

*Shareholder climate proposals in Japan

Summary

- Since 2020, shareholder proposals on climate change have been filed every year at listed corporations in Japan. The first ever proposal was filed at Mizuho Financial Group and received 34% shareholder support. The number of proposals filed every year has increased. At the AGM 2025, we have identified at least 17 climate-related shareholder proposals filed at 8 listed corporations.
- This memorandum is a revised version of a memorandum originally published in 2021¹ in which it was found that under Japanese corporate law, the sole legal pathway for a shareholder proposal on climate change is via an amendment to a company's articles of incorporation. This assessment was confirmed in 2025 when a foreign shareholder tried to file advisory shareholder proposals at seven listed corporations. Each of them declined to consider any of them valid.
- Shareholder proposals in the form of amendments to articles of incorporation of Japanese companies are relatively common in Japan.
- The legal effect of such shareholder proposals is the same as the "special resolutions" on climate change filed and passed at UK companies including HSBC, Barclays, BP, Royal Dutch Shell, Rio Tinto and Anglo American, which take binding effect as part of the companies' constitutions.
- Investors should support reasonable shareholder proposals calling for strengthened disclosure and management of climate-related information in line with the goals of the Paris Agreement.

¹ See <https://www.clientearth.org/media/za2htevt/shareholder-proposal-on-climate-in-japan.pdf>.

Shareholder climate proposals in Japan

This memorandum seeks to inform investors of Japanese companies on the legal aspects of climate-related shareholder proposals being filed in Japan. In short, under Japanese corporate law, the sole legal pathway for a shareholder proposal on climate change is via an amendment to a company's articles of incorporation. Under Japanese law, a shareholder proposal seeking to amend the articles of incorporation of a joint stock company must take the form of a special resolution. In order to pass, it needs a two-thirds majority vote of the shareholders present at the meeting. The articles of incorporation of a company may increase this majority requirement.²

The 2025 AGM season is the sixth season where climate-related shareholder proposals are being filed in Japan. This season, we have identified at least 17 climate-related shareholder proposals filed at 8 listed corporations.

Institutional shareholders and civil society-based organisations have engaged with Japanese listed corporations on how they are adapting their businesses as needed to decarbonise their activities in a Paris-aligned way and how their climate-related lobbying activities align with this imperative. As a last resort, climate shareholder proposals have become an established method in which shareholders elevate their concerns to companies. The ESG backlash in the US has not manifested in Japan, as indicated in the 2024 AGM season. Notably, the FT highlighted that the level of interest for climate proposals in Japan remained high.

At the AGM 2024, seven companies received a total of 11 climate-related shareholder proposals. Setting aside the five shareholder proposals filed by municipalities at Kansai Electric, the average support rate for climate-related proposals was 22.42% (vs. 17% in 2023). Nine of the proposals received above 20% shareholder support, i.e. showing "significant shareholder dissent".

Ernst & Young Japan highlighted to their clients that the high level of support for these climate-related proposals means that **climate governance should be an important topic for directors**.

This sustained support for shareholder climate proposals reflects the clear financial materiality of climate risks and opportunities and an ongoing lack of alignment of many companies' business strategies with the sustainability principles embodied in their various climate-related pledges.³

Reason for framing proposals as amendments to the articles of incorporation

Until 2025, every climate-related shareholder proposal filed at a company took the form of amendments to the companies' articles of incorporation.⁴ This is because it is the only available mechanism under Japanese corporate law for addressing climate change-related issues in a shareholder proposal.

² See article 309(2)(xi) of the Companies Act. Unofficial translation of the Companies Act (Act No. 86 of 2005) available at <http://www.japaneselawtranslation.go.jp/law/detail/?id=2035&vm=02&re=02>.

³ For instance, a number of Japanese companies, including Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Banking Corporation (Japan's three megabanks), support the Task Force for Climate-related Financial Disclosures recommendations ("TCFD"), the UN Principles for Responsible Banking and the Japan Climate Initiative.

⁴ The shareholder proposal is available at page 55 of the Convocation Notice of the 18th Ordinary General Meeting of Shareholders FY2019, available at https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/investors/financial-information/stock-information/resolution18_eng.pdf

In a Japanese joint stock company with a board of directors, a shareholder proposal can be filed only with respect to the matters that shareholders are entitled to vote on and resolve at a shareholders' meeting under either the Japanese Companies Act or the company's articles of incorporation. A shareholder climate proposal would not be among the limited matters prescribed for resolution at a shareholders' meeting (such as appointing a director or approving a merger) under the Companies Act.⁵ It would instead require an amendment to the articles of incorporation. Unless a shareholder climate proposal is filed in the form of an amendment to the company's articles of incorporation, it is highly likely that it would be rejected by the board as impermissible under the Act.

There seem to be misunderstanding and confusion among some investors that a climate shareholder proposal in Japan should be in a form of an "advisory resolution" rather than an amendment to the company's articles of incorporation. Such misunderstanding and confusion might have been caused by "de facto common practice" in Japan by the board to seek an "advisory resolution by shareholders" to provide more justifications in taking countermeasures e.g. allotment of new shares in a hostile takeover. Such proposal by the board to seek confirmation by shareholders has been regarded permissible in case of allotment of new shares under the listing rules by the Tokyo Stock Exchange⁶.

However, such board practice to use an "advisory/confirmatory resolution" needs to be clearly distinguished from an advisory resolution filed by a shareholder. In an advisory resolution filed by the board, the board already has the power and authority to take countermeasures under the law without such confirmatory resolution by shareholders. In such advisory/confirmation resolution filed by the board, the board is taking a more deliberate approach in exercising its own power and authority. In case of an advisory resolution filed by a shareholder, shareholders do not have the power and authority to make such a resolution under the Japanese Companies Act and such shareholder is acting beyond the power and authority under the law.

Therefore, rejection by the company of such shareholder proposal (for lack of power and authority under the law) has been regarded as valid and legal under majority view and court cases.⁷ Therefore, unless an advisory resolution proposal by a shareholder is accepted by the board or replaced with an advisory resolution filed by the board, it would have to be rejected by the company. Should a corporation's legal advisor assess that it is permissible to accept the filing of an advisory proposal recommendation, it would risk being bound to accept future requests for advisory proposal recommendations under the principle of substantive equal treatment of shareholders, as provided by the Japanese Companies Act⁸ and Corporate Governance Code.⁹

We note that in 2025, Market Forces, a civil society shareholder, tried to file advisory shareholder proposals at seven listed corporations. Each of them declined to consider the resolution as valid.¹⁰ For instance Mitsui & Co. indicated that *"taking into account the legal aspects of the advisory proposal, the disclosure status and dialogue with stakeholders, the decision was made not to adopt it"*.¹¹

⁵ See article 303(1), and article 295(2) of the Companies Act, which provide the basic framework. Unofficial translation of the Companies Act (Act No. 86 of 2005) available at <http://www.japaneselawtranslation.go.jp/law/detail/?id=2035&vm=02&re=02>. Also see articles 329, 339, 454, 783, 795, 804 and 466 of the Companies Act. Such matters include (i) appointment/removal of directors; (ii) disposition of retained earnings; (iii) approval of merger, divisive merger or other fundamental organizational changes between stock companies; and (iv) amending a company's articles of incorporation.

⁶ Securities Listing Rules Article 432, Item 2 by Tokyo Stock Exchange, as of 1 November Heisei 19 (2007)

⁷ Tokyo High Court Decision 25 May Reiwa 1st (2019), Osaka District Court Judgment 5 April Heisei 1st (1989)

⁸ Article 109, Paragraph 1 of Companies Act of Japan, Law No. 86 of Heisei 17 (2005) as amended.

⁹ Basic Principle 1, second paragraph of Corporate Governance Code as of 11 June 2021

¹⁰ See Market Forces, Shareholder proposal briefing, 2025, p. 37, available at https://shareholderaction.asia/wp-content/uploads/2025/04/Japanese-fossil-fuel-developers-investor-briefing-April-2025-English_.pdf

¹¹ See Supplemental information to the Board of Directors' opinion on Shareholder Proposals, May 2025, available at https://www.mitsui.com/jp/en/release/2025/_icsFiles/afidfile/2025/05/19/en_253_4q_proposals_appendix.pdf

Shareholder proposals (including amending articles) in Japan

According to international law firm White & Case, in the 2021 annual general meeting (“AGM”) season, 162 shareholder proposals were filed at 48 Japanese public companies.¹² Two-thirds (108) of the proposals filed were structured as amendments to a company’s articles of incorporation. More than one-third of the proposals filed received over 30% shareholder support. In 2022, White & Case reported that out of 293 proposals at the 2022 AGM Season, at least 184 of them were structured as amendments to articles of incorporation.¹³ White & Case did not report this figure for 2023 and 2024 but we believe that it is in a similar high range.¹⁴

Before the Mizuho Financial Group proposal, shareholder proposals to add a clause to the articles of incorporation restricting the operation of coal-fired power plants or replacing nuclear power plants with renewable energy sources were filed in 2020 at several Japanese electricity utilities (in one case receiving nearly 20% shareholder support).¹⁵ These proposals did not attract the widespread Japanese and international financial press attention and level of institutional investor support of the Mizuho Financial Group and subsequent shareholder climate proposals.

The shareholder climate proposals referred to above received between 14% and 23% shareholder support, generally higher than the average 14.8% support rate for proposals to amend articles of incorporation in Japan in 2021.¹⁶ In February 2022, Hiromi Yamaji, president and CEO of the Tokyo Stock Exchange urged companies to be open to dialogue with activist investors as contributing to growth and profitability.¹⁷

Majority requirements and effects on corporate behaviour

Even if a shareholder proposal related to climate issues has not received sufficient support to be adopted at the AGM, it can have a direct effect on a company’s behaviour. Blackrock analysts found in the United States that “*for shareholder proposals that received 30-50% support, 67% resulted in companies fully or partially meeting the ask of the proposal.*”¹⁸ In Japan, shareholder climate proposals have resulted in significantly strengthened coal financing policies and decarbonisation commitments. More recently, J-Power, at which climate proposals were filed by investor-led groups in 2022 and 2023, released in May 2024 a new medium-term management plan and indicated it would close up to 5 domestic coal plants by FY2030 (see ACCR analysis [here](#)). Furthermore, Nippon Steel, at which climate proposals were filed by shareholders in 2023 and 2024, released their decision in May 2025 that it would make 868 billion yen

¹² See White & Case, *Shareholders’ General Meetings: The trend of shareholders’ viewing ESG as important is steadily increasing*, 17 November 2021, available at <https://www.whitecase.com/publications/alert/shareholders-general-meetings-trend-shareholders-viewing-esg-important-steadily>

¹³ See White & Case, Japan 2022 Proxy Season, December 2022, available at <https://www.whitecase.com/insight-alert/japan-2022-proxy-season>

¹⁴ See White & Case, Japan 2023 Proxy Season, December 2023, available at <https://www.whitecase.com/insight-alert/japan-2023-proxy-season> and White & Case, Japan 2024 Proxy Season, December 2024, available at <https://www.whitecase.com/insight-alert/japan-2024-proxy-season>

¹⁵ It has been the case at Chubu Electric Power Co., Tokyo Electric Power Company Holdings, Inc., Kansa Electric Power Co, Inc. See for a summary in English of these proposals Dr. Yoshihiro Yamada, Dr. Janis Sarra, Dr. Masafumi Nakahigash, *Directors’ Duties Regarding Climate Change in Japan* (CCLI Paper), February 2021, available at <https://law-ccli-2019.sites.olt.ubc.ca/files/2021/02/Directors-Duties-Regarding-Climate-Change-in-Japan.pdf> (p. 29 et seq.)

¹⁶ See White & Case 2021, *ibid*.

¹⁷ See Nikkei Asia, *Tokyo Stock Exchange boss tells Japan to embrace activist investors*, 7 February 2022, available at <https://asia.nikkei.com/Spotlight/Market-Spotlight/Tokyo-Stock-Exchange-boss-tells-Japan-to-embrace-activist-investors>

¹⁸ See BlackRock, *Our 2021 Stewardship Expectations, Global Principles and Market-level Voting Guidelines*, 2021, available at <https://www.blackrock.com/corporate/literature/publication/our-2021-stewardship-expectations.pdf> (p. 5)

investments to convert blast furnace into electric arc furnace (“EAF”) in their 2 major operating sites (and modify 1 existing EAF) in Japan, which would start operation in the latter half of FY2029.¹⁹

In the United Kingdom, responsible investment group ShareAction coordinated a group of investors that filed shareholder proposal at HSBC in 2021 aimed at reducing the bank’s exposure to fossil fuels. This in turn prompted the bank to table its own resolution, with the investor group agreeing to withdraw their earlier resolution. The 2021 HSBC board-led climate resolution required the bank to set, disclose and implement a strategy with short- and medium-term targets to align its financing with the goals and timelines of the Paris Agreement, phase out coal financing and report on progress on an annual basis. It received 99.71% support.²⁰ In the UK, it has been established by independent research that management-supported climate-related proposals receive more than 90% of support.²¹

Shareholder proposals in Japan compared to the United Kingdom

Shareholder proposals in Japan seeking to amend companies’ articles of incorporation have the same legal effect as the many climate-related shareholder resolutions filed at high-profile UK companies in recent years, which often passed with board support. These UK resolutions have been structured as special resolutions, which require 75% shareholder support to pass. They take effect as part of the company’s constitution once passed.²²

In other words, shareholder climate proposals filed in Japan are no more “heavy-handed” in their effect than equivalent climate-related special resolutions seen in the United Kingdom, such as those passed at HSBC in 2021, Barclays in 2020 and BP in 2019.²³ Each of the “*Aiming for A*” resolutions passed in 2015 and 2016 at Royal Dutch Shell, Rio Tinto and Anglo American²⁴ also took the form of special resolutions and therefore took effect as part of the companies’ constitution under UK company law.

Boards and investors should support reasonable shareholder climate proposals as part of discharging legal duties

Boards of Directors in Japan are legally obliged to properly identify and manage climate risk.²⁵ We would encourage boards to support reasonable shareholder proposals on proper disclosure and

¹⁹ See Nippon Steel press release: https://www.nipponsteel.com/common/secure/en/news/20250530_200.pdf

²⁰ See poll results of 2021 Annual General Meeting of HSBC Holdings plc dated 28 May 2021 for resolution 15, available at <https://www.hsbc.com/-/files/hsbc/investors/results-and-announcements/stock-exchange-announcements/2021/may/sea-210528-hsbc-holdings-plc-poll-results-of-2021-annual-general-meeting.pdf?download=1>

²¹ See Equiniti, *Climate Change Resolutions: UK Interim Review*, December 2024, <https://equiniti.com/uk/news-and-views/eq-views/climate-change-resolutions-uk-interim-review/>

²² See sections 17, 29 and 283 of the Companies Act 2006, available at <https://www.legislation.gov.uk/ukpga/2006/46/section/17>, <https://www.legislation.gov.uk/ukpga/2006/46/section/29>, and <https://www.legislation.gov.uk/ukpga/2006/46/section/283>

²³ Text of the Climate Action 100+ shareholder resolution (resolution 22), available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-agm-notice-of-meeting-2019.pdf>

²⁴ See for instance for wording of the Aiming for A resolution (resolution 21): 2016 AGM Notice available at <https://www.angloamerican.com/~media/Files/A/Anglo-American-Group/PLC/investors/reports/agm-2016-voting-results.pdf>, voting results (96% of support), available at <https://www.angloamerican.com/~media/Files/A/Anglo-American-Group/PLC/investors/reports/agm-2016-voting-results.pdf>

²⁵ See Dr. Yoshihiro Yamada, Dr. Janis Sarra, Dr. Masafumi Nakahigash, *Directors’ Duties Regarding Climate Change in Japan* (CCLI Paper), February 2021, available at <https://law-ccli-2019.sites.olt.ubc.ca/files/2021/02/Directors-Duties-Regarding-Climate-Change-in-Japan.pdf>

management of climate change risks and opportunities in alignment with the goals of the Paris Agreement, as part of properly discharging their existing legal duties in relation to climate change.

The Principles for Responsible Investment (PRI), an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact, released a report in March 2021, “Making Voting Count”. The report highlighted that “*investors should support all resolutions which, if successful, would be consistent with their voting principles.*”²⁶ It continued that: “*Importantly, voting in favour of shareholder resolutions should not be reserved for escalation following unsuccessful engagement, and should not be seen as a criticism of the board or management’s overall approach. Rather, voting should be part of an investor’s responsibility to provide clear and transparent feedback to the company, complementing and reinforcing messages that may have been shared through private engagement.*”

Boards of Directors should view shareholder climate proposals not as adversarial gestures, but as valuable signals of investor concern and a means of aligning with evolving global standards. Likewise, investors should exercise their voting rights as part of ongoing stewardship, not merely in to failed engagement. By doing so, they affirm their commitment to responsible investment and promote the long-term resilience of portfolio companies.

(An earlier version of this document was published in 2021 and has been updated to reflect relevant developments.)

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²⁶ Principles for Responsible Investment (PRI), *Making voting count*, March 2021, available at <https://www.unpri.org/download?ac=12730> (p. 5)