

Notice on the Recommendation from the High Level Meeting on ESG Finance

Friday, July 27, 2018

Major players in the financial markets gathered for the Meeting and shared a strong will for the future to utilize funds of the people for “solving climate change issues and economic/social issues simultaneously” and creating “new growth.” They also had unfettered discussions on respective roles to play in the future. The Ministry of the Environment hereby announces that the recommendation of the High Level Meeting on ESG Finance was finalized recently.

1. Background

As ESG investments are becoming a sweeping trend in the world, they are expanding in Japan as well. Through greater enhancement of dialogues between investors and companies it is expected to broaden the base of the investments and further promote environmental actions of investee companies. In indirect finance, only a small proportion of banks are currently working on environmental finance as their strategic business initiative. Going forward, expansion of environmental finance, particularly in regions, is expected to enhance regional sustainability from perspectives of both environment and the economy.

To utilize the funds of the people, including pension assets and deposits, for solving climate change issues and economic/social issues simultaneously, relevant parties’ strong will to alter the money flow with a long-term standpoint and to build a sustainable society is necessary. Therefore, the High Level Meeting on ESG Finance was set up in January 2018 for major players in the financial markets to share a strong will for creating the sustainable future and having unrestricted discussions on respective roles expected going forward.

So far, the Meeting convened seven times, and the seventh meeting held on Friday, June 29 discussed the draft recommendation from the Meeting. This notice is to announce that the recommendation was finalized, reflecting a variety of views presented by the participating members.

2. Content of the recommendation

The participants of the meeting understand that a strategic shift toward a decarbonized, sustainable society is exactly the source of Japan’s competitiveness and “new growth,” as both the Paris Agreement and Sustainable Development Goals (SDGs) pursue such a society. Against this backdrop, we have confirmed that it is essential to develop ESG investments, which are being accelerated ahead in direct finance, into those with a larger social impact, and to realize ESG financing in indirect finance through collaborations between regional financial institutions and local governments with financial institutions’ responses with the global trend in mind. To this end, while each party fulfills its respective role, we recommend that the Japanese government also take necessary measures.

For details, please see the attached document.

Minister’s Secretariat, Environment and Economy
Division, the Ministry of the Environment, Japan
Direct phone number: 03-5521-8240
Main phone number: 03-3581-3351
Director Haruhiko Nishimura (6260)
Director Tadashi Shibakawa (6278)
Deputy Director Aya Nagata (6251)
Deputy Director Takaaki Tanabe (6268)
Administrative Official Sachiko Matsuda (6275)