

Corporate Japan faces record number of climate shareholder resolutions

Tokyo | April 13

Market Forces
350.org Japan
FoE Japan
Kiko Network
Rainforest Action Network

Corporate Japan will this year face a record-high number of climate-focused shareholder resolutions.

Today, shareholders announced four climate resolutions targeting SMBC Group, Mitsubishi Corporation, and TEPCO and Chubu Electric, over their assets, which include 50:50 joint venture, JERA.

The shareholders include civil society organizations or their representatives, such as Market Forces, 350.org Japan, Friends of the Earth Japan, Kiko Network and Rainforest Action Network.

“Japan is on the front line of a global economy-wide transition driven by the need to adapt to the threats and opportunities of the climate crisis,” said Dr. Sachiko Suzuki, Japan Climate and Energy Researcher at Market Forces. “Change is happening fast and those companies that fail to align their strategy are creating a grave risk to their future. Investors are alive to these threats and demanding action.”

Shareholder action is focused on those companies developing or financing new fossil fuel infrastructure, despite the fact that doing so is out of line with Net Zero by 2050 and the goals of the Paris Climate Agreement.

The lifecycle emissions from 10 proposed LNG to power projects’ operating lifetime with JERA, TEPCO, Mitsubishi Corporation, and SMBC Group involvement (17.8 GW) is estimated to be [1.2 billion tonnes of CO₂-e](#). This is almost double [Japan’s 2030 absolute emission reduction target](#) under its nationally determined contributions (NDCs) towards achieving the goals of the Paris Agreement.

Leading research organizations and the UN have [found](#) that between 2020 and 2030, global oil and gas production must decline annually by 4% and 3%, respectively, to be consistent with the Paris Agreement’s 1.5°C warming goal. In its seminal 2021 Net Zero by 2050 scenario, the International Energy Agency (IEA) [clearly states](#) the net zero pathway requires no new oil and gas production projects.

While this number of climate-focused shareholder resolutions already surpasses the 2021 total, further resolutions are expected in the coming weeks. This surge mirrors a global trend, as investors sharpen their focus on how companies are responding to the climate crisis.

For example, in 2021, based on their analysis of a record 49 climate resolutions in the US, investor group [Climate Action 100+](#) declared the 2021 proxy season a “historic success”, with the most notable win being the election of three new climate smart directors on the board of ExxonMobil.

The resolutions came after ‘a year when unprecedented floods, wildfires, and hurricanes across the U.S. led to hundreds of deaths and an estimated \$125 billion in damages.’

2022 resolutions text and supporting statements

Company	Proposals & Key rationale	Filer
Mitsubishi Corporation	<p>Proposal 1: Partial amendment to the Articles of Incorporation (adoption and disclosure of short-term and mid-term greenhouse gas emission reduction targets aligned with the goals of the Paris Agreement)</p> <p>Details of the proposal</p> <p>It is proposed that the following provision be added to the Articles of Incorporation:</p> <p>Chapter: “Decarbonized Society” Clause: “Adoption and disclosure of a business plan with short-term and mid-term greenhouse gas emission reduction targets aligned with the goals of the Paris Agreement”</p> <ol style="list-style-type: none"> 1. To maintain and promote the long-term value of the Company, given the risks and opportunities associated with climate change, and in accordance with the Company's support for the Paris Agreement, the Company shall adopt and disclose a business plan with short-term and mid-term greenhouse gas emission reduction targets aligned with Article 2.1(a) of the Paris Agreement (the “Paris goals”). 2. The targets shall cover scope 1, 2 and 3 greenhouse gas emissions and disclose on each scope separately. 	Kiko Network, Ayumi Fukakusa from Friends of the Earth Japan, Market Forces

3. The Company shall report on its progress on an annual basis.

Supporting Statement

This shareholder proposal seeks the disclosure of short and mid-term greenhouse gas emission reduction targets including scope 1 to scope 3.

Mitsubishi is continuing and expanding the construction of thermal power plants, and new oil and gas production contrary to the findings of the landmark net zero by 2050 scenario produced by the International Energy Agency. As a result, Mitsubishi is contradicting the goal and the timeline of net zero emissions by 2050 it claims to support.

The requested short and midterm disclosures are recommended by the Taskforce for Climate-related Financial Disclosures (TCFD), and are also consistent with investor expectations as evidenced by investor initiatives and shareholder proposals in other markets. Global peers of the Company are also disclosing this type of information in more detail.

Approval of this proposal will place the Company in a better position to manage transition risk and opportunities and at an early timing, and to maintain long-term corporate value as the Company shifts toward a decarbonised economy.

Proposal 2: Partial amendment to the Articles of Incorporation (disclosure of how the company evaluates the consistency of each new material capital expenditure with its net zero greenhouse gas emissions by 2050 commitment)

Details of the proposal

It is proposed that the following provision be added to the Articles of Incorporation:
Chapter: “Decarbonized Society”

Clause: “Disclosure of how the Company evaluates the consistency of each new material capital expenditure with a net zero by 2050 pathway”

1. To maintain and promote the long-term value of the Company, given the risks and opportunities associated with climate change, and consistent with the Company's commitment to the goal of net zero greenhouse gas emissions by 2050, the Company shall include annually in its corporate reporting an assessment of how a net zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying new material capital expenditure investments and planned future investments in the development of new upstream, midstream and downstream oil and gas assets.
2. Omitting proprietary information, the disclosures shall include key assumptions and estimates, including those related to long-term commodity demand, long-term commodity and carbon prices, asset lives, future asset retirement obligations, capital expenditures and impairments.

Supporting Statement

This shareholder proposal seeks the disclosure of an assessment to appreciate how a net zero by 2050 pathway may impact the Company’s exposure to climate-related financial risks and the security of shareholder capital.

Mitsubishi is continuing the construction of thermal power plants, and new oil and gas production contrary to the findings of the landmark net zero by 2050 scenario produced by the International Energy Agency. As a result, Mitsubishi is exposing itself to transition risk.

Without a capital allocation framework aligned with net zero by 2050, the company risks impairment on projects and activities that are incompatible with the

	<p>energy transition required to meet this goal.</p> <p>The requested disclosures are consistent with investor expectations as evidenced by investor initiatives and shareholder proposals in other markets. Global peers of the Company are also disclosing this type of information in more detail.</p> <p>Approval of this proposal will place the Company in a better position to manage transition risk and opportunities, and provide shareholders critical information to understand the security of their capital.</p>	
--	--	--

<p>SMBC Group</p>	<p>Proposal 1 Partial amendment to the Articles of Incorporation (Formulation and disclosure of a business plan including medium-term and short-term greenhouse gas reduction targets that are consistent with the goals of the Paris Agreement)</p> <p>The following clause shall be added to the Articles of Incorporation: Chapter: “Shift to Decarbonized Society” Clause: “Setting and Disclosing Targets aligned with the Paris Goals”</p> <p>1. To promote the long-term success of the Company, given the risks and opportunities associated with climate change, and in accordance with the Company’s commitment to the Paris Agreement on climate change, the Company shall set and disclose a business plan with short-term and medium-term greenhouse gas emission reduction targets across its overall investment and loan portfolio aligned with Article 2.1(a) of the Paris Agreement (the “Paris goals”).</p> <p>2. The Company shall report on its progress against such targets in its annual reporting.</p> <p>(Supporting statement) This proposal aims to maintain and increase the Company's corporate value, by appropriately managing the Company’s exposure to climate change risks, and ensuring information transparency through setting and disclosing business plans aligned with the Paris Agreement goals, including short-term (by 2025) and medium-term (by 2030) greenhouse gas emissions reduction targets across its entire investment and loan portfolio. To align with the 2050 net zero goal set by the Japanese government and the Company’s own goal of net zero emissions across its entire loan and investment portfolios, it is imperative to set concrete short- and medium-term targets and develop compatible business plans. Disclosing its progress against such targets annually will ensure the</p>	<p>Takayoshi Yokoyama & Eri Watanabe from 350.org Japan, Kiko Network, Market Forces, and Toyoyuki Kawakami from Rainforest Action Network (RAN)</p>
--------------------------	---	--

Company's financing activities are consistent with these goals.
By adding this clause to the Articles of Incorporation, the Company can effectively manage exposure to climate change risks, align with its long-term net zero goal and promote sustainable growth.

Proposal 2

Partial amendment to the Articles of Incorporation (Lending consistent with the IEA's net zero emission scenario, etc)

The following clause shall be added to the Articles of Incorporation:

Chapter: "Shift to Decarbonized Society"

Clause: "Alignment of Financing with net zero emissions by 2050"

Acknowledging the Company's support for the goal of net-zero emissions by 2050, and in accordance with both the Environmental Program Finance Initiative (UNEP FI) recommendations to the G20 Sustainable Finance Working Group and the International Energy Agency (IEA)'s Net Zero Emissions by 2050 Scenario, the Company shall set and disclose proactive measures to ensure the proceeds of the Company's lending and underwriting are not used for the expansion of fossil fuel supply or associated infrastructure.

(Supporting Statement English translation)

The purpose of this proposal is to manage the Company's exposure to climate risk appropriately and maintain and improve corporate value. The proposal addresses climate change risk by setting and disclosing measures to ensure that the company's financing activities are not inconsistent with the IEA's net-zero emission scenarios and the UNEP FI recommendations to the G20 Sustainable Finance Working Group.

The risks of the IEA scenario are widely recognized, and it is clear from the scenario and climate science that there is no room to develop new oil and gas fields or coal mines, or new infrastructure to facilitate such

	<p>development if we are to reach the 1.5 °C target of the Paris Agreement.</p> <p>The Company has set a goal of net-zero greenhouse gas emissions from its entire investment and loan portfolio by 2050, but continues to provide significant funding to facilitate fossil fuel expansion. We propose to add this clause to the Articles of Incorporation in order to manage the Company’s exposure to transition risk and to become a financial institution that drives the trend toward a carbon-free society.</p> <p>Read the investor statement</p>	
<p>Tokyo Electric Power Company Holdings, Inc. (TEPCO) and Chubu Electric (Chubu)- regarding their assets including 50:50 joint venture JERA Co., Inc. (JERA)</p>	<p>TEPCO:</p> <p>The Proposal</p> <p>Partial amendment to the Articles of Incorporation (disclosure of asset resilience in line with a Net Zero by 2050 Pathway)</p> <p>1. Details of the proposal</p> <p>The following clause shall be added to the Articles of Incorporation:</p> <p>Chapter: “Compatibility with Decarbonised Society”</p> <p>Clause: “Disclosure of Asset Resilience to a Net Zero by 2050 Pathway”</p> <ol style="list-style-type: none"> 1. To promote the long-term success of the Company, given the risks and opportunities associated with climate change, the Company shall include annually in its corporate reporting an assessment of how a net zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying the Company’s energy-related assets. The assessment shall include all energy-related assets of all group companies and business segments. 2. Omitting proprietary information, the disclosures shall include key assumptions and estimates, including those related to long-term 	<p>Market Forces and Kiko Network</p>

commodity demand, long-term commodity and carbon prices, asset lives, future asset retirement obligations, capital expenditures and impairments.

2. Reasons for the proposal

This proposal seeks the Company to disclose necessary information in order for shareholders to determine the resilience of the Company's assets to a scenario where carbon neutrality is reached by 2050, consistent with the policies of many countries, including Japan and key trading partners.

The TEPCO Group is exposed to significant transition risk due to its significant involvement in fossil fuel-related businesses, and this is set to expand under current plans. It is, therefore, an urgent imperative for the Company to ensure maintaining long-term corporate value under a net zero by 2050 scenario by assessing the resilience of the energy-related assets owned by all business segments of the Company.

The information disclosure this proposal seeks is commonly expected among investors through the Task Force on Climate-related Financial Disclosures (TCFD), investor groups (e.g. IIGCC), and shareholder proposals in other markets. Global peers of the Company are already disclosing this type of information in more detail.

An approval of this proposal will provide investors with critical information required to understand the security of their capital. It will also place the Company in a better position to manage transition risk and opportunities, and to maintain long-term corporate value as the Company shifts toward a decarbonised economy.

Chubu

The Proposal

Partial amendment to the Articles of Incorporation (disclosure of asset resilience in line with a Net Zero by 2050 Pathway)

1. Details of the proposal

The following clause shall be added to the Articles of Incorporation:

Chapter: “Compatibility with Decarbonised Society”

Clause: “Disclosure of Asset Resilience to a Net Zero by 2050 Pathway”

1. To promote the long-term success of the Company, given the risks and opportunities associated with climate change, the Company shall include annually in its corporate reporting an assessment of how a net zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying the Company’s energy-related assets. The assessment shall include all energy-related assets of all group companies and business segments.
2. Omitting proprietary information, the disclosures shall include key assumptions and estimates, including those related to long-term commodity demand, long-term commodity and carbon prices, asset lives, future asset retirement obligations, capital expenditures and impairments.

2. Reasons for the proposal

This proposal seeks the Company to disclose necessary information in order for shareholders to determine the resilience of the Company’s assets to a scenario where carbon neutrality is reached by 2050, consistent with the policies of many countries, including Japan and key trading partners.

The Chubu Group is exposed to significant transition risk due to its significant involvement in fossil fuel-related businesses, and this is set to expand under current plans. It is, therefore, an urgent

	<p>imperative for the Company to ensure maintaining long-term corporate value under a net zero by 2050 scenario by assessing the resilience of the energy-related assets owned by all business segments of the Company.</p> <p>The information disclosure this proposal seeks is commonly expected among investors through the Task Force on Climate-related Financial Disclosures (TCFD), investor groups (e.g. IIGCC), and shareholder proposals in other markets. Global peers of the Company are already disclosing this type of information in more detail.</p> <p>An approval of this proposal will provide investors with critical information required to understand the security of their capital. It will also place the Company in a better position to manage transition risk and opportunities, and to maintain long-term corporate value as the Company shifts toward a decarbonised economy.</p>	
--	---	--