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Corporate Climate Policy Engagement in Japan

World Benchmarking Alliance – Codo Webinar: December 13, 2022

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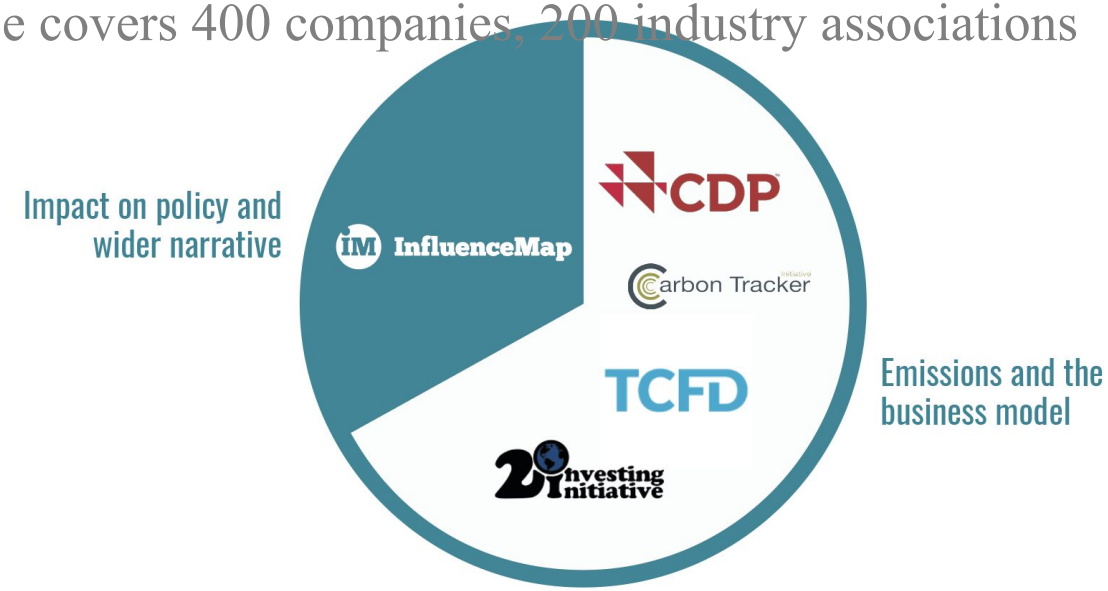
About InfluenceMap

- Independent think tank founded in 2015
- Based in London with offices in Tokyo, NYC, and Seoul
- Key Areas: (1) LobbyMap (Corporate Climate Policy Engagement); (2) FinanceMap; (3) Japan Energy Transition Initiative (JETI)
- Database covers 400 companies, 200 industry associations



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Data provider to investors with $68 trillion in AUM

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High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities

RECOMMENDATION 6

Aligning Lobbying and Advocacy

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Methodology Summarized

- **Definition of "policy engagement"** is based on 2014 UN Guide for Responsible Corporate Engagement in Climate Policy
- **"Climate Policy" is defined as** past, currently evolving and potential future policy measures motivated by the UNFCCC process
- **Seven publicly accessible data sources** are scrutinized for evidence of climate policy engagement, with recent evidence heavily weighted
- **Each evidence item is individually scored against Paris Agreement-aligned Benchmarks.** Governmental policy benchmarks (e.g. EU ETS, US Clean Power Plan) and Science Based Policy benchmarks from global mandated bodies (IPCC statements on energy mix, EVs etc.)

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InfluenceMap's Key Metrics

- **Performance Band (A+ to F):** A full measure of a company's climate policy engagement (combination of Org. and Rel. Score)
- **Organization Score (0 to 100):** A measure of how supportive or obstructive a company is towards Paris-aligned climate policy
- **Engagement Intensity (0 to 100):** A measure of the level of policy engagement, whether positive or negative.
- **Relationship Score (0 to 100):** A measure of how supportive or obstructive a company's industry associations are towards Paris-aligned climate policy, aggregated.

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Opensource Database and Rankings

Performance Band	Organization	Engagement Intensity	Sector	Region	Lobbying Review?
C+	Daikin Industries	23	Industrials	Asia	No Review
C	Panasonic	15	Information Technology	Asia	No Review
D+	Honda Motor	31	Automobiles	Asia	No Review
D+	Hitachi	14	Information Technology	Asia	No Review
D+	Nissan	31	Automobiles	Asia	No Review
D	Toray Industries Inc.	11	Chemicals	Asia	No Review
D	ENEOS Holdings (formerly JX Holdings Inc)	27	Energy	Asia	No Review
D	Toyota Motor	34	Automobiles	Asia	Yes
D-	Nippon Steel Corporation	25	Metals & Mining	Asia	No Review
E+	Suzuki	20	Automobiles	Asia	No Review

CA100+ Investor Hub: Resources and Updates https://ca100.influencemap.org/
Hyperlinks above are linked to individual LobbyMap corporate profiles

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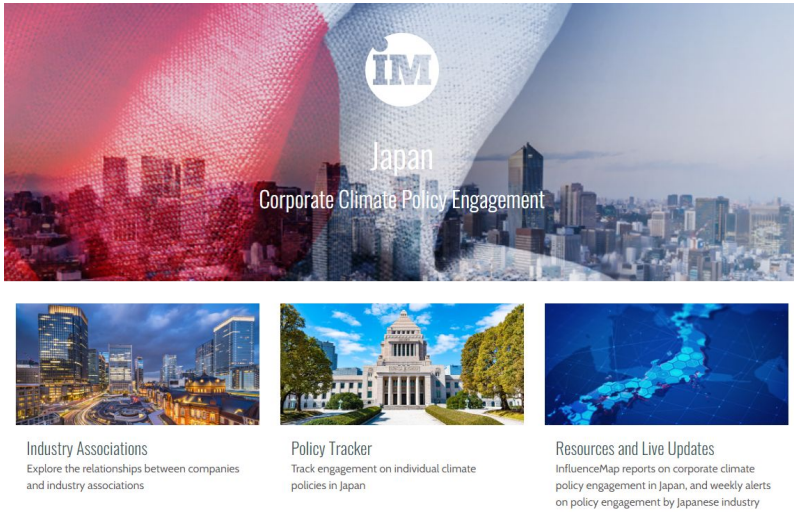
2022 Analysis on Corporate Japan

Report: [Japanese Industry Groups and Climate Policy](), Nov 2022

Platform: [https://japan.influencemap.org/]()

- Assessed 50 industry associations and 20 companies
- Policy engagement in Japan mostly done through industry associations, rather than companies
- Heavy Industry groups (steel, autos, electric power, gas/oil, chemicals and coal) are most strategic and negative
- 70% of corporate Japan by GDP/employment is positive but unengaged



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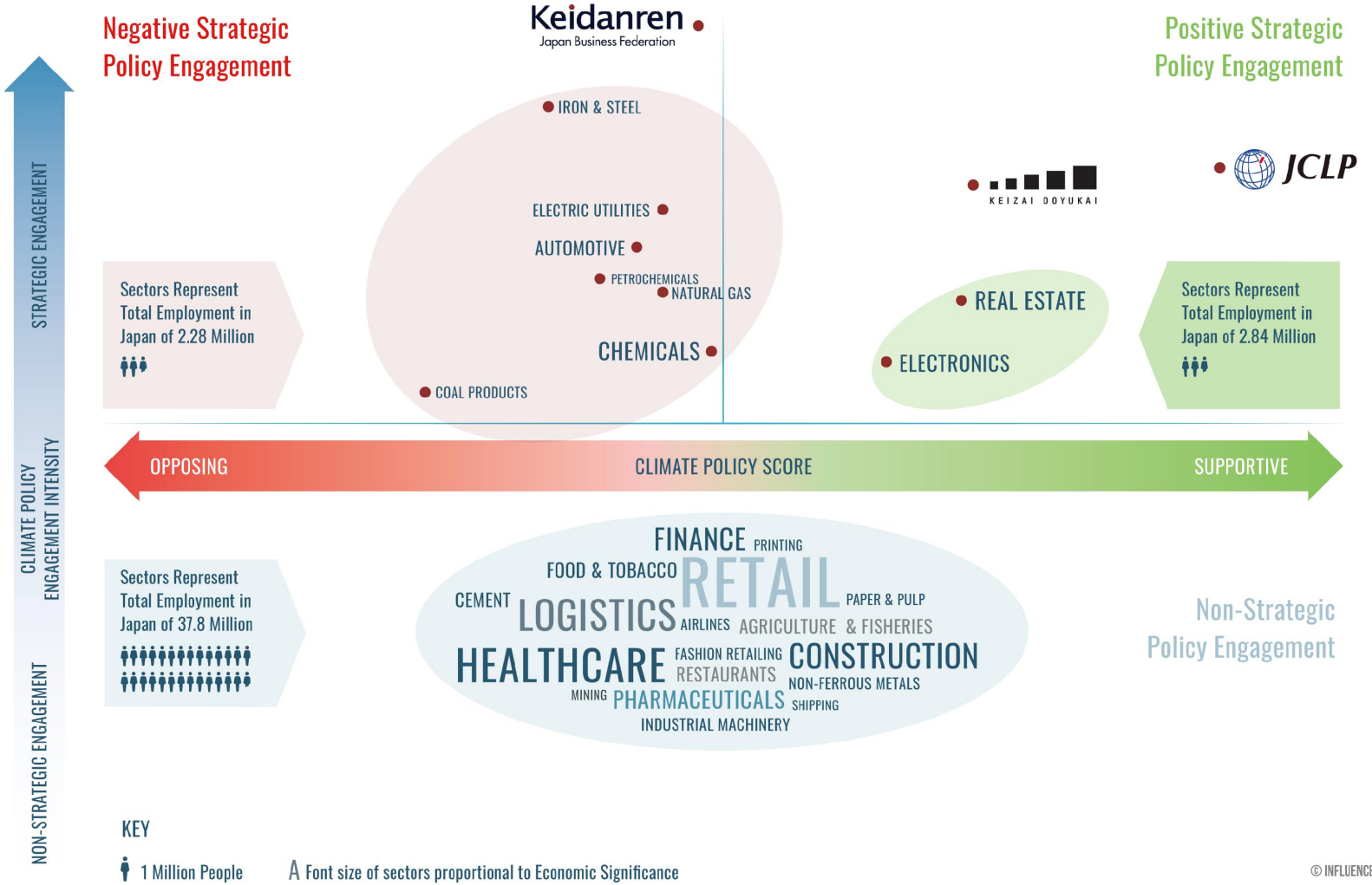
Industry Groups and Climate Policy Engagement in japan



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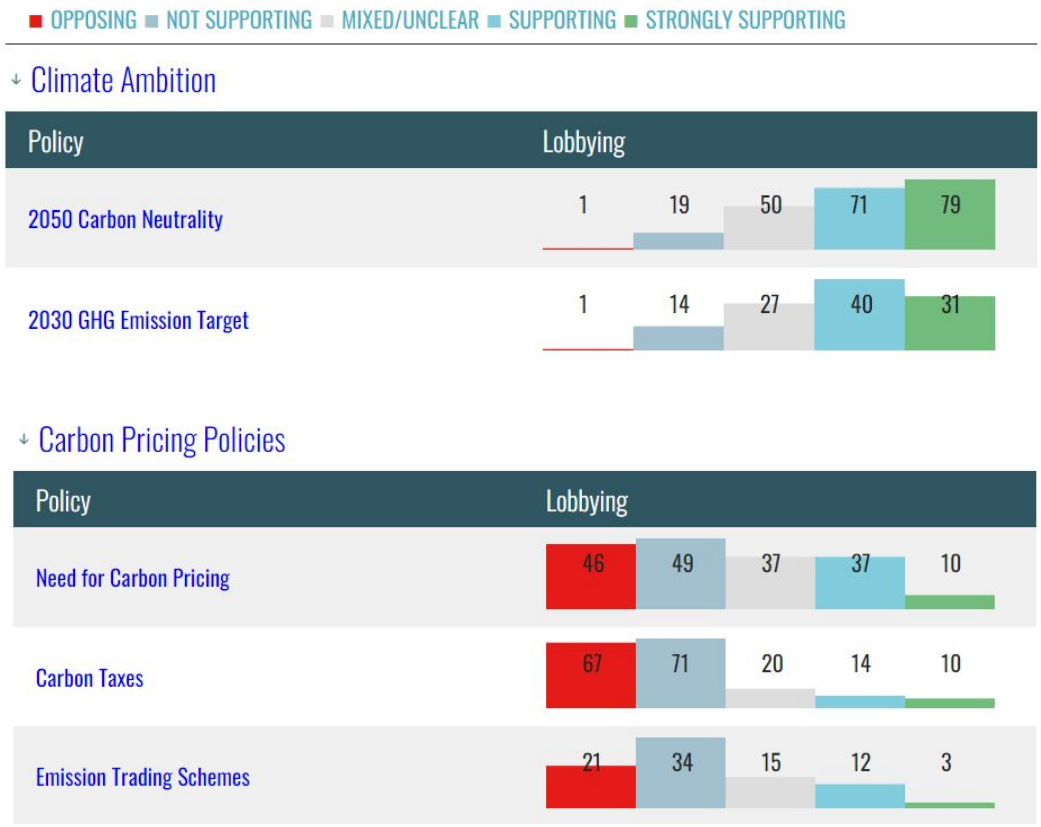
Corporate opposition to climate policy in Japan is inconsistent with their support for carbon neutrality



[Link to Japan Policy Tracker]

Review of Corporate Disclosure on Industry Associations

- **Disclosure on industry associations is a key part of Climate Action 100+ (CA100+) -** Investor expectations outline need for companies to establish robust governance processes to ensure alignment on climate policy engagement

- Starting with BHP in 2017, **over 30% CA100+ companies have published a review** of their industry association alignment – **Toyota** is the only Asian company to date

- InfluenceMap has **developed a methodology** to assess and rank the quality of these review, including guidance on best practice. Link to the ranking.

- Companies with memberships to misaligned industry associations and poor disclosure **risk facing shareholder resolutions**

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Conclusions

- **Investor driven:** Direct and Indirect corporate engagement with climate policy (lobbying) is a major concern for investors
- **Fair representation in Japan:** To make corporate policy engagement in Japan on climate policy more representative of the broader economy, reform will likely be needed in how industry associations are represented in the policy making process and within Keidanren
- **Transparency and 1.5C alignment:** Companies are encouraged to publish a detailed annual review of the company's direct & indirect lobbying activities against the 1.5C goal of the Paris Agreement