

Enquiry regarding the Vung Ang 2 coal-fired power plant project in Vietnam

Nordea Asset Management is the largest asset manager in the Nordic region, with a global presence and EUR 233 bn under management (as at 30.09.2020).

We, the undersigned, representing combined assets under management of approximately EUR 4.8 tn emphasize the critical role that listed companies play in addressing climate change, as well as the risk faced by companies that fail to fully address their own specific climate risk exposure. Furthermore, we see it as imperative that companies actively address climate-related issues in a structured and transparent manner as it is our strong conviction that this contributes to improved risk management and presents companies with better business opportunities.

We hereby respectfully enquire if your company has considered participating in the financing, construction, management, supply or servicing of the Vung Ang 2 coal-fired power plant project (Vung Ang 2 or the project). If this should be the case, we respectfully urge you to declare your decision not to be associated with or involved in Vung Ang 2, as we find the project to suffer from high climate-related, financial and reputational risks, for *inter alia*, the reasons listed below. Moreover, we respectfully urge you to make a public commitment to end all involvement in new coal power projects worldwide, without exception, across all of your operations.

Our request is founded in three facts:

Firstly, the Paris Agreement and the UN Sustainable Development Goals (SDGs) set clear targets for addressing climate challenge and stake out the direction for responsible companies. As responsible investors, we expect investee companies to take action and set a net-zero emissions business strategy. Research, such as that carried out by Climate Analytics, conclude that coal power must be phased out globally by 2040 to meet the Paris objective of limiting global warming to 1.5°C.¹ Historically, coal plants have retired at an average lifetime of 46 years and consequently any new coal-fired power plant, including Vung Ang 2, is inconsistent with the goals and timelines of the Paris Agreement.

Secondly, the economic viability of the construction of Vung Ang 2 is uncertain. A September 2019 report by the UK think tank Carbon Tracker, concludes that the cost of constructing new renewables will be lower than operating costs of existing coal-fired power generation in Vietnam by as early as 2022.² Consequently, we believe that Vung Ang 2 is not only questionable from a climate perspective but also from a financial point of view.

Lastly, independent analysis conducted by Environmental Law Alliance Worldwide (ELAW) found that key aspects of the project's 2018 Environmental Impact Assessment (EIA) did not meet internationally accepted standards for evaluating the potential environmental impact. Key findings of the ELAW analysis concerned the use of weaker emission standards by the EIA than those applied internationally, as well as the conclusion that the EIA, in violation with international standards, failed to consider alternatives to coal power in its assessment.

To conclude, given the above reasons we urge companies associated with or involved in Vung Ang 2 to withdraw from the project. Should you decide to participate, we respectfully request that you prepare a public statement, addressing the climate-related, financial and reputational risks associated with this project and how these risks align with your climate strategy. In addition, we strongly urge

¹ "Coal Phase Out" Climate Analytics, <https://climateanalytics.org/briefings/coal-phase-out/>, accessed September 15, 2020.

² "Here comes the sun (and wind) Vietnam's low-cost renewables revolution and its implications for coal power investments" Carbon Tracker, https://www.carbontracker.org/reports/here_comes_the_sun/ (September 2019).

you to make a public commitment to end all forms of involvement in new coal projects worldwide, in alignment with the recommendation of the United Nations Secretary General.

If you have exited the project, or have never considered any involvement, we would be grateful for such a confirmation.

We propose to schedule a meeting within the next couple of weeks to discuss your position in regard to any potential participation in the Vung Ang 2 project. Please contact Elin Noring in Nordea Asset Management at elin.noring@nordea.com to let us know your availability or should you have any questions.

The list of investors supporting this enquiry is detailed below.*

Yours faithfully,

Eric Pedersen
Head of Responsible Investments, Nordea Asset Management

AkademikerPension
Amundi
AP7
Brunel Pension Partnership
CCLA
Church Commissioners for England
Church Pension Fund Finland
Church of Sweden
Danica Pension
DNB Asset Management
Folksam
LD Pensions
Maitri Asset Management
Nordea Life & Pension
PenSam
Sampension Administrationselskab A/S
Storebrand Asset Management
Söderberg & Partners Asset Management
Varma
Velliv

* Due to privacy reasons, the public signatory list does not reflect the full list of supporters. Additionally, the list of supporters varies across company recipients.