

March 25, 2022

Mr. Fumio Kishida  
Prime Minister of Japan

## Re: Call for decisive decarbonization action after COP26

As the heads of three founding partners of The Investor Agenda, a collaborative initiative of network organizations with thousands of institutional investor members and signatories that manage tens of trillions of dollars of assets, we are writing this letter to urge Japan to take more swift and decisive action in its pursuit of decarbonization goals following the outcome of the 26<sup>th</sup> United Nations Climate Change Conference of the Parties (COP26) in Glasgow in November 2021.

The COP26 meeting produced some tangible results. In particular, we commend Japan's pledge of up to \$10 billion of additional assistance in the next five years and doubling of adaptation finance, as well as joining the Global Methane Pledge, an initiative to reduce global methane emissions to keep the goal of limiting warming to 1.5 degrees Celsius within reach. We also take note of Japan's contribution to the completion of the Paris Rulebook with the adoption of the implementation guidelines for Article 6.

While we welcome such pledges and contributions, we believe that more needs to be done to avert the climate crisis and that Japan can do more domestically and lead decarbonization efforts in Asia. Japan, according to the Sixth Strategic Energy Plan, plans to use coal for 19% of its total power generation in 2030. The International Energy Agency (IEA) states that unabated coal power needs to be phased out in advanced economies by 2030 to achieve net-zero emissions by 2050. At the Glasgow meeting, countries committed to strengthen their NDCs by the end of 2022. Taking this opportunity, **we ask Japan to set a reliable and actionable plan that is backed up by robust policy mechanisms in order to phase out coal and raise the share of clean energy from the currently planned levels to much higher levels.** To increase the use of clean energy is expected from investors as well as local and international corporations to maintain Japan's competitive positioning.

At the COP26 meeting, Japan pledged to support Asia's transition to zero-emission power generation. However, the types of technology support being planned for ASEAN nations are raising questions. For example, the support includes mixing ammonia at coal-fired power plants and deploying carbon capture and storage (CCS) technology. Both technologies are still under development and counting on such premature measures may lock in coal-fired power generation capacity in ASEAN countries while the cost of renewable power generation is steadily in decline.

In your speech at COP26, you called the period until 2030 the “critical decade.” To accelerate decarbonization efforts during this important period, we urge Japan to set a pathway for coal phase-out and more ambitious targets for clean energy. We hope the pathway will be incorporated into the Clean Energy Strategy which your government is putting together to trigger “major economic and social transformations.” At the Davos Agenda meeting in January, you also mentioned Japan’s aim to establish an Asia Zero-Emission Community. We expect Japan to play a leadership role in the region by steering countries away from fossil fuels and promoting transition finance, rather than prolonging the lives of polluting power plants.

The Investor Agenda is a collaborative initiative with a mission to accelerate and scale up investor actions that are critical to tackling climate change and achieving the goals of the Paris Agreement. The CEOs and staff of The Investor Agenda partners in Asia - AIGCC, CDP and PRI - would very much welcome the opportunity to discuss our recommendations in this letter. Please do not hesitate to contact us if it would be of interest to set up a meeting.

Best regards,

Signed



Rebecca Mikula-Wright  
Chief Executive Officer, Asia Investor Group on Climate Change



Paul Simpson  
Chief Executive Officer, CDP



David Atkin  
Chief Executive Officer, Principles for Responsible Investment