local people as well as international society - JBIC and NEXI should stop supporting Van Phong 1" April 26, 2019 <http://www.foejapan.org/en/aid/jbic02/vp/190426.html>

³ Greenpeace South East Asia, Greenpeace Japan "A deadly double standard how Japan's financing of highly polluting overseas coal plants endangers public health" August 2019

⁴ Grandma Ca: the 99-year-old standing up to Vietnam's coal rush <https://news.yahoo.com/grandma-ca-99-old-standing-vietnams-coal-rush-040702651.html>, May 22, 2019

⁵ Unofficial translation by Friends of the Earth Japan.

violations of local communities' human rights and conduct appropriate dialogue with residents. In addition, issues such as environmental destruction pointed out by NGOs should be addressed.

Contact:

Friends of the Earth Japan
1-21-9 Komone, Itabashi-ku, Tokyo
173-0037 Japan
Tel: +81(3)-6909-5983