

Asia Investor Group on Climate Change (AIGCC)

Position Paper on Japan's Strategic Energy Plan (Executive Summary)

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 info@aigcc.net

 www.aigcc.net



Executive Summary

Investors have increased their understanding of the risks and opportunities associated with the impacts of climate change and are prepared to allocate capital in line with net zero investing principles.

Investors are engaging with high emission companies and industries in Japan through initiatives such as Climate Action 100+¹ and AIGCC's Asian Utilities Engagement Program², asking for clearer oversight and integration of climate-related factors to ensure that global climate goals are achieved and to maintain the company's competitiveness globally.

Companies in Japan are voluntarily committing to climate action (249 JCLP member companies; 58 RE100 affiliated companies), and investors are keen to support them in facilitating a faster transition in Japan through more capital deployment.

National policy on climate, energy and finance plays a crucial role in helping companies achieve climate transition objectives. Japan has made commitments relating to transition through Japan's 2050 net zero target, and internationally, through pledges and commitments to decarbonizing Japan's electricity sector by 2035, and recent COP28 commitments on tripling renewable energy and transitioning away from fossil fuels. These commitments need to be supplemented by clear short-, medium- and long-term plans and policies domestically to enable required economic and market shifts. The Strategic Energy Plan is a foundational energy policy document that will provide clarity on government plans to achieve these targets.

Investors want to see clearer responses from key policy documents in Japan that are being discussed this year, such as the 7th Strategic Energy Plan on bringing more alignment with Paris Agreement goals. This is important for investors as it will result in systemic risk reduction, protection of long-term returns and creation of new opportunities associated with the shift to a net zero economy.

This is the executive summary of AIGCC's position paper on Japan's Strategic Energy Plan. A full version will be published soon.

¹ Including Daikin Industries, Ltd.; ENEOS Holdings Inc.; Hitachi, Ltd.; Honda Motor Co.; Mitsubishi Heavy Industries, Ltd.; Nippon Steel Corp.; Nissan Motor Co. Ltd.; Panasonic Holdings Corp.; Suzuki Motor Corp.; Toray Industries, Inc.; and Toyota Motor Corp.

² Includes Electric Power Development Co.,Ltd. (J-POWER) and Chubu Electric Power Co., Inc.