

Corporate Engagement in Asia

Insights from investors on engagement tactics in Asia

16 February 2023

About AIGCC

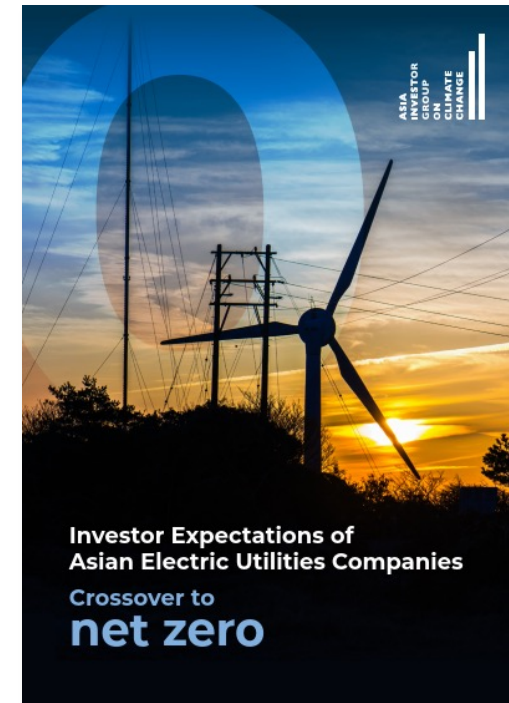
The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.

AIGCC Membership

- 65+ Asset owners and managers from 11 markets
- > USD 39 trillion in AUM (as of December 2022)

Building investor capacity on climate change

- C-Suite roundtable discussions with asset owners
- Research and resources for investors
- Topic specific working groups for investors in Asia
- Key projects: climate change training, net zero investment survey





Vision & Mission

Vision:

A climate resilient economy that is on track by 2030 for a net zero emissions global economy by 2050.

Mission:

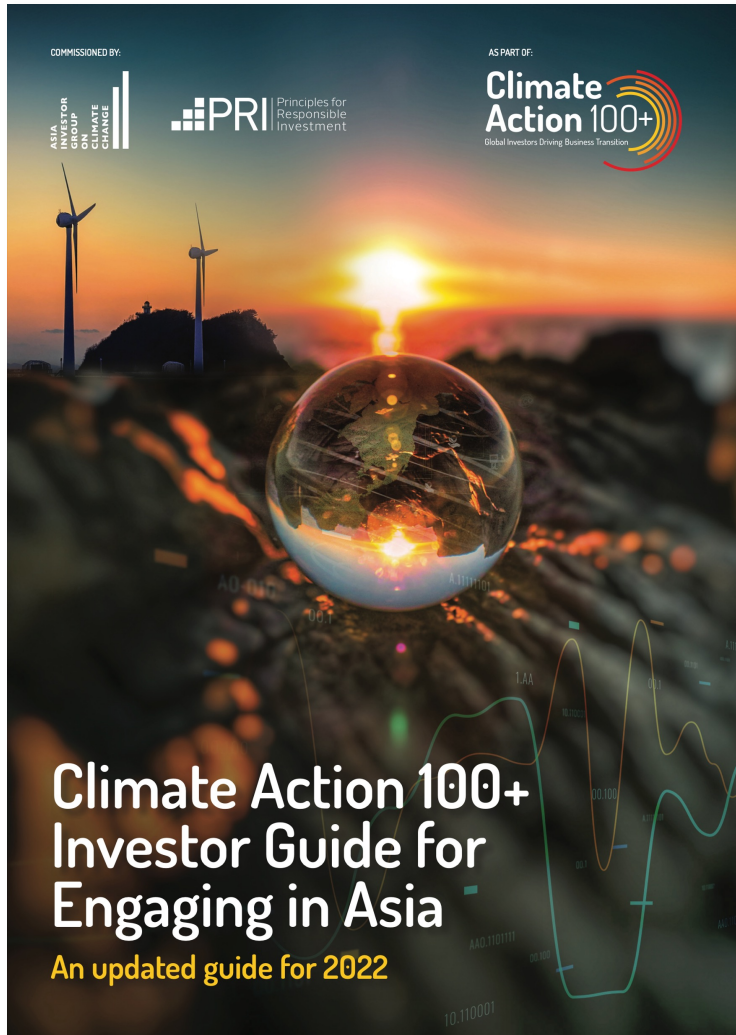
To connect, collaborate and advocate for and on behalf of our member investors to accelerate progress and action on climate change, responsibly manage long term risks and opportunities, drive sustainable returns for investors and the beneficiaries they represent across the diverse markets in Asia.

Effective, robust and impactful engagement on climate in Asia

- **Investors in Asia face unique challenges and opportunities** in corporate engagement on climate
- **Diverse Asian market and regulatory landscapes** - careful consideration of market specificities and nuanced approaches for different engagements
- **Numerous engagement options and reference points for investors**, supported by wide range of tools, benchmark assessments and research to support investors' planning of broader engagement strategies:
 1. Climate Action 100+ Net Zero Company Benchmark
 2. Transition Pathway Initiative - Management Quality and Carbon Performance tool
 3. Shareholder proposals on climate, investors' voting guidelines on climate
 4. Regional decarbonisation pathways / regional energy sector roadmaps
 5. Identifying engagement entry points and leveraging on local investors
 6. National commitments and priorities



Refresher: setting the scene for corporate engagement in Asia



Climate Action 100+ Investor Guide for Engaging in Asia – updated guide for 2022

1. Recognises companies in different stages of transition (from beginning to advanced)
 2. Guidance for engaging with companies at different stages of transition
 3. Bridges expectations from the Net Zero Company Benchmark, translating into engagement asks for emerging markets
- Translation available in:
 - [Simplified Chinese](#)
 - [Traditional Chinese](#)
 - [Japanese](#)

Corporate engagement in practice: investor feedback and quotes

Ensuring effectiveness: maintain an open dialogue

- Engagements can be more fruitful when a long-term, trust-based relationship is built between investor and investee, particularly when the conversation escalates to a high level (e.g. C Suite executives).
- State-owned enterprises (SOEs) may need a different set of engagement priorities and approaches to engagement than publicly traded companies due to their ties to the state. This is because SOEs tend to take their points of reference from the goals and policies adopted by their home government.

Robustness in engagement asks: applying Benchmark expectation

- The Benchmark is a useful engagement tool as it allows investors to rapidly identify areas where companies are lagging with respect to climate disclosure and action.
- Investors can incorporate the Benchmark assessment in their **voting considerations**.

Impactful engagement: through collaborative engagement

- Collaborations between local and international investors can serve as an impetus for corporate climate action as this demonstrates a convergence of messages and priorities.



Complementarity of various engagement options and approaches

Key considerations going forward:

- Understand company's influence along the value chain and its commitment to a credible decarbonization pathway
- Different regulatory landscapes, stewardship practices
- Corporate structure, decision making process, influence of investors and other stakeholders
- Understanding if and when tabling of various engagement approaches are helpful to engagement – this include supporting proxy voting and shareholder proposals on climate change and investors to have clear climate voting guidelines

Types of engagement approaches

Company engagement strategies are driven by a range of factors, including the profile of the company and industry sector, the company's approach to climate change, its responsiveness to engagement, the lead investor's active ownership approach and the regional context. In many cases, multiple investors may be working on engagement with a company. They may choose to engage by:

- Holding meetings with companies
- Conducting investor roundtables
- Asking a question at a company earnings call or Annual General Meeting (AGM)
- Making a statement at a company AGM
- Writing a public letter to the company
- Making joint statements with the company
- *Supporting shareholder resolutions on climate change risks and opportunities*
- *Voting for the removal of directors who have failed in their accountability of climate change risk*
- *Voting against reports, accounts and company led resolutions*

A guide to shareholder climate resolutions



- ClientEarth and AIGCC collaboration.
- Showcases views of local experts across 11 Asian jurisdictions.
- Local framework and latest developments.
- Complementary to range of stewardship options.
- Case-appropriate and nuanced in Asian context.
- For high-level reference; not legal advice.

ClientEarth 

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INVESTOR
GROUP
ON
CLIMATE
CHANGE** 

Shareholder climate resolutions - examples

- Non-exhaustive examples:
 - increased transparency and disclosure;
 - commitment to become a net-zero business in their scope 1-3 greenhouse gas emissions by 2050;
 - Paris-aligned business strategy with short, medium and long-term goals;
 - Shareholder approval required for company's Paris-aligned business strategy; or
 - Disclosure of climate and energy policy lobbying.

Common questions addressed by experts

- Basic right to file?
- Amendment to charter documents required or recommended?
- Types of shareholder resolutions available and voting thresholds?
- Thresholds for filing a resolution / calling a meeting?
- Process and formal requirements for filing resolutions / proposing a meeting?
- How must the company respond? Who bears the costs?
- Can a resolution be withdrawn?

Climate-related resolutions

2020	2021	2022
Mizuho Financial Group (Paris-aligned strategy including metrics and targets): <u>34% shareholder support</u>	<p>Mitsubishi UFJ Financial Group (Paris-aligned strategy including metrics and targets): <u>23% shareholder support</u></p> <p>Sumitomo Corporation (Paris-aligned strategy including metrics and targets): <u>20% shareholder support</u></p>	<p>J-Power:</p> <ul style="list-style-type: none">Set and disclose a business plan with science-based short- and medium-term emissions reduction targets aligned with the goals of the Paris Agreement; report annually on progress of such plan: <u>26% shareholder support</u>Disclose, in annual reporting, how J-Power assesses the alignment of capital expenditure plans with its emissions reduction targets: <u>18% shareholder support</u>Disclose, in annual reporting, how J-Power's remuneration policies will incentivise progress against J-Power's emissions reduction targets: <u>19% shareholder support</u>

AIGCC helps develop tools by investors, for investors



January | 2023

English



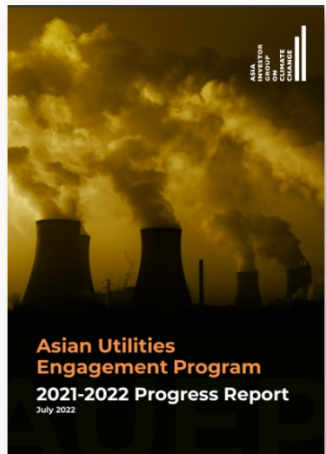
December | 2022

English



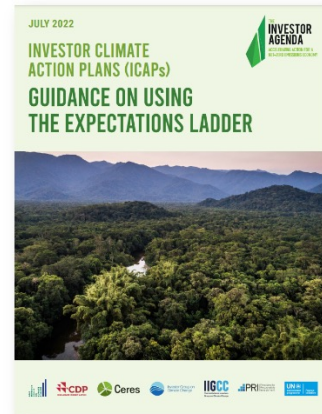
November | 2022

English



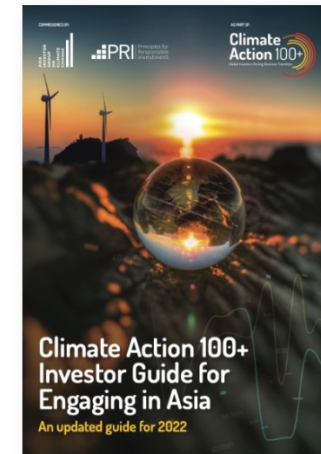
July | 2022

English



July | 2022

English



June | 2022

English
简体中文
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Reach out for more details.

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