



**To: Masami Iijima, Representative Director, President and Chief Executive Officer**

**Mitsui & Co. Ltd, Mitsui & Co. Bldg. 2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan**

**CC: Katsuya Okano, President, Mitsui & Co. Deutschland GmbH, Berliner Allee 52, 40212 Düsseldorf, Germany**

**Makoto Yamanaka, Ambassador of Japan to Poland, Szwoleżerów 8, 00-464 Warsaw, Poland**

Warsaw, June 9 2014

**Dear Mr Iijima,**

We are writing to you in regard to the planned Czczott coal power plant in southern Poland. As a group of Polish, European and Japanese not-for-profit organizations working in the field of environment, energy and health on local, national and international level, we are deeply concerned about potential involvement of Mitsui & Co. in this environmentally and socially harmful project.

We welcome the fact that your Financial Performance and Sustainability Annual Report 2013 states that sustainable investment is one of your highest management priorities. Therefore, we believe that your

company should be fully informed about social, environmental and economic risks linked with Czczott power plant. We would also like to ask you to reconsider your involvement in such a high-risk project.

The aforementioned investment will have a significant negative influence on both the local community and the environment.

It will exacerbate the already threatening levels of air pollution in two highly populated Polish regions, Silesia and Malopolska Provinces. Level of PM10 (larger dust particles) which, according to the Ambient Air Quality and Cleaner Air for Europe (CAFE) Directive (2008/50/EC), cannot exceed 50 milligrams/m<sup>3</sup> more than 35 times a year, is breached in these two regions with much higher frequencies. What is more, in a report issued in October 2013 by European Environment Agency, six Polish cities located in southern Poland were ranked among top 10 most polluted cities in the EU. EU limits are exceeded on average on one out of three days in these cities. Five of them (Katowice, Sosnowiec, Krakow, Zabrze and Gliwice) lie within 30-70 km radius from the location of the proposed plant. According to modeling done in European Monitoring and Evaluation Programme (EMEP) by Health and Environment Alliance (HEAL)<sup>1</sup> air pollution impact of Czczott power plant can reach up to 300 km, thus all the aforementioned towns, together with vast areas of southern Poland, will be endangered by further deterioration of air quality.

Local communities are already experiencing adverse social impacts of poor air quality, such as loss of amenity, displacement and loss of social capital, as well as increased risks of respiratory and cardiovascular diseases, such as asthma, COPD, lung cancer, strokes or heart failure. According to estimates by HEAL, external health costs resulting from operation of Czczott power plant will reach at least 30 million euros per year (e.g., costs of hospital admissions, medication use and productivity losses).

What is more, Mitsui & Co. should be aware of flaws and shortcomings of the Czczott's environmental impact assessment (EIA), which were pointed out by HEAL in its comments handed over in public consultations process<sup>2</sup>. Firstly, the model of atmospheric dispersion of air pollution used in EIA is outdated. It dates from the 1960s and results in numerous irregularities in calculations, such as disregarding secondary emission data and decrease the air pollution range to a couple of kilometers rather than the true impact range of few hundreds kilometers. It can be assumed that the calculations the environmental impact assessment was based on were imprecise, or even incorrect.

Secondly, the analysis of possible health impacts (described together with tangible goods) of the power plant was inadequate – enough to point out that these impacts were addressed only on a half page of the 257-page assessment. Given these facts, we believe that a comprehensive health impact assessment should be carried out, including a recalculation of air pollution dispersion using currently used models that includes also secondary emissions data.

Further flaws of the EIA were raised by a Polish environmental NGO, Towarzystwo na rzecz Ziemi (TnZ - Society for the Earth). It claims i.a. that the investment may not be granted an IPPC permit, as it does not meet the requirements imposed by the Polish law. According to Polish Environmental Protection Act, as air in the location of the power plant is heavily polluted, in order for a relevant permit to be granted to Czczott, the investor should diminish the quantity of PM10 emissions there by 30% more than he plans to emit (that

---

<sup>1</sup> <http://www.env-health.org/news/latest-news/article/health-costs-of-the-planned>

<sup>2</sup> <http://www.env-health.org/news/latest-news/article/health-costs-of-the-planned>

is by 130% of the Czczott's planned PM10 emissions). However, so far the planned cuts which will result from an accompanying closure of a heat plant (Zakład Ciepłowniczy Nr 2 Czczott) can be equivalent to between 17 to 38% of the Czczott's future emissions. Investor has not foreseen to reduce emissions by any other means. Moreover, as underlined by TnZ, investor has not fulfilled its legal obligations to assess properly the possible impact of the investment on NATURA 2000 areas.

Another subject worth mentioning is the fact that Czczott will be located only 12 km away from a health resort – Goczalkowice-Zdroj – whose authorities are concerned that the village may lose its resort status.

Above-mentioned issues clearly show how unprepared and short-sighted actions of Kompania Weglowa are, and that those actions may lead to serious problems for the environment, and also for the investment itself.

Furthermore, construction of this power plant means that the surrounding region will be locked into an outdated mode of energy production for the next 40-50 years and thus will not be able to shift to resource-efficient, renewable-based economy. It also prolongs dependence of Silesia Province on hard-coal, thus leading to an increased risk of stranded assets as the requirements of the climate and energy policy of the EU will put an ever-increasing pressure on coal-based energy generation. This may lead to so-called carbon bubble<sup>3</sup> and has already been reflected in investment decisions of global banks and companies such as EBRD, RWE or Vattenfall, which have withdrawn from several investments in Polish coal-fired power plants market.

The Polish and European public are greatly concerned about the project and we reckon investing in the project would have a negative impact for the image of Mitsui & Co. Therefore, we strongly encourage you to reconsider your involvement and invest instead into clean, forward-looking projects in the area, which would lead to improvement of the air quality, as well as to an increase of energy security and employment opportunities.

We are interested to discuss further your involvement in Czczott power plant. We remain at your disposal to answer any questions related to this letter.

Thank you for your time.

Sincerely,

CEE Bankwatch Network

ClientEarth Poland

Climate Alliance Germany

Eko-Unia

Fundacja Frank Bold

Fundacja Greenmind

Greenpeace Polska

Health & Environment Alliance

Kiko Network

National Ecological Center of Ukraine

Pracownia na rzecz Wszystkich Istot

SEE Change Net Foundation

Towarzystwo dla Natury i Czlowieka

Towarzystwo na rzecz Ziemi

Urgewald

WWF Polska

Polish Green Network

---

<sup>3</sup> <http://www.carbontracker.org/site/wastedcapital>; <http://reneweconomy.com.au/2013/fossil-fuels-put-on-notice-the-party-is-about-to-end-55039>;