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# Four companies in the Tokyo Prime Market, including 3 “Mega-banks” face climate votes on their Directors’ competency

Tokyo │ April 15(Mon)

Market Forces
Kiko Network
Rainforest Action Network (RAN)

Today, climate-related shareholder resolutions have been announced targeting Japan’s largest banks and Chubu Electric Power. A coalition of environmental organisations and shareholders have filed the resolutions calling for greater disclosure by the companies on how they will meet their net-zero commitments.

The new shareholder resolutions require the disclosure of information for investors to assess whether the board of directors of the companies have the necessary capacity or personnel to provide adequate oversight of climate-related business risks and opportunities.

Resolutions have been filed to Japanese mega banks Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, and the energy giant Chubu Electric Power which jointly owns JERA, the largest thermal power generator in Japan. The shareholders include civil society organisations or their representatives, including Market Forces, Kiko Network, and Rainforest Action Network.

| Companies (Ticker) | Contents of the proposal | Proponents |
|---|---|---|
| Mitsubishi UFJFG (8306) | Proposal 1: Partial amendment to the Articles of Incorporation (Director competencies for the effective management of climate-related business risks and opportunities)<br><br>Proposal 2: Partial amendment to the Articles of Incorporation (Assessment of customers’ climate change transition plans) | Rainforest Action Network<br>Market Forces<br>Kiko Network |
| Sumitomo Mitsui FG(8316) | Proposal 1: Partial amendment to the Articles of Incorporation (Director competencies for the effective management of climate-related business risks and opportunities)<br><br>Proposal 2: Partial amendment to the Articles of Incorporation (Assessment of customers’ climate change transition plans) | Rainforest Action Network<br>Market Forces<br>Kiko Network |
| Mizuho FG (8411) | Proposal 1: Partial amendment to the Articles of Incorporation (Director competencies for the effective management of climate-related business risks and opportunities)<br><br>Proposal 2: Partial amendment to the Articles of | Rainforest Action Network<br>Market Forces<br>Kiko Network |

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|---|---|---|
| | Incorporation (Assessment of customers' climate change transition plans) | |
| Chubu Electric Power (9502) | Partial amendment to the Articles of Incorporation (Director competencies for the effective management of climate-related business risks and opportunities) | Kiko Network<br>Market Forces |

During the annual meeting season last year, Japanese companies faced a record number of shareholder proposals on climate change. In recent years, such shareholder proposals have been made not only by environmental non government organisations, but also by foreign institutional investors and local governments. A diverse range of stakeholders share a sense of urgency and are taking action against the delay in climate change action by high carbon emitters, which will not only have far-reaching negative effects but also reduce corporate value. Our proposals were also widely supported by institutional investors.

In 2024, we are focusing on the responsibilities of board directors while continuing dialogue with these companies, and in anticipation of a greater focus on climate change action.

Shareholders are being urged to vote in favour of resolutions mandating that all Japan's three megabanks must disclose how their directors are managing climate-related risks and ensuring full assessment of their fossil fuel customers' transition plans.

Thus, we are asking megabanks to disclose;

- How the banks will assess the alignment of their fossil fuel company customers' transition plans with the 1.5°C goal of the Paris Agreement.
- How the banks take corresponding measures, including restrictions on new funding, if the customers do not produce credible transition plans in line with 1.5°C pathways.

The key issues of the companies are as follows (by industry);

**■ MUFG, SMFG, and Mizuho FG**

*"There is a huge gap between the climate measures being taken by the Japanese Megabanks and the science-backed action required to limit global warming to 1.5 degrees Celsius. Inaction by the Megabanks poses enormous risks to the climate and to corporate value.*

*"Japan's megabanks are lagging far behind their global competitors, including Asian banks, by not having a policy to rule out oil and gas expansion and continuing to finance the sector. The Megabanks must reconsider funding for high-risk businesses, which calls into question their risk management.*

*"If our two proposals are approved, shareholders will be able to assess whether the Megabanks' directors are equipped to oversee climate-related business risks and opportunities and the effectiveness of their engagement with coal, oil and gas companies. Ultimately, this will strengthen the Megabanks' climate measures and enhance corporate value. "*
(Eri Watanabe, Japan Energy Finance Campaigner of Market Forces)

"*Megabanks are problematic in that they have a loose evaluation system for their lenders' transition plans. There appears to be a lack of expertise at management level, such as directors, to implement effective management under the climate crisis. As a result, we are concerned that the bank may continue to finance companies with unrealistic business plans to meet the 1.5°C target and that the bank's policies and management systems may be inadequate. For example, MUFG and Mizuho continue to finance companies that are expanding in the LNG sector and play a key role in the Rio Grande LNG project in the U.S, which violates the human rights of indigenous people. All three banks have also failed to aggregate biogenic CO2 emissions in high-carbon sectors such as wood biomass power projects and agriculture.*

*As financial institutions committed to net zero and supporting the systemic transition to a decarbonised society, megabanks must be able to identify and manage the adequacy of their portfolio companies' and governments' transition plans."*

(Rainforest Action Network, Japan Senior Adviser, Toyoyuki Kawakami)

**■ Chubu Electric Power**

*"This year is a particularly important year for the "7th Basic Energy Plan" from the Japanese government. Chubu Electric Power and JERA continue to promote the introduction of hydrogen, ammonia and CCS and the restart of nuclear power plants to decarbonise. However, these are not solutions at all in view of substantial emission reductions and economic benefits, as well as the guarantee of safety. A fundamental change of policy requires those in charge of company management to make decisions based on scientific knowledge. A flexible mindset and a drastic shift are also needed in order to move towards a truly decarbonised, renewable energy-driven society."*

(Yasuko Suzuki, Program Coordinator, Kiko Network)

*"It is extremely difficult to limit global warming to below 1.5 °C without a shift away from fossil fuels at every part of the supply-chain from production to the burning of coal, oil and gas. Chubu and JERA's transition plans are far from being aligned with limiting the heating of the atmosphere to 1.5°Cl.*

*Both Chubu and JERA are putting themselves at significant risk of failing to transition while exacerbating dangerous climate change. Chubu's board of directors is responsible to have oversight of endorsing genuine and effective transition plans and they will be scrutinised for their action. There must be better disclosure of information for shareholders to assess the board's capabilities on managing climate risk."*

(Dr. Sachiko Suzuki, Energy Finance Analyst, Market Forces)

The disclosure we are requesting of companies is in line with the requirements of the Corporate Governance Code and from investor organisations (such as CA100+ and TPI) and the International Sustainability Standards Board (ISSB).

In addition, these companies are facing significant risks related to future corporate value, such as stranded assets, litigation, and damage to their own brand value. As long as megabanks and power giants continue to pursue misguided strategies, they fail to implement necessary climate action.

We urge all companies to take these shareholder proposals seriously and call for support from all investors to strengthen their climate change measures and promote information disclosure, as this will lead to increased corporate value and, help prevent the climate crisis from worsening.

**■ Details on Shareholder Proposals**

MUFG, SMFG, and Mizuho FG（Here, or from the QR below)

Chubu Electric Power（Here, or from the QR below))

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■ A special website for the shareholder action
**Asia Shareholder Action** https://www.shareholderaction.asia/

**■ Please contact regarding the shareholder proposals below**

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