

The 16 asset management companies subjected to the research (in Japanese alphabetic order)
(We selected them from among the major financial groups and excluded foreign capital owned companies)

Asset Management One
SBI Asset Management
SBI Okasan Asset Management
SHINKIN Asset Management
SOMPO Asset Management
Daiwa Asset Management
Tokyo Marine Asset Management
Nikko Asset Management
NISSAY Asset Management
NZAM (Norinchukin Zenkyoren Asset Management)
Nomura Asset Management
Sumitomo Mitsui DS Asset Management Company
SuMi TRUST (Sumitomo Mitsui Trust Asset Management)
Mitsubishi UFJ Asset Management
Meiji Yasuda Asset Management Company
Resona Asset Management

Summary of the Scoring Results : Our major findings

(*numbers in brackets indicate the questions' numbers used to evaluate.)

- No company has set an ambitious target of emission reduction over 50% for their 2030 portfolio greenhouse gases reduction targets (Q4)** even though the majority of major asset management companies have signed the NZAMI (Net Zero Asset Managers Initiative) and/or declared a pledge for the 2050 Net Zero.

Signatories to NZAMI are requested to set reduction targets aligned with “fare share” of the global requirement to reduce CO2 emissions by 50% by 2030. For Japan, being responsible for historical emissions, it is required to bear the “fare share” of emission reduction by over 50% . Naturally, asset management companies in Japan could not be more exceptional.

Asset Management One and Nomura Asset Management have adopted the SBT Portfolio Coverage Rates, i.e., the percentages of the SBT-accredited companies in their invested companies. However, this portfolio coverage metrics does not show either volumes or percentages of actual emissions. Therefore, we could not score additional scores in this item (Q4) that questions the 2030 reduction target in %.

- Only Two companies have policies for restricting or excluding investment in businesses involved in coal, oil and gas mining, and fossil fuel power generation.**

To achieve the target of reducing emissions by 2030, investors must have policies restricting or excluding investments in businesses involved in coal, oil and gas mining, and fossil fuel power generation in order to facilitate their investee companies' business transformation. (Q5~Q9)

Non of the 16 companies assessed has a policy concerning to businesses involved in biomass, hydrogen and ammonia power generation. (Q 10 & Q 11)

The effectiveness of using those fuels as measures to mitigate climate change is questionable. Please refer to the link in the footnote about the problems arising from use of biomass, hydrogen and ammonia for power generation.¹

3. Regarding the scale of engagement, only two companies have disclosed the number of companies they are engaged with. They are: Mitsubishi UFJ Asset Management and Resona Asset Management

In Japan, where many asset management companies mainly practice “passive management,” it is essential for them to demand their high-emission investee companies to strengthen their climate actions, through engagement and voting rights. Such business entities shall include coal, oil and gas, and power generation companies.

Only a few numbers of companies have sufficient policies/measures to support the above undertakings. Most of companies do not disclose the scales and actual situations about how they implement “engagements.” (Q17)

4. In their voting rights guidelines, only five asset management companies have written criteria which require investee companies to establish and disclose its emission reduction target and business plans that are aligned with the goals of the Paris Agreement.

They are: Asset Management One, Daiwa Asset Management, Nikko Asset Management, Nomura Asset Management, and SuMi TRUST (Sumitomo Mitsui Trust Asset Management) (Q21 & Q 22)

Only Asset Management One has a language that encourage the reduction and withdrawal of fossil fuel use. (Q23)

Some asset management companies have separate documents articulating the ideal corporate management, including ESG-related initiatives, that they demand the invested companies to implement. For example, one such document prescribes the procedures of engagement: Engagement with the invested company shall be done based on these writings, and if no progress is made, proposals regarding board members’ election/reelection shall be opposed.

In the process of evaluating Daiwa Asset Management and Nomura Asset Management, we referred such documents² as a part of their voting right exercising criteria.

5. Regarding the shareholders’ proposals demanding stronger corporate climate actions, submitted by domestic and international environmental NGO groups, to Japan’s mega-banks, traders, and power companies’ shareholders’ general assemblies in 2023, only SHINKIN Asset Management Company supported them entirely.

¹links to be referred to (in Japanese only):【NGO 共同声明】石炭火力発電のバイオマス混焼および専焼化はグリーンウォッシュ 気候変動を加速させ、森林生態系を破壊する(2023年4月11日) <https://kikonet.org/content/24105>

【ファクトシート】水素・アンモニア燃料 一解決にならない選択肢 <https://beyond-coal.jp/documents/documents-factsheet-ammonia/>

²links to be referred to (in Japanese only): 大和アセットマネジメント「当社が求める投資先企業のあるべき経営の姿(ベストプラクティス)」

https://www.daiwa-am.co.jp/company/managed/Bestpractice_202302.pdf

野村アセットマネジメント「投資先企業の望ましい経営のあり方」 https://www.nomura-am.co.jp/special/esg/pdf/vote_policy.pdf?20231124

On average, only 30% of the proposals we analyzed were supported by the 16 asset management companies (Q24.)