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Press release -Immediate

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**16 Japanese Asset Managers Ranked by their Efforts
to Address Climate Change**
~Asset Management One, Nikko Asset Management,
and Nomura Asset Management ranked 1st, 2nd, and 3rd, respectively.

Organizations that have attempted to rate private financial institutions' ESG policies and conducted case studies of actual investment and lending, A SEED JAPAN (Action for Solidarity, Equality, Environment and Development), an international youth environmental NGO, and JACSES (Japan Center for a Sustainable Environment and Society), conducted the above research on 16 major asset management companies in Japan, listed below.

The research objectives are to evaluate and score actual situations of their initiatives to tackle climate change.

First, we set 25 items for checking and evaluating their actions, including:

- * Targets setting for reducing emissions,
- * Policies on fossil fuels,
- * Engagement, and
- * Exercise of voting right

The final draft of scores and the scoring methods were sent to the subject companies on March 4, 2024 for their feedbacks to be sent to us by March 29, 2024.

**The 16 asset management companies subjected to the research
(in order of their rankings)**

(We selected them from among the major financial groups and excluded foreign capital owned companies)

Asset Management One (1st)
Nikko Asset Management (2nd)
Nomura Asset Management (3rd)
SuMi TRUST (Sumitomo Mitsui Trust Asset Management) (4th)
SHINKIN Asset Management (5th)
NISSAY Asset Management (6th)
Daiwa Asset Management (6th)
Resona Asset Management (8th)
Mitsubishi UFJ Asset Management (9th)
NZAM (Norinchukin Zenkyoren Asset Management) (9th)
Meiji Yasuda Asset Management Company (11th)
Sumitomo Mitsui DS Asset Management Company (12th)
SOMPO Asset Management (13th)
Tokyo Marine Asset Management (14th)
SBI Asset Management (15th)
SBI Okasan Asset Management (15th)

Summary of the Scoring Results : Our major findings

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

1. **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 %.

2. **Only Two companies, Asset Management One, SOMPO Asset Management, 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.

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://kiconet.org/content/24105>
【ファクトシート】水素・アンモニア燃料 一解決策にならない選択肢 <https://beyond-coal.jp/documents/documents-factsheet-ammonia/>

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 strengthen their emissions reduction efforts, such as establishing and disclosing 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 all of them.**

On average, only 30% of the proposals we analyzed were supported by the 16 asset management companies (Q24). **It is desirable that Japanese asset managers will support climate change-related shareholder proposals more actively in the future.**

Attachments:

1) The list of questions and evaluations of the research on climate change initiatives of asset management companies (2023)

2) Table of results by company (as of March 29, 2024)

Visit the following website to see these attachments.

URL: https://aseed.org/240331_assetmanagers_climate_pressrelease

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

* Feedback was received by March 29 from the following asset managers.

Asset management companies that provided feedback

Asset Management One, Resona Asset Management, Norinchukin Zenkyoren Asset Management, Sumitomo Mitsui DS Asset Management, SOMPO Asset Management

*** No feedback has been received from Mitsubishi UFJ Asset Management (as of March 31), but as a result of the organization's reexamination, the company's draft scores to some questions were found to be incorrect and have been updated.**

A SEED JAPAN, Non profit organization

<https://www.aseed.org/>

ESG Watch Project: <https://www.aseed.org/esgwatch/>

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