

The Proposal

Partial amendment to the Articles of Incorporation (adoption and disclosure of a plan outlining the company's business strategy to align its business with the goals of the Paris Agreement)

Details of the proposal

It is proposed that the following provision be added to the Articles of Incorporation:

Noting the Company's support for the Task Force on Climate-related Financial Disclosures (TCFD), the Company shall adopt and disclose in its annual reporting a plan outlining the company's business strategy, including metrics and short-, medium-, and long-term targets, to align its business exposure to coal, oil and gas assets with the goals of the Paris Agreement.

Reasons for the proposal

The aim of the proposal is to manage the company's exposure to climate change risks, and protect its shareholders' assets.

Climate change presents severe risks to the human society and the economic system. The Paris Agreement, a treaty to prevent this crisis from becoming a reality, aims to strengthen the global response to the threat of climate change by limiting the global temperature rise to well below 2 degrees Celsius above pre-industrial levels and making efforts to limit the temperature rise to 1.5 degrees Celsius.

While other Japanese trading companies are shedding their thermal coal assets (mines and power plants), the company's current policy allows acquisition of existing coal mines and construction of new coal-fired power plants. Additionally, the company's moves on oil and gas do not demonstrate a pathway consistent with carbon neutrality within Paris-aligned timelines. The company's insufficient policy and practice pose significant financial risks to the company in a transition to a decarbonized economy. The proposal will allow shareholders to be informed as to how the company is managing risks of this nature.