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EU-Based Asset Managers Press J-Power on GHG Emissions Targets and Disclosures, Signaling Shift in Focus to Japan

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In May 2023, the shareholder advocacy group [Australasian Centre for Corporate Responsibility \(ACCR\)](#), HSBC Global Asset Management (UK) Limited and Amundi Asset Management filed shareholder resolutions pressing Japanese power company Electric Power Development Co., Ltd., known as J-Power, to take action to reduce greenhouse gas emissions and to include disclosures in its annual reporting detailing both the company's plans and progress on GHG emissions and its policies linking compensation to achieving its emissions targets. Shareholders will consider the resolutions at the company's annual general meeting scheduled for June 28, 2023.

The first resolution would require J-Power, Japan's sixth largest energy utility company and the country's largest operator of coal-fired power stations, to set and disclose science-based short- and medium-term emissions reduction targets aligned with the Paris Agreement, and to report on its progress against these goals. In presenting the resolution, the investor group noted that while J-Power does have a stated objective to achieve carbon neutrality by 2050, it has not yet set emissions targets in line with that goal, and in particular it has not provided any schedule for the retirement of its coal-fired power plants.

The second resolution would require J-Power to disclose in its annual reporting how remuneration is linked to progress toward emissions reduction targets, noting that the investors considered a direct link between executive compensation and the achievement of those targets to be important to incentivizing management performance and protecting corporate value.

The resolutions are also reportedly supported by Man Group. The three asset managers, which together have nearly \$3 trillion in assets under management, filed a similar resolution with J-Power in 2022, calling it the first climate-related proposal by an institutional investor group to a Japanese company. J-Power promised to “carefully consider” this year’s proposals and will disclose the opinions of the directors in due course.

Taking the Temperature: The shareholder resolutions co-filed by ACCR, HSBC and Amundi reflect a global trend characterized by increasing climate-focused shareholder activity. While the trend has been predominant among investors in their home territory, their focus is increasingly turning to making an impact in foreign jurisdictions, including Japan. Last year, [Sumitomo Corp](#) faced shareholder-initiated climate resolutions. And in April of this year, climate advocacy organizations submitted climate-related shareholder resolutions for consideration to some of the largest Tokyo-listed public companies, including [Sumitomo Mitsui Financial Group \(SMFG\)](#), [Tokyo Electric Power \(Tepco\)](#), and [Mitsubishi Corp](#).

The [oil and gas sector](#) has been a particular [area of focus](#). Somewhat predictably, fossil fuel-generated energy has also been a lightning rod for climate-related [litigation](#), [regulation](#), and partisan political pressure, predominantly, but not exclusively, in the U.S.