

2014.3.5
RI Asia 2014

Introduction to the
Principles for Finance
Action towards a
Sustainable Society
(PFA)

Ministry of the Environment
Environmental Policy Bureau
Environment and Economy Division

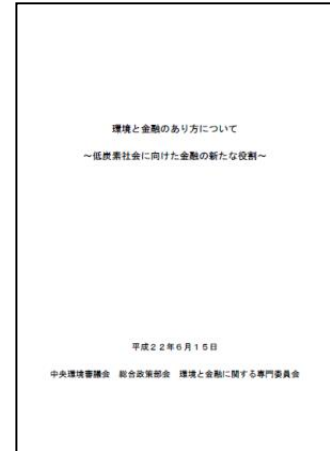
Ai Kaibu

BACKGROUND

2010.6.15 “Advisory Committee for Environment and Finance”
(under the Central Environment Council)

➔ **Policy recommendation to launch “Japanese Principles for Environmental Finance”**

- Voluntary action by financial institutions
- Platform for expanding Japanese environmental finance through information sharing
e.g. PRI, Equator principle



Why ‘JAPANESE’ principles?

- Fit in Japanese situations
- An overarching platform for the Japanese financial sector
- **Provide momentum for action**
- Involving SMALL local financial institutions
- **Bottom-up / Raising awareness**

Steppingstone to joining global initiatives (e.g. UNEP FI, PRI)



Voluntary action by financial institutions

Drafting Committee made up of financial corporations



2011.10 Launch of the PFA

Ministry of the Environment
(SECRETARIAT)

➔ **189 signatories (2014.2)**

The PFA (Summary)

1. Recognize our roles and responsibilities, taking into account the precautionary approach, and promote those actions that contribute towards shaping a sustainable society
2. Contribute to the formation of a sustainable global society through the development and provision of financial products and services
3. Assist the environmental programmes of small and medium enterprises from the perspective of regional development
4. Cooperate with diverse stakeholders
5. Take active steps to reduce our own environmental footprint and encourage our suppliers to do likewise
6. Disclose information on our activities
7. Raise awareness of environmental and societal issues of our own board

Sector-specific Guidelines

Asset Management, Securities and Investment Banking Sector Guidelines

(Cited from the guideline)

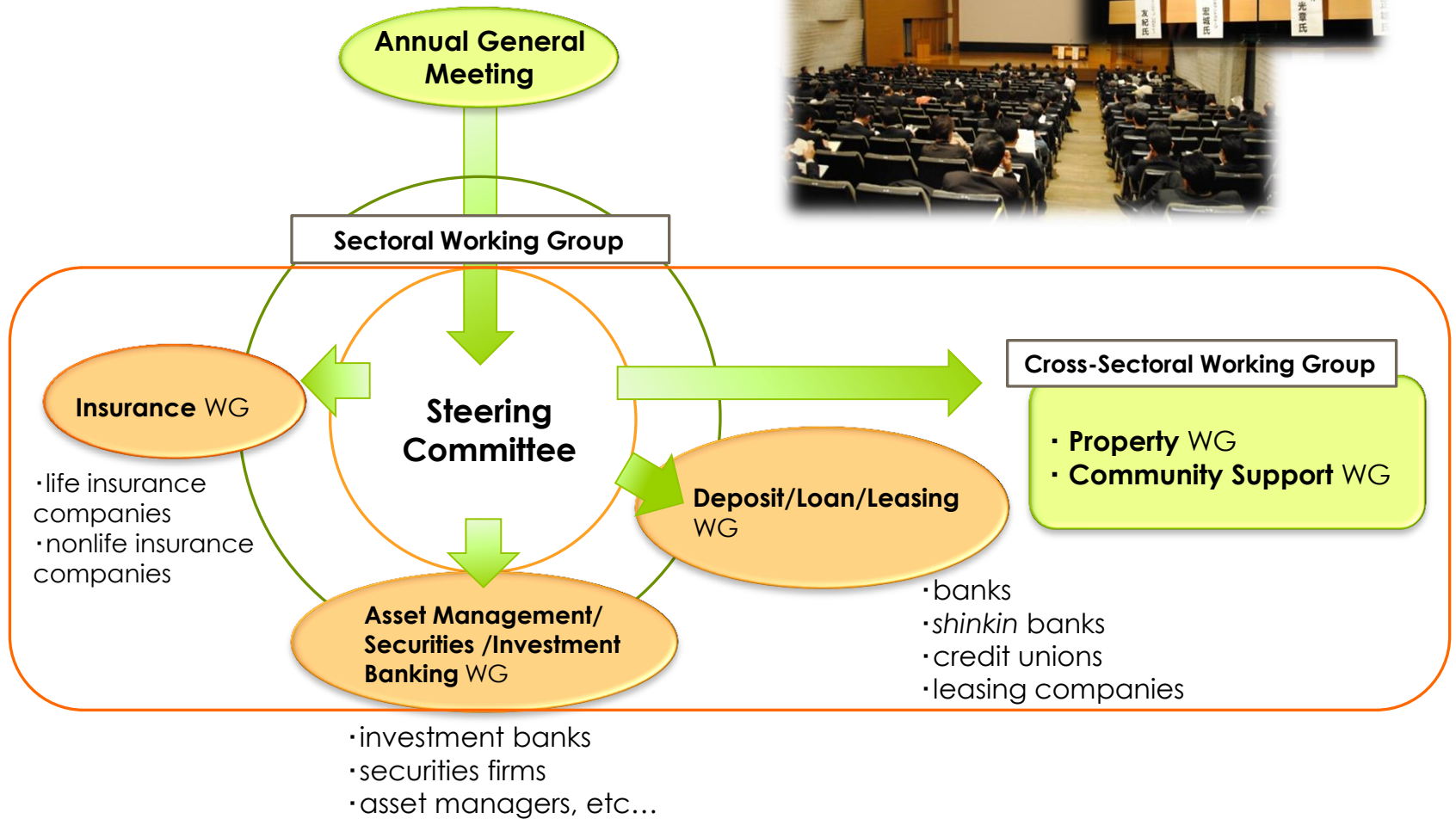
The asset management, securities and investment banking sectors, as leaders of the financial products market, are expected to be socially responsible for the healthy development of capital markets. As part of this role, it is believed that **their appropriate consideration of environmental, social and corporate governance issues (ESG issues henceforth) that may affect corporate values would contribute to the formation of a sustainable society** which offers global environmental protection and the growth and development of healthy capital markets.

Insurance
sector
Guidelines

Deposits,
Loans and
Leasing
Sector
Guidelines

ORGANIZATION CHART of the PFA

Decision-making process & Activities



APPROACHES in PFA

WG Activity in FY2013

Insurance WG

<Two meetings>

- • resilience
 - **CSR Reporting**
 - **CSR management**

Asset Management/ Securities /Investment Banking WG

<Two meetings>

- • **Integrated Reporting**
- **ESG integrated financial products (through "NISA")**

Community Support WG

<Four meetings>

- • Aging Society with Ultra-Low Birthrate
 - Dementia, etc.

Deposit/Loan /Leasing WG

<Four meetings>

- • Renewable Energy
 - Environmental Considerations in Real Estate Financing
 - Involving local banks

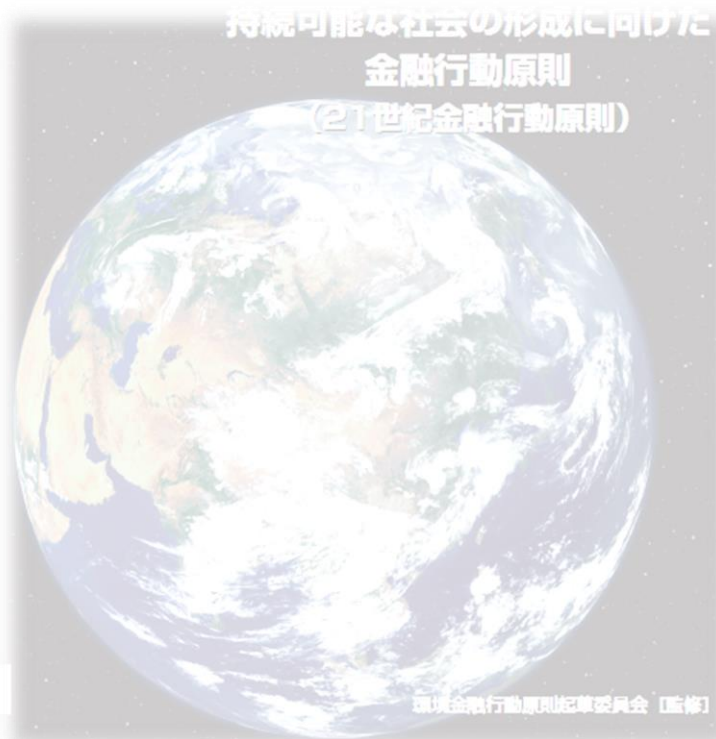
Towards Responsible Investment

Property WG

<Two meetings>

- • Public Facilities and Financial Services
 - **infrastructure fund**
 - sustainable redevelopment, etc.

Thank you!



All efforts of finance experts makes the PFA. Every single word has its originality. Therefore, we hope many financial institutions sign to the PFA and put them into practice.

The Chair of the Drafting Committee of the PFA
Takejirou Sueyoshi

Cited from the message (2011.10)