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[PRESS RELEASE] Kiko Network, as Mizuho Financial Group shareholder, files first ever climate resolution in Japan (2020/3/16)

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PRESS RELEASE
Kiko Network, as Mizuho Financial Group shareholder, files first ever climate resolution in Japan

Monday 16 March, 2020: In a Japanese first, Kiko Network filed a shareholder resolution with Mizuho Financial Group (Mizuho) on March 13, calling on it to disclose its climate risks and publish a plan to ensure its investments align with the goals of the Paris Climate Agreement. Mizuho will receive the resolution today.

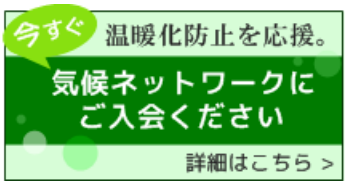
“As the world’s largest private lender to coal developers, Mizuho is uniquely exposed to climate risk,” said Kimiko Hirata, International Director of Kiko Network. “And as Larry Fink, CEO of the world’s largest asset manager, Blackrock, explains, ‘climate risk is investment risk.”

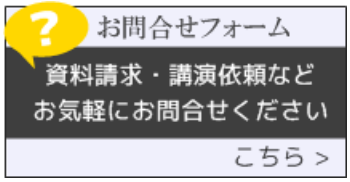
“However, when it comes to Mizuho, investors are currently in the dark. They have a right to know if the company has a comprehensive plan to demonstrate how this risk will be managed and how the company will meet the goals of the Paris Agreement. ”

The Kiko Network-led shareholder resolution calls on Mizuho to disclose a plan outlining its business strategy to align its investments with the goals of the Paris Agreement. Doing so will enable investors to appropriately assess and price climate-related risk, consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), of which Mizuho is a supporter.

What is known about Mizuho’s lending raises questions about whether the bank is managing its climate risk. In respect of coal in particular, a December 2019 report on global financiers of the coal industry points to Mizuho as the largest lender in the world to these developers – providing nearly US$16.8 billion between 2017 and 2019.

Today, Mizuho even reportedly remains involved in project finance for controversial coal deals, which would include the proposed Vung Ang 2 coal-fired power station in Vietnam. The bank’s current policy, which limits finance to coal projects that use ultra-supercritical technology, has loopholes that would, in effect, allow it to finance any coal project worldwide.





As such, Mizuho has fallen behind its peers in Asia, including Singaporean banks DBS, OCBC and UOB Bank, which all created policies in April 2019 to rule out all lending to coal power projects. The UK bank, Standard Chartered, which has significant business in emerging markets, has recently released a policy which seeks to phase out support for coal power with Paris-aligned timelines.

“From the Bank of England to Blackrock, finance giants have repeatedly sounded the alarm about the material threats posed by the climate crisis and are throwing their weight behind a rapid transition to clean energy,” said Hirata.

“Mizuho is well behind the curve, which is a dangerous place to be, especially in times of rapid change.”

“Mizuho is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and a signatory of the Principles for Responsible Banking. We are asking investors to support a resolution which presses Mizuho to follow through on its own as-yet-unfulfilled public promises.”

■ Read the resolution

The Proposal for Mizuho Financial Group (PDF)
Investor Briefing：Shareholder resolution filed with Mizuho Financial Group (PDF)

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Background

About climate risk

The Japanese Government Pension Investment Fund’s Chief Investment Officer has called climate change “a systemic risk affecting the entire range of our investments, one that can’t be eliminated simply through diversification.” Meanwhile, Bank of England Governor Mark Carney has stated disclosure by companies of the risks posed by climate change is essential for investors.

“There will be industries, sectors and firms that do very well during this process because they will be part of the solution,” Carney explained. “But there will also be ones that lag behind and they will be punished.” “Companies that don’t adapt will go bankrupt without question,” he further stated in an interview in July 2019.

About shareholder resolutions

Whilst this is a first climate resolution in Japan, shareholder resolutions have proven to be an effective tactic for investors around the world to press for greater disclosure and action to manage climate risk. Even resolutions which do not pass during AGMs provide a valuable

platform for investor and management discussion, which in itself has driven significant corporate change on climate.

Notable impact from resolutions include:

Royal Dutch Shell: Under threat from a shareholder resolution in 2019, Shell agreed to implement short-term climate targets. This followed years of pressure from resolutions at previous AGMs

Exxon, US: In May 2017, defying management, 62% of investors voted in favour of a resolution forcing the oil giant to report climate-related risks to its business

Commonwealth Bank, Australia: Following a series of climate-focused resolutions heavily backed by investors, in 2019, Commonwealth Bank agreed to end all thermal coal finance by 2030 as part of an analysis of its climate risks. Investor pressure is a major reason why all of Australia's 'Big Four' banks have withdrawn from lending to coal, whilst improving their climate disclosure

Barclays Bank: This year, Barclays faces a shareholder revolt over its fossil fuel lending, with top 25 investors backing a resolution at its up-coming AGM

BP: In May 2019, shareholders voted in favour of a resolution pressing the company to make greater disclosure about how its business aligns with Paris goals

JP Morgan: US group As You Sow filed a climate resolution with the US financial giant in 2019. IN February 2020, the bank ended fossil fuel loans for Arctic oil drilling and agreed to phase out loans for coal mining under new climate initiatives.

On-going and past climate US resolutions are searchable in the CERES database. A history of resolutions in Australia is available, courtesy of the ACCR.

tag : Coal, Investor, Shareholder Proposal

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tag : Finance, Mizuho, Shareholder Proposal

[Joint Press Release] SMBC Group's updated climate policy still not aligned with 1.5°C target (May 20, 2022) (2022/05/20)
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[Press Release] Corporate Japan faces record number of climate shareholder resolutions (2022/04/13) (2022/04/13)
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[Press Release] Kiko Network's Kimiko Hirata awarded the Goldman Environmental Prize Recognized for efforts on coal – third ever Japanese recipient (first female) (2021/06/15)
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[Press Release] G7 Climate and Environment Ministers' Meeting: Important progress to move away from coal. Kiko Network calls on Japan to agree to a coal phase-out by 2030 at June Summit（2021/05/22）
tag：Climate Policy in Japan, Coal, International Negotiation, NDCs, パリ協定

[Joint Press Release] MUFG Commits to Carbon Neutrality by 2050 but Punts Detailed Plan on Paris Alignment Shareholders Will Not Withdraw Climate Resolution (2021/05/18)（2021/05/18）
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[Joint Press Release] Mizuho's Revised Policy Tightens Approach to Climate Risk But Still Far from Meeting Paris Agreement Goals (2021/5/14)（2021/05/14）
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[PRESS RELEASE] Japan's Largest Bank Targeted by Climate Resolution (2021/3/29)（2021/03/29）
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Joint Press Statement: 'Inadequately aligned with Paris Agreement, Mitsubishi UFJ Financial Group lags far behind its international peers' (2020/10/16)（2020/10/16）
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