

Principles for Financial Action towards a Sustainable Society

(Principles for Financial Action for the 21st Century)

November 2011

Background (1)

Primary goals of environmental financing

To increase investment in and loans for industries contributing to a sustainable society

To support economic entities contributing to a sustainable society by evaluating them from an environmental perspective

In the summer of 2010, the Central Environmental Council's expert committee on environment and finance published a report entitled "Towards Green Financing: The New Role of the Financial Sector in Building a Low-carbon Society"

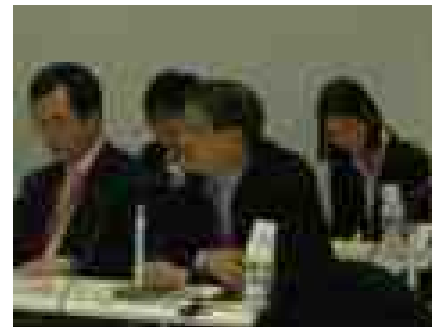
Policy recommendations

- Eco-lease subsidies (MOE subsidizes 3% of the lease fees for low-carbon facilities)
- Use pension funds to promote socially responsible investment (SRI)
- Promote the disclosure of environmental information
- **Establish Principles of Responsible Investment for Japan with the aim of expanding eco-friendly financing at home**

Background (2)

Background

- ◆ Based on recommendations from the expert committee, Mr. Takejiro Sueyoshi (Special Advisor to UNEP Finance Initiatives) called for Japanese financial institutions to begin drafting the financial principles
- ◆ At his request, about 30 financial institutions from various parts of the financial sector voluntarily participated in this process
- ◆ The drafting committee held a total of seven plenary meetings and 17 working groups beginning in September 2010, while the Ministry of the Environment acted as secretariat to support the overall process



Objectives

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- Create a platform for a wide range of financial institutions (including major and local banks as well as life insurance and asset management institutions) with a view to expanding environmental financing in Japan
- Involve smaller local financial institutions (such as local banks and *shinkin* banks) in environmental financing
- Open the door for Japanese financial institutions to become members of international financial initiatives, such as UNEPFI, PRI, or PSI

Collaboration

- Work with other international initiatives, such as UNEPFI, PRI and PSI

Members of the drafting committee

General/follow-up Workgroup	Insurance Workgroup	Asset Management, Securities, and Investment Bank Workgroup
Sumitomo Mitsui Trust Holdings, Inc.	<u>SOMPO JAPAN INSURANCE INC.</u>	
<u>Development Bank of Japan Inc.</u>	NIPPONKOA INSURANCE CO., LTD.	<u>Daiwa Securities Group Inc.</u>
<u>Daiwa Securities Group Inc.</u>	Aioi Nissay Dowa Insurance Co., Ltd.	Nikko Asset Management Co., Ltd.
<u>SOMPO JAPAN INSURANCE Inc</u>	Taiyo Life Insurance Company	Mitsubishi UFJ Trust and Banking Corporation
Nomura Holdings, Inc.	Tokyo Marine & Nichido Fire Insurance Co., Ltd.	Sumitomo Mitsui Asset Management Co., Ltd
Sumitomo Mitsui Banking Corporation	Mitsui Sumitomo Insurance Co., Ltd.	The Dai-ichi Life Insurance Co., Ltd
Citigroup Global Markets Japan Inc.	NLI Research Institute	Taiyo Life Insurance Company
The Hachijyuni Bank, Ltd.		Nippon Life Insurance Company
SEIBU SHINKIN BANK		
Deposits, Loans, and Leasing Workgroup	TheKeiyoBank,Ltd.	Mizuho Trust & Banking Co., Ltd.
<u>Development Bank of Japan Inc.</u>	Seishin Shinkin	Chuo Mitsui Asset Trust and Banking Co., Ltd
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	ORIX Trust and Banking Corporation	NOMURA ASSET MANAGEMENT CO., LTD
Mizuho Financial Group Inc.	ORIX Corporation	<u>Nomura Holdings, Inc.</u>
The Bank of Yokohama, Ltd.	The Shizuoka Bank	SMBC Nikko Securities Inc.
SHIGA BANK, Ltd.	Mitsubishi UFJ Lease & Finance Co., Ltd.	Mizuho Securities Co., Ltd.

The Principles

1. We will recognize our roles and responsibilities, taking into account the precautionary approach, and promote those actions that contribute towards shaping a sustainable society.
2. We will contribute to the formation of a sustainable global society through the development and provision of financial products and services leading to the development and increased competitiveness of “industries contributing to a sustainable society” as represented by the environmental technologies and services sector.
3. From the perspective of regional development and improvement in sustainability performance, we assist the environmental programmes of small and medium enterprises. We will also back activities that will raise environmental awareness amongst citizens and support disaster readiness and community activities.
4. In the formation of a sustainable society we will recognize the importance of cooperation with diverse stakeholders and will not only participate in its activities but will endeavor to take a proactive role.
5. We will not be limited to complying with environmental laws and regulations but will take active steps to reduce our own environmental footprint through resource and energy savings as well as encouraging our suppliers to do likewise.
6. We will recognize activities that will further profile sustainability as a business issue and will endeavor to disclose information on our activities.
7. In order to implement the above actions we will aim to raise the awareness of environmental and societal issues of our own board and support them to take an active role through their normal duties.

Structure of principles, guidelines and good practices

Scope of
signatures

Out of scope
of signatures

Principles

Foreword

Preamble

Principles 1-7

Sector-specific guidelines

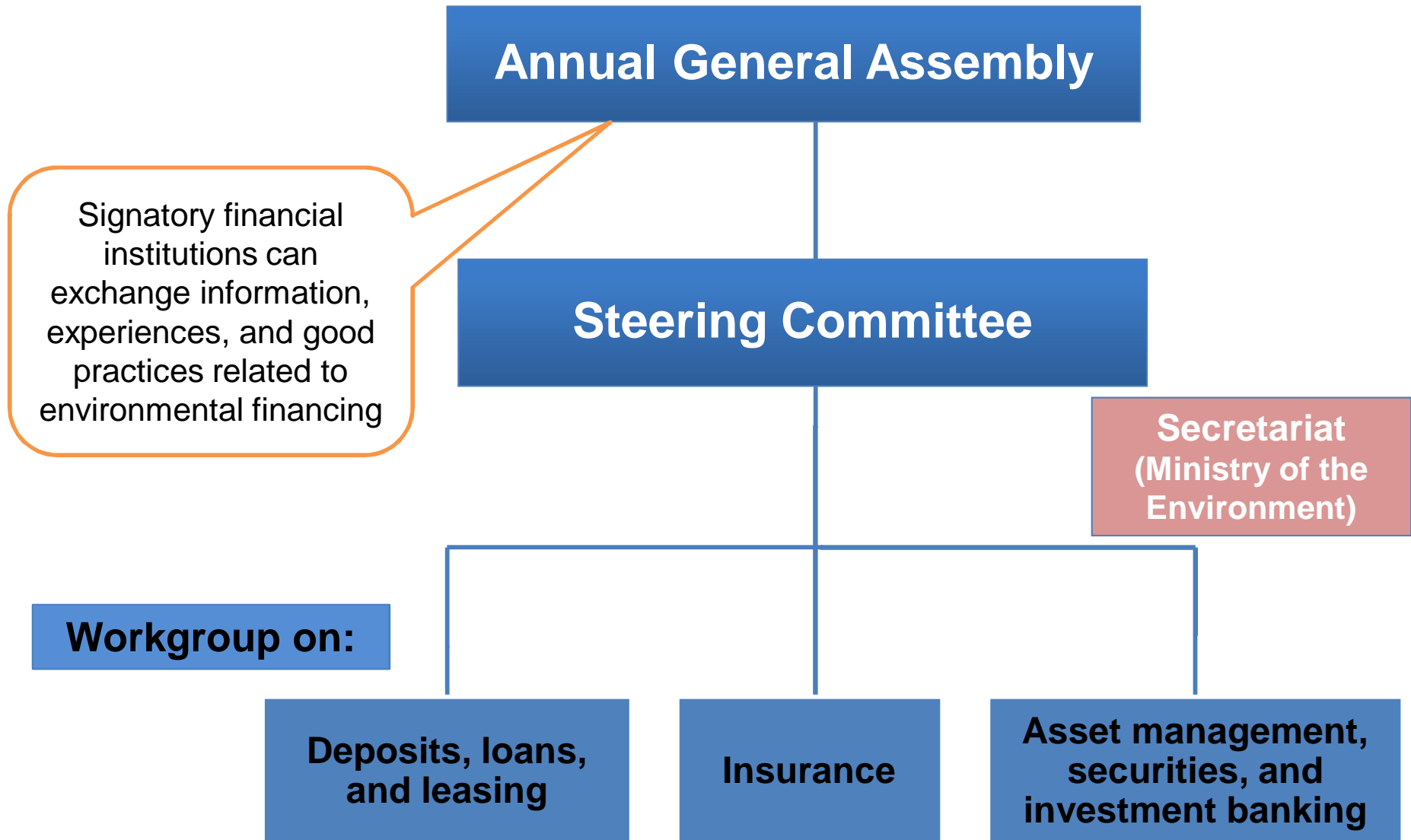
1. Guidelines for the insurance sector
2. Guidelines for the asset management, securities, and investment banking sector
3. Guidelines for the deposit, loan and lease sector



Good Practices

- Good practices in line with the principles and guidelines will be submitted by signatory financial institutions
- Good practices will be updated annually
- Best practices will be awarded at an annual General Assembly

Principles for Financial Action towards a Sustainable Society: Governing structure



チャレンジ
未来が変わる。
日本が変わる。25

Thank you