

Announcements

The First General Meeting of Representatives of the Japan Impact-driven Financing Initiative was held on December 17, 2021

On December 17, 2021, the first general meeting of the representatives of the Japan Impact-driven Financing Initiative (IDFI) was held. The purpose of IDFI is to resolve environmental and social issues through finances, and currently 22 financial institutions are on board. The meeting was attended by a total of 51 people from 35 organizations, including 22 signatory organizations, 5 domestic supporting organizations, and 8 observers who are considering joining this initiative.



1. Self-Introduction by Signatories and Supporting Institutions

Participants from the signatories and supporting organizations introduced themselves and expressed their enthusiasm for creating impact through investment and lending activities, their own initiatives related to impact financing, challenges surrounding impact investment and lending, and their expectations for collaboration among the signatories to this initiative.

Some participants introduced their approaches to impact investment funds and lending as examples of existing practices, as well as the practices of Impact Measurement and Management (IMM) and the issues and challenges identified from these practices. In addition, participants from regional financial institutions expressed their expectations for cooperation in sharing knowledge among regional financial institutions and studying IMM methods for impact financing for small and medium-

sized enterprises (SMEs) in order to expand impact investment and lending in local cities and areas.

2. Report on the press conference

The secretariat reported that after the press conference of the initiative held on November 29, 2021, the launch of the initiative was covered by more than 18 media in Japan and overseas. The participants confirmed that they will continue to disseminate information appropriately in cooperation with each organization, taking into account how stakeholders, including the media, perceive it.

3. Discussion of several agenda going forward

As the first point, the procedure for participation of new signatory organizations was discussed. Organizations wishing to participate shall apply for participation in the name of the representative of the organization concerned, after fully understanding the purpose of this initiative and promising to make efforts to realize the contents of the initiative. Upon receipt of the application, it was decided that the secretariat may consider and approve the application at its own discretion, if there are no special matters to be discussed at the general meeting of the representatives.

Secondly, the establishment of the Steering Committee was discussed, and it was decided that the Secretariat will be entrusted with the appointment of Steering Committee members for the first year, based on the background of the Drafting Committee at the time of the establishment of this initiative and the opinions and requests at the first general meeting of representatives.

Thirdly, it was decided that one year after the launch of this initiative, the signatories would present to the public a concrete vision of the "impact orientation in the management of financial institutions" and the "practice of investment and lending with IMM" that this initiative aims to achieve. It was also decided to coordinate among the signatories so that they can make a unified public announcement on their impact financing performance (balance, etc.). In addition, participants expressed the necessity to strategically disseminate information on impact financing to small and medium-sized enterprises (SMEs) and individuals in order to expand the scale of impact financing.

As the fourth point, it was decided that the signatory institutions will work together to promote collaboration with asset owners in order to promote impact-driven financing. Participants commented that, in terms of collaboration with asset owners, it may be necessary to incorporate

the perspective of environmental and social impact into the fiduciary duty as well as IMM. In addition, since this initiative includes indirect financing, it was suggested that measures to promote impact investment and financing should be considered from the perspective of indirect financing as well as direct financing.

4. Discussion on the future of the activities

Lastly, the participants exchanged opinions on future activities. The secretariat explained that, in line with the purpose of the initiative, each signatory organization is expected to take the lead in practicing impact-driven financing at a high level and share its knowledge with other signatory organizations. They also emphasized the importance of "financial innovation and transformation" in this activity, which is to review the inherent role and potential value of finance in order to promote the resolution of environmental and social issues. Furthermore, it is necessary to foster new expectations for finance by gaining the trust of the community and society as a whole. They also explained that it is important for financial institutions to enhance their own corporate value and that of the companies they invest in by engaging in impact financing that involves innovation. The attendees from the signatory institutions agreed.

The participants expressed their desire to exchange opinions on the dissemination of information on examples and achievements of impact financing and to share practical examples of IMM at the working level meetings. It was also suggested that in order to increase the understanding and participation of asset owners, it is necessary to include not only impact-driven investment and lending with strict IMM, but also impact investment and lending in a broader sense.

The secretariat also explained that financial institutions interested in signing this initiative are encouraged to contact the secretariat. It was also explained that the first working level meeting is scheduled to be held on January 28, 2022.

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