

1 April 2026

To: The President / CEO, [Company Name]

From:

HUTAN Group, Plantation Watch, Japan Tropical Forest Action Network (JATAN), Mighty Earth, Japan Center for a Sustainable Environment and Society (JACSES), Miyuki Tomari (President, Biomass Industrial Society Network)

## **Request for ESG Engagement and Reconsideration of Investment and Financing (Including Divestment) Concerning Tokyo Gas Co., Ltd. and Hanwa Co., Ltd.**

We understand that, as a responsible financial institution, your company promotes ESG-oriented investment and financing in pursuit of a sustainable society. We are environmental NGOs working to strengthen forest conservation and climate action.

We have grave concerns the wood pellet production project being promoted by **Hanwa Co., Ltd. (hereafter “Hanwa”)** in Indonesia’s Sulawesi Island, which involves the logging of tropical forests, and about the use of these pellets as fuel at a biomass power plant operated by **Tokyo Gas Co., Ltd. (hereafter “Tokyo Gas”)**. From the perspectives of tropical forest and biodiversity destruction, as well as serious impacts on local communities, this project raises significant concerns<sup>1</sup>.

Based on publicly available information, we believe that your company may be a **shareholder or lending bank** of Tokyo Gas and/or Hanwa. For the reasons outlined below (Reasons 1–6), we respectfully request that your institution undertake **ESG engagement** with both companies—that is, dialogue and advocacy encouraging them to address environmental, social, and governance risks. Furthermore, if sufficient improvements are not confirmed, we ask that you consider responsible measures such as **reconsidering your investment and financing, including divestment**.

### *Projects in Question*

**Hanwa Co., Ltd.:** Wood pellet production project for biomass power generation in Gorontalo Province, Indonesia

**Tokyo Gas Co., Ltd.:** Fushiki Manyo Wharf Biomass Power Plant in Toyama Prefecture, which uses the pellets mentioned above

### **Reason 1: Irreversible Loss of Valuable Ecosystems and a Setback to Nature-Positive Goals**

Sulawesi Island is a **biodiversity hotspot** with globally important extensive tropical forests. Due to its unique geography and long-term isolation, it is home to many **endemic species**, including numerous primates<sup>2</sup>.

<sup>1</sup> For details, please refer to the public inquiry and request letter addressed to both companies on October 27, 2025.

<sup>2</sup> “Biodiversity and Forest Loss in Sulawesi, the Laboratory of Evolution —What Are the Risks of Woody Biomass (Pellet) Production?”

At **Biomasa Jaya Abadi (BJA)**—a wood pellet producer in Gorontalo Province in which Hanwa holds a 20% stake—and at **Gorontalo Panel Lestari (GPL)**, from which Hanwa procures pellets, **tropical forests are being clear-cut to produce pellets and subsequently converted into plantations**. According to the IUCN Red List, the logging areas associated with these operations may **overlap with the habitats of 17 endangered species and five near-threatened species**<sup>3</sup>. Clear-cutting by BJA’s concessions alone amounts to approximately 1,500 hectares of tropical forest per year (an average of four hectares per day).

**This clearly runs counter to the nature-positive efforts** that companies are currently expected to undertake. Such biodiversity loss should be considered a significant **nature-related risk** from the perspective of the Taskforce on Nature-related Financial Disclosures (TNFD), in which many financial institutions are currently participating.

There is serious concern that your institution’s investment or financing of Hanwa and Tokyo Gas may be contributing to tropical forest destruction. Urgent action is required to protect these forests—home to a wealth of endangered species—and the ecosystems they sustain.

### **Reason 2: Inappropriateness as Climate Action and the Risk of “Carbon Debt”**

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Woody biomass power generation is often mistakenly considered carbon neutral. However, when it involves the logging and burning of natural forests—as in these projects—it can actually result in a **substantial increase in atmospheric CO<sub>2</sub>**.

Carbon accumulated in trees over several decades is **released in large quantities when burned**. Even if replanting occurs, it would take **several decades to more than a century** for regrowth to reabsorb this carbon. This timeline is fundamentally **inconsistent with the Paris Agreement and the urgent emissions reductions required by 2030 and the net-zero target by 2050**.

Moreover, when **soil carbon losses caused by clear-cutting natural forests** are taken into account, greenhouse gas emissions increase substantially. In effect, the carbon intensity of such power generation can be larger than that of coal-fired power, and is fundamentally inconsistent with the goals of the Paris Agreement.

Under frameworks such as the GHG Protocol and Science Based Targets initiative (SBTi), emissions associated with biomass fuels involving land-use change must be rigorously accounted for. This would significantly increase the reported emissions of companies receiving your institution’s investment or financing.

### **Reason 3: Destruction of Local Livelihoods and Human Rights Risks**

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The logging areas supplying timber to BJA are located in **important upstream watershed catchments**, serving as critical “water source forests” for downstream communities. The rapid expansion of logging in recent years has already resulted in reports of **negative impacts on water sources and increased flooding**, threatening the safety and security of local residents.

For many landless residents, forests have long served as **a vital source of livelihood**, providing **non-timber forest products** such as honey, rattan, sugar palm products, medicinal plants, and

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<sup>3</sup> “Potential Presence of Endangered Species in Pellet Production Areas in Gorontalo Province, Sulawesi”

wild game. Development projects that deprive communities of these traditional livelihoods—or proceed **without adequate Free, Prior and Informed Consent (FPIC)**—may violate international standards on business and human rights and contradict your institution’s own policies on respect for human rights.

#### **Reason 4: Protection of Primary Forests and Biodiversity as Recognized by the METI Expert Working Group**

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In fiscal year 2025, the Biomass Sustainability Working Group of Japan’s Ministry of Economy, Trade and Industry (METI) discussed methods for verifying the sustainability of imported woody biomass fuels.

The group identified reference criteria such as:

- ensuring that primary forests and other areas of high conservation value are not converted into plantations, and
- identifying areas with high conservation value—such as habitats of rare or endangered species—and establishing and implementing plans for their protection and management.

In light of these criteria, wood pellets produced by Hanwa in Gorontalo Province should not qualify for support under Japan’s Feed-in Tariff (FIT) scheme. However, **because verification relies largely on certification systems or company-specific voluntary initiatives, on-the-ground environmental destruction and negative impacts on local communities are not effectively prevented.** We therefore urge you to reconsider your evaluations that may have relied on companies’ self-declaration that they “comply with the FIT guidelines”, and, as shareholders or investors in these companies, **to conduct rigorous independent due diligence and engagement.**

#### **Reason 5: Principles for Responsible Investment’s Recommendations for Investor Engagement to Protect Natural Forests and Prevent Conversion to Plantations**

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A report by the Principles for Responsible Investment (PRI)—an international network of sustainable investors—analyzing risks in EU bioenergy policy and investment recommends that investors **audit supply chains by excluding suppliers of biomass with unsustainable harvesting practices**, including:

- harvesting from natural forests or other vulnerable ecosystems, with high carbon stocks, like wetlands and peatlands
- converting natural ecosystems (forests, grasslands or wetlands) into managed or plantation forests;
- clear-cutting in any type of forest (natural, managed, or plantation); and
- harvesting solely for bioenergy.

#### **Reason 6: Widespread Public Opposition and Reputational Risk**

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An international online petition initiated by the HUTAN Group titled: “DO NOT BURN TROPICAL FORESTS FOR BIOMASS POWER GENERATION! Tokyo Gas and Hanwa Co., Ltd.: Stop Using Wood Pellets That Destroy Natural Forests on Sulawesi Island” (<https://c.org/rQPfhtv84>) has gathered **more than 9,500 signatures.**

These signatures represent the direct voices of citizens and consumers around the world—including customers and stakeholders of your institution—who firmly reject the labeling of energy derived from forest destruction and human rights violations as “renewable.” Many electricity users also oppose the use of their electricity bills (through the surcharge under Japan’s FIT system) to finance tropical forest destruction in Indonesia. Furthermore, due to **recent fuel price increases and depreciation of Japanese yen**, import-dependent biomass power generation faces serious economic uncertainty and carries a **high risk of becoming a stranded asset in the future**.

#### The petition calls on the companies to:

- **Immediately stop producing, procuring, and using biomass fuels** derived from tropical or other natural forests.
- **Take action to restore the original ecosystems** of tropical and natural forests that have already been logged.
- **Promote renewable energy projects that do not cause forest destruction or degradation**, instead of relying on imported woody biomass falsely labeled as renewable energy.

#### Request for Response

In light of the issues described above, we respectfully request that your institution provide a written response outlining:

- what ESG engagement (dialogue) you have conducted with the companies to date, and
- whether you intend to continue investment or financing in the companies or their projects, including whether you consider divestment.

If you plan to continue investing or financing, please also provide specific reasons supported by scientific and objective evidence.

**Response deadline: Thursday, April 30, 2026**

**Please send your response to:** HUTAN Group (To: Yuichiro Ishizaki)

Email: [contact-hutan@hutangroup.org](mailto:contact-hutan@hutangroup.org)

**We would appreciate it if you could provide your response in PDF format. If it is difficult to provide a written response, we would also welcome an online dialogue or other forms of discussion.**

## List of financial institutions to which this letter of request was sent

### ■ Japan

Government Pension Investment Fund (GPIF)	Sumitomo Mitsui Financial Group, Inc.
Nomura Holdings, Inc.	Sumitomo Mitsui Trust Group, Inc.
Daiwa Asset Management Co. Ltd.	Dai-ichi Life Holdings, Inc.
Mitsubishi UFJ Financial Group, Inc.	MS&AD Insurance Group Holdings, Inc.
Mizuho Financial Group, Inc.	The Norinchukin Bank
Nippon Life Insurance Company	Resona Asset Management Co., Ltd.
T&D Asset Management Co., Ltd.	Chugin Asset Management Co., Ltd.

### ■ Overseas

FlexShares Trust	Virtus Investment Partners, Inc.	Global Funds Management S.A.
Crédit Agricole S.A. (Amundi)	Thrivent Financial for Lutherans	St. James's Place plc
Legal & General Group plc	Kommunal Landspensjonskasse	AllianceBernstein L.P.
DekaBank Deutsche Girozentrale	AXA S.A.	Schroders plc
The Goldman Sachs Group, Inc.	Deutsche Bank AG	FMR LLC (Fidelity Investments)
California State Teachers' Retirement System	T. Rowe Price Group, Inc.	Dimensional Fund Advisors
The Vanguard Group, Inc.	JPMorgan Chase & Co.	BlackRock, Inc.
State Street Global Advisors	Norges Bank Investment Management	The Bank of New York Mellon Corporation
American Century Companies, Inc.	The Charles Schwab Corporation	WisdomTree, Inc.
CI Financial Corp.	The Bessemer Group, Incorporated	Empowered Funds, LLC
Zuercher Kantonalbank	Commonwealth Bank of Australia	Causeway Capital Management LLC
Hennessy Advisors, Inc.	Van Eck Associates Corp.	UBS Group AG
Teachers Insurance and Annuity Association of America	Marsh & McLennan Companies, Inc.	Brinker Capital Investments, LLC
Elliott Investment Management L.P.	HSBC Holdings plc	BNP Paribas SA
Franklin Resources, Inc.	AMP Limited	Prudential Financial, Inc.
Invesco Ltd.	Northern Trust Corp.	1832 Asset Management LP
Storebrand ASA	Artisan Partners Asset Management Inc.	Geode Capital Management, LLC
Asset Value Investors Ltd.	Kingdom of Sweden (AP funds)	AQR Capital Management, LLC
Royal Bank of Canada	Mutual of America Capital Management LLC	Credit Suisse Group AG

## Reference Materials

- Toyo Keizai Online: “Wood Fuel for Biomass Power Generation from Tropical Deforestation Exported to Japan and South Korea: The Fragility of Sustainability Seen on Sulawesi Island, Indonesia” (March 2, 2026, Japanese only)  
<https://toyokeizai.net/articles/-/934974>
- PRI Policy briefing: Addressing EU bioenergy policy and investment risks for climate and nature  
<https://public.unpri.org/policy-reports/policy-briefing-addressing-eu-bioenergy-policy-and-investment-risks/12921.article>
- Factsheet : Biodiversity and Forest Loss in Sulawesi, the Laboratory of Evolution —What Are the Risks of Woody Biomass (Pellet) Production?  
[https://www.gef.or.jp/wp-content/uploads/2025/12/factsheet\\_sulawesi\\_biodiversity\\_biomass\\_eng.pdf](https://www.gef.or.jp/wp-content/uploads/2025/12/factsheet_sulawesi_biodiversity_biomass_eng.pdf)
- Potential Presence of Endangered Species in Pellet Production Areas in Gorontalo Province, Sulawesi  
<https://hutangroup.org/archives/5987>
- Open Letter of Questions and Requests to Hanwa Corporation and Tokyo Gas Regarding Pellet Production and Procurement on Sulawesi Island (October 27, 2025) (English translation available)  
<https://hutangroup.org/archives/5987>  
**\*This request letter is available on the above-mentioned website.**

### International Online Petition

**“DO NOT BURN TROPICAL FORESTS FOR BIOMASS POWER GENERATION!  
Tokyo Gas and Hanwa Co., Ltd.: Stop Using Wood Pellets That Destroy Natural  
Forests on Sulawesi Island”**



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**As of March 16, 2026, this petition has gathered 9,592 signatures.**

<https://c.org/PLQGkQfbVn>

