

8 March 2022 (No. of pages:1)

Japanese report: 20 Oct 2021

Approach to Information Disclosure: Climate Change Shareholder Proposals

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Summary

- The impact of rising temperatures is occurring on a global scale, and insofar as it is caused by human activities, corporations are also required to take action.
- In Japan, the Corporate Governance Code includes content to encourage disclosure of information on climate change. Disclosure regulations are being examined and introduced in the US and EU. While it is unclear how much emphasis is placed on climate change, there are some institutional investors who formulate investment and financing policies that are conscious of this as a factor.
- Shareholder proposals for environment-related disclosures by listed corporations are particularly prominent in the US and Japan. However, there are not many institutional investors in either the US or Japan in favor of the proposal. There is no consensus on whether the proposal is intended to expand the common interests of shareholders or to satisfy the special interests of some shareholders.
- In any case, disclosure of environment-related information is irreversible, and it has entered the stage of examination in the legal system.
- As information disclosure systems are developed, the number of shareholder proposals for environment-related disclosure will decrease. However, once the current efforts are disclosed, the actions of corporations that stakeholders believe are more desirable will be proposed.
- In order to establish a meaningful disclosure system, it will also be essential for corporations to disseminate opinions from the standpoint of disclosing information more than ever before.

Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.44).