インパクト志向金融宣言
Japan Impact-driven Financing Initiative

Japan Impact-driven Financing Initiative Progress Report

2026

Progress Report of Japan Impact-driven Financing Initiative

This English version has been translated by AI. Please refer to the original Japanese version for the authoritative text.

Published August 2026

Japan Impact-driven Financing Initiative
Foreword: Progress Report 2026

On November 29, 2021, the "Japan Impact-driven Financing Initiative" launched with the signatures of the top executives of 21 financial institutions. The Initiative calls on private financial institutions to adopt, as an organizational purpose, the intent to help resolve environmental and social issues ("impact orientation"), and to practice Impact Measurement and Management ("IMM") of the environmental and social change ("impact") generated by their investees, while advancing investment, financing, and financial product offerings accordingly. Signatories work together to sustain and grow this activity, extend its reach across Japan's financial industry, and strengthen ties overseas, with the aim of enabling Japan's financial industry to develop impact-driven investment and financing autonomously and sustainably.

Since holding its first General Assembly on December 17, 2021, the Initiative has remained active through its Steering Committee, General Assembly (working-level meetings), s, and various events. In April 2025, it introduced a membership fee system, further strengthening its operating and governance structure.

As of April 1, 2026, the number of signatory organizations reached 77, spanning a diverse range of financial institutions that differ in size, business type, and target asset classes.

This report presents the activities and achievements of the "Japan Impact-driven Financing Initiative" for FY2025 (January 1, 2025 – March 31, 2026).

August 2026

Japan Impact-driven Financing Initiative Secretariat

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Executive Summary

FY2025

FY2025 spans a 15-month period (Jan 2025–Mar 2026) due to a fiscal year change

Signatory institutions ... 85 → 70* → 77

(Jan 2025) (Apr 2025) (Apr 2026)

*Fee system introduced

With the introduction of the membership fee system in April 2025, the number of signatory institutions stood at 70 that month (64 signatory financial institutions, 6 signatory supporting institutions). It subsequently rose to 67 signatory financial institutions and 10 signatory supporting institutions, reaching a total of 77 by April 2026. By asset class, new participants included venture capital firms and government-affiliated financial institutions. The Initiative will continue to pursue steady, sustained growth.

Impact finance balance ... ¥17 trillion → ¥27 trillion

The Initiative does not set balance growth itself as a goal, but views it as an important indicator of the broadening reach of impact-driven finance. The balance published in this report stands at ¥27.36 trillion, an increase of approximately ¥10.3 trillion from the ¥17.04 trillion reported in the previous survey (as of September 1, 2024). Signatory institutions' impact finance efforts continue to expand steadily.

Working Groups ... 6 → 7 Meeting frequency ... 83 meetings held per year

In FY2025, a new "Impact-driven Finance Framework Study Group" was established, bringing the total number of active Working Groups to 7. Working Groups met 83 times in total, generating active discussion and the sharing of practical insights. This resulted in concrete outputs supporting the Initiative's value creation, including the publication of the "Positive Impact Finance (PIF) Practical Guidance," the "Social Indicators Case Studies," and the "Debt IMM Guidance (Supplement)."

Executive Leadership Team (ELT) ... 1 session held

In February 2026, executives from the Japan Exchange Group, Sumitomo Mitsui Financial Group, and the University of Tokyo joined a roundtable on the theme "Can Finance Truly Own the Resolution of Environmental and Social Issues?" (p.15). The session gave financial institution leaders an opportunity for frank exchange on the role of finance and its future direction.

Webinars/events held ... 36 (including co-hosted) with approx. 3,709 attendees※

※Registered attendee count

Reflecting growing interest from overseas, the Initiative held numerous events featuring international guests. A total of 36 events were held during the year, including ELT sessions, drawing 3,709 total participants.

Strengthening Communications

In May 2025, the Initiative published its first book, "Finance with Intent: Everything About Impact Finance," and held a commemorative symposium. It also stepped up outreach via blog posts and LinkedIn, among other channels, to raise awareness both in Japan and abroad.

Formulating the Medium-Term Plan

In response to calls for cross-Working Group discussion and collaboration, the Initiative spent six months in careful deliberation before formulating its Medium-Term Plan in August 2025. Operations are now based on this plan, with progress underway in sharing the organization's direction and priority initiatives.

Achieving Self-Sustaining Operations

With the April 2025 introduction of the membership fee system, the Secretariat took on operational responsibilities including fee collection, deposit management, payments, and bookkeeping. Despite the increased workload, the Initiative built an efficient and sustainable operating structure without significantly expanding staff.

Strengthening Operations and Governance

The Steering Committee met monthly for active discussion of the Initiative's operations and key issues. The operating rules were revised three times, and six new operating regulations were established. The Initiative also set up a Management Advisory and Evaluation Committee, further strengthening its organizational operations and governance structure.

About the Japan Impact-driven Financing Initiative

Transforming Financial Institutions' Purpose Toward Impact Orientation

The Japan Impact-driven Financing Initiative requires that each financial institution's top executive personally sign on. This is because the Initiative aims not merely to increase individual impact finance investments or products, but to transform the purpose of financial institutions and the financial industry itself toward impact orientation.

Environmental and social challenges are mounting both at home and abroad — worsening global warming, the Sustainable Development Goals (SDGs) at risk of going unmet, and delays in digitalization and healthcare reform exposed by the COVID-19 crisis. Public funding from governments, municipalities, and international organizations alone cannot possibly address these challenges.

Private investment and financing must be directed more actively toward companies tackling environmental and social issues. It is important that the Japan Impact-driven Financing Initiative be driven by financial institutions acting voluntarily and autonomously, rather than by government policy.

Transforming the flow of funds handled by financial institutions toward impact orientation requires not only competition among institutions but also sound collaboration. Through this Initiative, financial institutions of differing size and type will work together across organizational boundaries to advance impact-driven investment and financing.

(Image) Japan Impact-driven Financing Initiative website /
https://www.impact-driven-finance-initiative.com

Full Text of the Initiative

01 Recognizing the importance of adopting an impact orientation in management in order to fulfill the role society expects of them, financial institutions will work to practice impact-driven investment and financing·1 at each participating institution.

02 Believing it necessary to visualize the impact generated through investment and financing, apply it to investment strategy and decisions, and sustain efforts toward impact creation, institutions will advance investment, financing, and products that incorporate IMM·2.

03 On these efforts, each organization will formulate its own plan according to its circumstances, and the Initiative will be run so that this activity can develop sustainably through sharing and discussing best practices and challenges among signatories.

04 To improve the quality of IMM and expand the scale of impact-driven investment and financing, signatory institutions will engage in cooperative activities at the working level, including exchanging opinions and information and conducting necessary research.

05 The Initiative will work collaboratively so that impact-driven financial management practices and IMM efforts spread across Japan's financial industry as a whole, including institutions not yet party to this Initiative.

06 The Initiative will actively participate in overseas initiatives promoting impact-driven investment, financing, and IMM, contributing to the global advancement of impact-driven investment and financing while proactively communicating Japan's perspective.

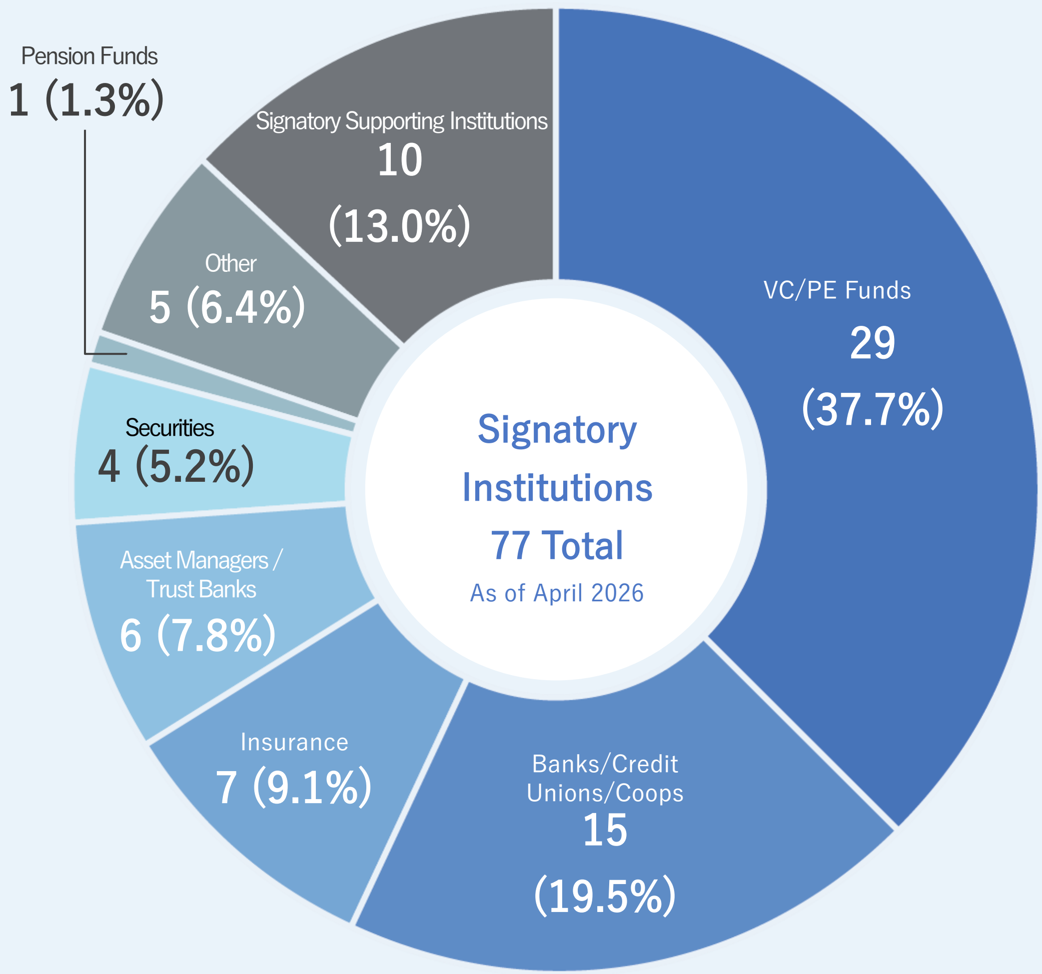
07 This activity will continue until Japan's financial industry is able to develop impact-driven investment and financing autonomously and sustainably on its own.

·1 "Impact-driven investment and financing" as used here is synonymous with the "impact investment" defined by the GSG National Advisory Board Japan. It covers all forms of finance, including loans, bonds, listed equities, and private equity.

·2 "Impact Measurement and Management (IMM)" refers to measuring and visualizing the impact that financial institutions generate through their investment and financing activities, and managing the impact created through strategy formulation and engagement with investees.

About the Japan Impact-driven Financing Initiative

- Signatory institutions: 77 total (April 2026) (67 signatory financial institutions / 10 signatory supporting institutions)
- A defining feature is the flat, open forum where members from diverse asset classes exchange views
- Since FY2025, the membership fee system has enabled financial self-sufficiency, with operations run per the operating rules



Theory of Change of the Initiative

In August 2025, the Initiative formulated a new Theory of Change (ToC)

VISION

Transform the flow of funds handled by financial institutions toward an impact orientation, creating a sustainable capital cycle that autonomously resolves environmental and social challenges

Current Landscape

- Impact orientation has spread only to a limited extent
- Ambiguous Definition/landscape of impact investing; washing concerns
- Limits of impact investing at the individual-firm level

Approach
(Stakeholders to engage and the behavior change sought)

1 Building conviction for impact orientation

▶ Addressing the drivers of behavior change for each type of player
- Clarifying the link between impact creation and corporate value among mainstream investors and VCs
- Spreading understanding of systemic-level risk among asset owners
- Visualizing social outcomes for individuals (consumers), etc.

2 Expanding the landscape and raising quality

▶ Categorizing impact finance broadly and developing practical guidance to engage new entrants

▶ Raising quality by sharing and codifying leading IMM practices

3 Strengthening cross-asset-class collaboration

▶ Establishing cross-asset-class finance schemes centered on social and environmental challenges, and generating case examples (engaging diverse asset classes, public bodies, non-profits, etc.)

OUTCOME

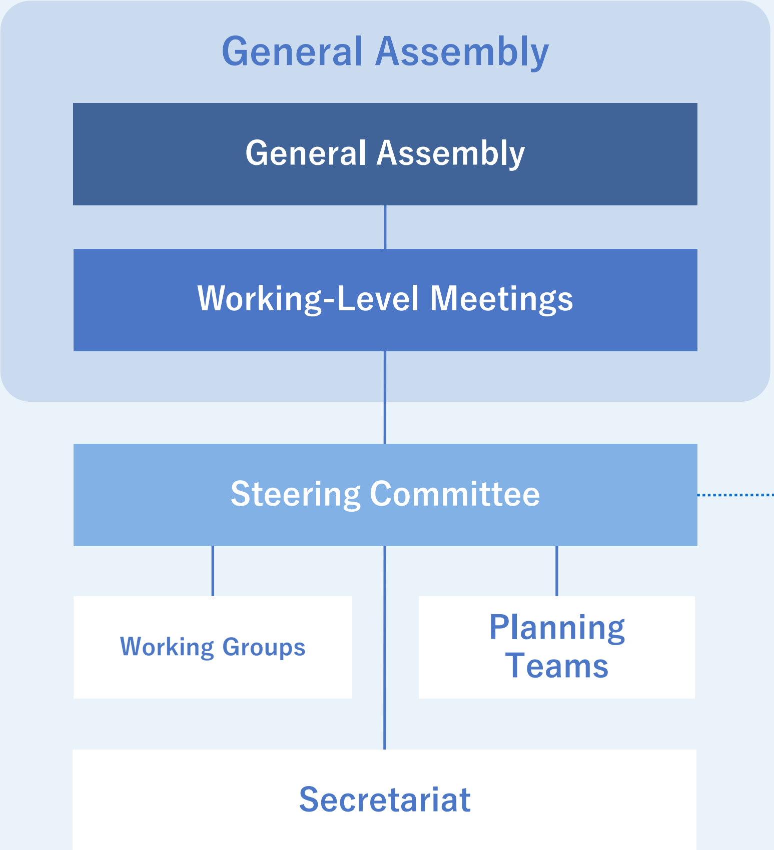
- Broadening the base
- Advancing IMM, disclosure, and dialogue
- Social and environmental challenges resolved faster

New Medium-Term Plan (FY2026–FY2028)

Action Plan and Milestones for FY2026–FY2028

Theme	FY2026 (Building the foundation)	FY2027 (Standardization)	FY2028 (Embedding results)
Theme ① Shift to Impact Orientation (Building buy-in) Buy-in > Deepening engagement	**Impact–Corporate Value Link Hypothesis** We will theoretically organize how impact investing affects corporate value, and begin discussions — through case studies — on reducing beta (market-wide) risk.	**Developing a Practical “Guidebook”** Based on the theory developed, we will formulate a “Practical Guide to Corporate Value Assessment” for practitioners to use in the field, and prepare related public documents.	**Engagement & Institutionalization** We will finalize and publish the practical guide, and step up advocacy with the FSA, JPX, and other self-regulatory bodies to help formalize and institutionalize the impact orientation.
Theme ② Expanding Landscape and Raising Quality Align > Lead > Practice	**Categorizing Finance Types & Updating IMM** We will develop a categorization map covering alpha, beta, indirect finance, blended finance, and more, and update the inclusion criteria for IMM (Impact Measurement and Management).	**New-Definition Balance & Progress Report** Based on the updated definition, we will aggregate and publish signatory institutions’ impact finance balances, and design an impact award and certification criteria.	**Publishing 2nd Edition of the IDFI Book** We will publish a second edition of the “IDFI Book” summarizing our activities, and incorporate feedback from practice to drive continuous quality improvement.
Theme ③ Strengthening Cross-Asset-Class Ties (Social issues) Cross-cutting > Scheme design	**Developing a “Challenge Map” of Social Issues** Working with academia and local governments, we will define and map specific social challenges for system-change investment, deepening cross-sector understanding.	**Building Model Cases and Examining Schemes** Based on the challenge map, we will build concrete model cases with external bodies and local governments, and examine financial schemes for a cross-cutting approach.	**Scaling Model Cases & Sharing Results** We will move the model cases we have built into the social implementation phase, and widely publish the schemes, outcomes, and challenges encountered along the way.

Governance Structure of the Initiative



Auditors

Capital Medica Ventures, Inc.
Representative Director Takeshi Aoki

Meiji Yasuda Life Insurance Company
General Manager, Responsible Investment Promotion Dept., Investment Planning Dept. Masanori Hosokawa

Committee Chair

Sumitomo Mitsui Trust Group, Inc.
Senior Advisor Tsukasa Kanai

Vice Chair

Resona Asset Management Co., Ltd.
Chief Sustainability Officer, Managing Executive Officer in charge of Responsible Investment Dept. Minoru Matsubara

Committee Members

Community Bank Kyoshin
General Manager, Social Good Promotion Dept. Norio Ishii

Mitsubishi UFJ Trust and Banking Corporation
Fellow, Sustainable Investment Division, Masahiro Kato

The Higo Bank, Ltd.
Group Head, Sustainability Planning Group, Sustainability Promotion Dept. Hisashi Sakaguchi

Mizuho Securities Co., Ltd.
Head of Sustainability Promotion Department Kotaro Sueyoshi

DG Incubation, Inc.
Senior Principal Sera Tsutsumi

GLIN Impact Capital, Inc.
Representative Director Masato Nakamura

SBI Shinsei Bank, Limited
Executive Officer Yuko Nagasawa

Japan Post Insurance Co., Ltd.
Executive Officer, General Manager of Investment Planning Dept. Hiroyuki Nomura

UntroD Capital Japan, Inc.
Director Akitake Wilhelm Fujii

The Dai-ichi Life Insurance Company, Limited
General Manager, Responsible Investment Dept. Yuichi Honda

MUFG Bank, Ltd.
Vice President, Sustainable Finance Team, Sustainable Business Div. Masanao Yagasaki

※As of April 2026

Message from the Steering Committee

*Presented on behalf of the Committee: 5 of 13 total members contributed messages shown here

Tsukasa Kanai

Sumitomo Mitsui Trust Bank, Limited
Senior Advisor

This Initiative has marked its fifth anniversary. Through the shift to a membership fee system, organizational strengthening, and Working Group proposals, it has clearly contributed to Japan's market development. Recent visits from overseas experts show our work advancing steadily despite ESG headwinds. We thank our members, advisors, and pro bono contributors for their dedication.

Minoru Matsubara

Resona Asset Management Co., Ltd.
Chief Sustainability Officer
Managing Executive Officer in charge of Responsible Investment Dept.

Five years have passed since the Initiative was founded. Thanks to the active efforts of signatory and supporting institutions, endorsing organizations, and the Secretariat, both the quality and volume of our activities have grown substantially — our sincere thanks. Going forward, business needs relationships, meaning, and will. We hope this Initiative becomes a node connecting diverse values for the society of the future.

Yuko Nagasawa

SBI Shinsei Bank, Limited
Executive Officer

Five years since founding, signatory institutions' impact finance
balance has grown to roughly ¥27 trillion. Yet this growth has relied on a limited set of players, and embedding an impact orientation more broadly remains a work in progress. Through fresh thinking, field-driven know-how, and collaboration with stakeholders, we aim to deepen measurement and management, improve deal quality, extend into natural and human capital, and drive finance-led systemic change.

Yuichi Honda

The Dai-ichi Life Insurance Company, Limited
General Manager, Responsible Investment Dept.

This report organizes our current progress toward the vision set out in the Initiative. There is still a long way to go, but we have advanced steadily since it was first drafted five years ago. As the saying goes, "go alone to go fast; go together to go far." We hope this report helps signatory institutions move together toward realizing the Initiative.

Masanao Yagasaki

MUFG Bank, Ltd.
Sustainable Business Div. Vice President, Sustainable Finance Team

As this report is published, a few words
from us as Steering Committee members. Realizing a sustainable environment and society increasingly requires treating social and environmental issues as inseparable from management strategy, pursuing both economic and social value, and translating this into customer dialogue and actual investment practice. Together with fellow institutions, we will advance impact-driven finance by sharing knowledge that connects management with practice.

Review of the Previous Medium-Term Plan (FY2023–2025)

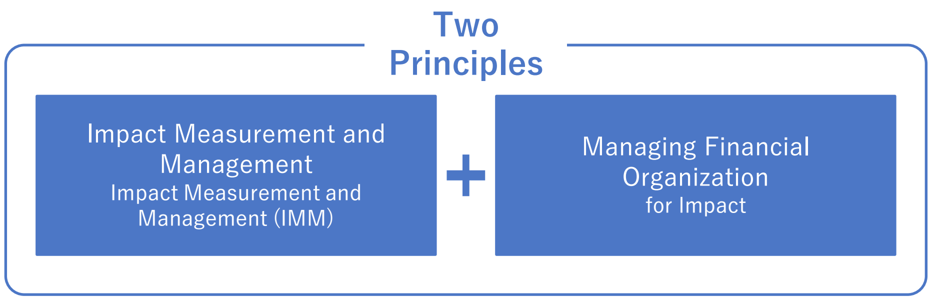
While the Initiative achieved results such as formulating the Medium-Term Plan, issuing various guidelines, and publishing the book, challenges remained around strategic outreach and collaboration with other platforms

Updating the Initiative's Overarching Policy	· Discuss and consolidate input via the Content Steering Committee, and formulate the next Medium-Term Plan	○	Medium-Term Plan formulation completed
Developing Impact-Related Information and Data	· Present PIF survey findings at the Regional Finance Working Group · Work with the Consortium to move this forward	○	Produced and published PIF survey, social indicators, engagement materials, etc.
Deepening Discussion and Planning on Talent Development	· Advance discussion on talent development and run a pilot	○	Produced and published PIF survey, social indicators, engagement materials, etc.
Considering an Impact Award	· Continue considering purpose, scope, and content	-	Not yet implemented
Further Strengthening Impact-Related Outreach	· Publish the book and put it to use · Consider which targets to reach with what content	△	Launched blog and LinkedIn More detailed outreach remains a future task
Putting Self-Sustaining Operations on Track	· Address the shortage of operating resources for Working Groups · Advance self-sustaining operations, incl. compliance	△	Still a challenge. Self-sustaining operations are now largely on track
Strategic Collaboration with Other Platforms	· Continue discussion and advance concrete collaboration	△	Held an exchange of views with GPIF. Some contacts made; no concrete collaboration yet
Strengthening Strategic Engagement Efforts	· Hold an ELT session	○	Completed in February

What Is Impact-driven Financial Management?

The Two Principles of the Japan Impact-driven Financing Initiative

The Japan Impact-driven Financing Initiative rests on two principles.
The first is practicing Impact Measurement and Management (IMM) on individual investment and financing deals at financial institutions. This is a bottom-up effort carried out deal by deal, driven by the frontline teams that originate and structure investments and loans.
The second is “managing the organization so that impact-driven finance permeates the institution’s entire operations.” The Initiative refers to this as “Managing Financial Organization for Impact.” Rather than operating at the level of a single department or product, this drives impact-driven finance as a management strategy across the institution’s entire business.
At any institution, impact finance still accounts for only a small share of total balances. For large institutions with many counterparties, rapidly bringing impact finance to 100% is close to impossible, and most existing VC funds are not impact funds. Even generating positive impact in part of a business isn’t enough unless negative impact is also reduced elsewhere. Impact-driven financial management is thus the effort to make an institution’s total impact net positive.



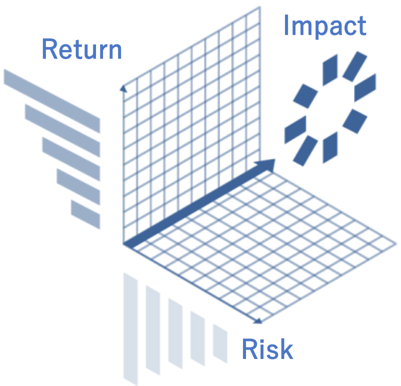
Embedding Impact-driven Finance Across the Organization

To improve on this, financial institutions need to manage so that impact-driven finance permeates their entire operations — beyond simply increasing the number and value of IMM-backed deals
Positive impact creation and negative impact reduction should be pursued in ordinary investment too, regardless of IMM. Negative impact on new deals can be reduced via stronger negative screening and stricter due diligence beyond ESG screening, and engaging existing investees on newly identified risks.
Efforts like these require commitment from senior management. Boards and management committees need to establish basic principles for new investment and financing decisions, and to create review rules and guidelines that ensure execution follows those principles.
Because such efforts cannot be achieved overnight, institutions need to proceed gradually, starting with matters that could affect their credibility or reputation, or that involve large amounts or risk.
There are many ways to realize impact-driven financial management — for example, applying the Value Reporting Foundation’s integrated thinking, or following the UK Stewardship Code to define a purpose and investment philosophy that realizes impact.
Until recently, concrete moves were largely confined to small funds, a handful of asset managers, and shinkin banks. Recently, though, major banks have announced group-wide plans for impact creation, some now publish impact reports, and executives speaking at ELT sessions have discussed extending an impact orientation industry-wide.

Definition and Balance of Impact Finance

Background, Purpose, and Definition of Impact Finance

The Japan Impact-driven Financing Initiative aims to realize and expand impact-driven financial management across financial institutions' entire operations by accumulating individual cases of "impact finance" — finance that pursues return and impact simultaneously.
The definition of "impact finance" follows the existing GIIN※ definition: "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return."



Four Elements of Impact Finance	
1	Has intentionality
2	Financial return and social/environmental impact
3	Covers a broad range of asset classes
4	Conducts social impact assessment

※The Global Impact Investing Network

Criteria for Inclusion of Impact Finance in the Progress Report

To quantitatively track signatory institutions' "impact finance" performance, this Progress Report establishes "inclusion criteria." These criteria classify the level of IMM practice using objective standards, in order to measure and visualize the "volume" at each level.

Levels of Impact Finance

Impact finance requires "intentionality" toward creating positive impact, a "strategy" built on that intent, and the "measurement" of impact together with "management" directed at creating it. At the same time, where significant negative impact may arise, that impact must be "identified" and, like positive impact, measured and managed. Impact must also be measured transparently and reported to investors and other stakeholders.
In practice, however, the level of measurement and management implementation varies — some cases have "intentionality" and "strategy" but have not reached "measurement," while others measure impact but have not yet reached "management." This Progress Report sets a broad scope for what it visualizes, while classifying entries by level within its "inclusion criteria."
Specifically: (1) cases with "intentionality" and "strategy" but no "measurement" in place (not strictly impact finance, but adjacent to it) are classified as "Level 0"; (2) cases with "intentionality" and "strategy" that measure outcomes (impact) are "Level 1"; and (3) cases that add "management" of impact creation on top of measurement are "Level 2" (see next page).

Impact Finance Outstanding Balance

Total Impact Finance Balance of Signatory Institutions

Below is the combined total of impact finance balances disclosed by signatories to the Japan Impact-driven Financing Initiative (as of March 31, 2026).
Combined Level 1 and 2 totals across asset classes reached ¥27,360,605 million.

Level 1+2	Total ¥27,360,605 million

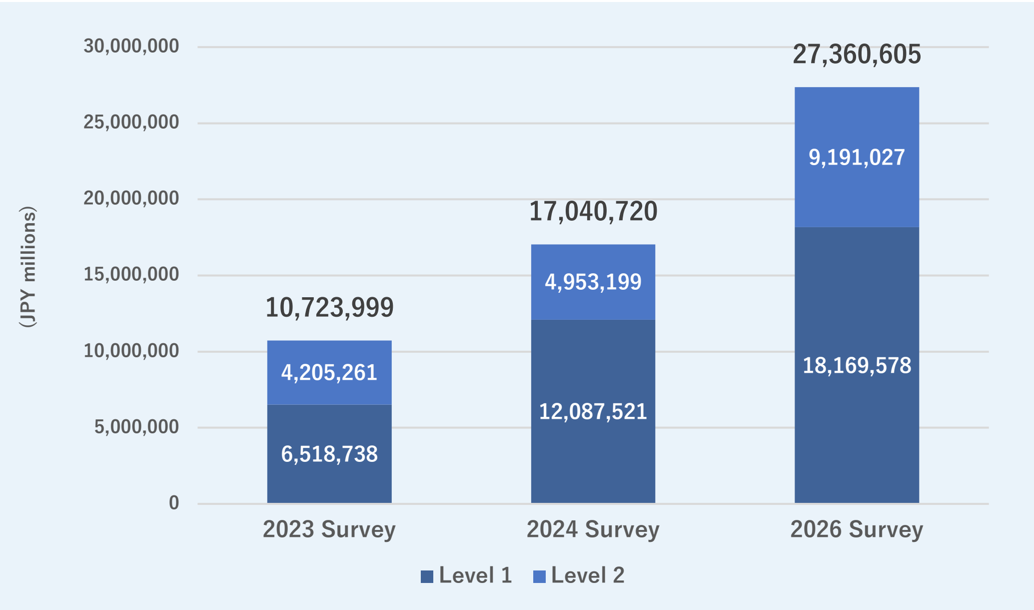
		Total	Listed Equities	Unlisted Equities	Loans	Bonds	Other
Level 2	Has “intentionality” and “strategy” for impact creation + “measures” outcomes or outputs + carries out “management” toward creating identified positive impact and mitigating significant negative impact	9,191,027	326,670	433,626	7,947,925	67,553	415,253
Level 1	Has “intentionality” and “strategy” for impact creation + “measures” outcomes or outputs	18,169,578	238,500	28,396	11,513,836	5,857,609	531,237
Level 0	Has “intentionality” and “strategy” for impact creation + does not “measure” outcomes or outputs	16,203,469	132,898	658,625	7,612,124	6,123,524	1,676,298
1+2 Total		27,360,605	565,170	462,022	19,461,761	5,925,162	946,490
0+1+2 Total		45,604,698	859,799	2,243,750	27,073,885	12,048,686	3,378,578

*Unit: JPY millions

Analysis of Impact Finance Outstanding Balance

Trend in Total Impact Finance Balance

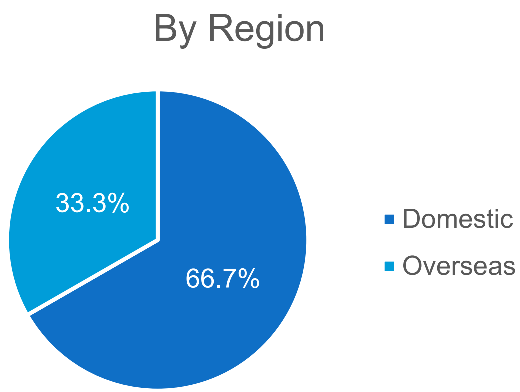
- Signatory institutions' total impact finance balance (as of end of March 2026) reached approximately ¥27.36 trillion (¥27,360,605 million), an increase of roughly ¥10.3 trillion from the ¥17.04 trillion recorded in the previous survey (2024). Impact finance efforts by signatories to the Japan Impact-driven Financing Initiative continue to expand steadily.
- By level, both Level 1 and Level 2 grew steadily. "Level 2" — which practices "management" beyond measurement — grew from ¥4.95 trillion to ¥9.19 trillion (+86%, about 1.86x). "Level 1" expanded to ¥18.17 trillion (+50%), showing signatories' IMM practice is deepening further.



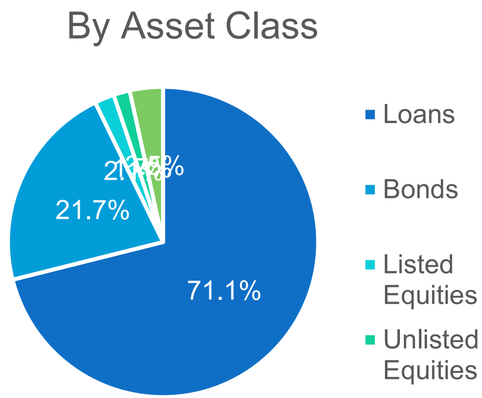
※In principle, each figure aggregates balances as of the following dates (2023 survey: end of June 2023; 2024 survey: end of March 2024; 2026 survey: end of March 2026)

Breakdown by Region and Asset Class

- By region, the domestic share rose from 53.2% to 66.7%. By asset class, loans accounted for 71.1%, and combined with bonds (21.7%), debt instruments made up approximately 93% of the total, consistent with the previous survey's 69.4% for loans.



(Total: ¥27,360,600 million)



(Total: ¥27,360,600 million)

*The figures above are the combined balances of signatory institutions that reported a breakdown of their impact finance balance by region and asset class.

Column

The "Impact-driven Framework Study Group," launched in November 2025, discussed the scope of impact finance as well as the Progress Report's inclusion criteria, leading to a revision of the 'Progress Report and Inclusion Criteria Guidance.'

The three levels (0, 1, 2) used in the previous Progress Report were retained. Level 0, while not strictly impact finance, continues to be tracked as an adjacent category called "impact-ready finance." Whereas signatory institutions previously reported balances by theme (environment, social, environment & social) on the horizontal axis, this was changed to a breakdown by asset class.

Towards Impact-driven Financial Management

Since 2023, the Initiative has convened an “Executive Leadership Team (ELT)” series with senior executives from signatory institutions. In February 2026, it held a special roundtable, “Can the Financial Industry Truly Own the Resolution of Environmental and Social Issues?”, drawing a large in-person and online audience.

Participants

Yasushi Kinoshita
Japan Exchange Group, Inc.
Director (Outside), Chairperson of the Board

Makoto Takashima
Sumitomo Mitsui Financial Group, Inc.
Chairman of the Board

Akira Sugano
The University of Tokyo
Executive Vice President (CFO)

[Moderator]
Yuka Ogasawara
Deputy Secretary-General

Can Finance Truly Own Social & Environmental Issues?

Executives from the Japan Exchange Group, Sumitomo Mitsui Financial Group, and the University of Tokyo joined a roundtable on the theme “Can finance truly own the resolution of environmental and social issues as its own?”

Introduction

Moderator, Yuka Ogasawara (hereafter, Ogasawara) Resolving environmental and social issues has traditionally been seen as the government’s job, but questions have been raised about corporate activity and investment practices that keep generating negative externalities, prompting the rise of ESG investing following the 2006 launch of the PRI (Principles for Responsible Investment). However, ESG considerations alone have not been enough to drive global progress, creating a need for “impact investing” that aims more directly at resolving issues. For example, the physical risks of climate change and productivity losses from mental health issues are both risks that can hurt financial institutions’ own returns. As social issues increasingly manifest as risks for financial institutions, I’d like to discuss how institutions can embrace impact investing with genuine conviction, as something that concerns them directly.

Efforts to Date on ESG and Impact Finance

Ogasawara First, I’d like to ask Chairman Takashima of Sumitomo Mitsui Financial Group (hereafter, SMBC Group) how the group has approached environmental and social issues to date.

Makoto Takashima (hereafter, Takashima) In our medium-term management plan formulated in FY2023, SMBC Group set out both the creation of social value and the pursuit of economic value. This reflects the long-held corporate philosophies inherited from both the Mitsui and Sumitomo lineages, as well as our belief that creating social value — that is, contributing to the resolution of social issues — will ultimately translate into economic value through the support and empathy of our stakeholders. We also believe social value is increasingly being incorporated into how companies are measured. Concretely, we have set KPIs for each of five priority issues (materialities)* and are pursuing them accordingly. We have also expanded our impact finance practice, with our balance now exceeding ¥3 trillion, and have launched green and social deposit products whose use is limited to environmental and social purposes.

Ogasawara At a time when many institutions hesitate over the link to corporate value, I was struck by your “act first” stance. Next, Chairman Kinoshita of JPX — what are your thoughts?

Yasushi Kinoshita (hereafter, Kinoshita) Under JPX’s philosophy of fostering a prosperous society through sustainable market development, our medium-term plan this year is closely aligned with sustainability. Since the 2022 market segment realignment,

*As of the roundtable

JPX has driven improvements in listed companies' corporate value. Through the Corporate Governance Code, we have also encouraged boards to discuss and disclose sustainability issues at the board level. This is not just about defensive risk management — we want to see proactive management that creates positive impact on society. We have also listed sustainability-related ETFs and, in partnership with the government, opened a carbon credit market.

Ogasawara I can really feel how JPX's reforms are driving change at companies. Next, let me turn to CFO Mr. Sugano of the University of Tokyo.

Akira Sugano (hereafter, Sugano) In my previous role (as President of Asset Management One), through roughly ¥10 trillion in passive Japanese equity management for GPIF, I engaged in ESG dialogue with investees as a universal asset owner, aiming to lift the market as a whole (raising beta). At COP26 in 2021, I witnessed firsthand the formation of GFANZ, which brought together the heads of Western financial institutions. In a panel discussion there, I argued for the need for "transition finance" from an Asian perspective, but there was little interest in it at the time.

Now that the fervor in the West has cooled, though, I sense the concept has steadily taken root in Japan and Asia. Since 2023, as CFO of the University of Tokyo, I have focused on managing the university's donation-based endowment, on investment activities through the university's wholly owned venture capital arm (UTokyo IPC), and on fostering startups and social entrepreneurs.

Key Challenges and Initiatives Ahead

Ogasawara What challenges and plans lie ahead?

Kinoshita I believe the Growth Market — which, among listed markets, tends to host relatively small companies and many startups — has strong affinity with impact investing. By supporting this market and enhancing its appeal, JPX hopes to channel more capital toward companies seeking to resolve social issues, driving impact investing forward. On disclosure, mandatory adoption of SSBJ (Sustainability Standards Board of Japan) standards, among other developments, is expected to enrich and improve the quality of securities report disclosures, so we believe further information provision and services leveraging technologies such as AI will be needed. Other key issues include introducing bilateral credits (JCM) and derivatives trading in the carbon credit market, expanding the scope of the listed infrastructure fund market to mobilize private capital for infrastructure development, and developing and expanding the electricity futures market.

Sugano The University of Tokyo provides consistent startup support, from entrepreneurship education to funding and community building, and roughly 600 companies have been founded to date. Recently, JPX's policy has made small-scale IPOs harder, leading to a sharp rise in M&A exits. To meet students' desire to "contribute to society" when starting a business, we also run support programs aimed at aspiring social entrepreneurs, offering entrepreneurship education, competitions, and incubation functions across a range of activities. We are also deepening ties beyond the university — promoting "mutual-aid capitalism" together with the business community, and building "WE AT," a startup ecosystem that brings together academia, government, industry, and global investors, as part of our broader global growth-support framework. That said, when matching investors with entrepreneurs, the same challenges we faced five years ago persist: the difficulty of measuring impact, and balancing return against impact.

Ogasawara Mr. Kinoshita, do you have any thoughts on the new IPO rules you just mentioned?

Kinoshita Taking seriously the "IPO as an exit" problem — where share prices stagnate after a Growth Market listing — we have set a policy to raise listing-maintenance standards in stages (for example, requiring ¥10 billion in market capitalization within five years). That said, I believe the more fundamental issue is that the private and public equity markets are not seamlessly connected. In Japan, where the wealth-driven Silicon Valley model is hard to replicate, we may need a "Japanese way" in which well-capitalized financial institutions and large corporations play a bigger role — through stronger venture debt from financial institutions and M&A led by large companies, for example. Support across the whole ecosystem like this will form the foundation for impact-driven businesses.

Ogasawara Thank you. Now, turning to SMBC

—up, over to you, Mr. Takashima.

Takashima On venture debt, we are also focused on it and reached our three-year target of ¥135 billion in two years. We plan to keep expanding social value creation, with two priorities. First is co-creation with partners — e.g., partnering with the University of Tokyo, and jointly establishing a research institute with Kyoto University, building networks to broaden our activities. Second is advancing impact measurement and embedding it in our core business, disclosing trials through impact reports and refining the process with feedback. We also need to keep a close eye on geopolitical developments.

Toward Industry-Wide Development

Ogasawara Your hopes for the industry and Initiative going forward?

Sugano One key issue going forward is that few asset owners — such as GPIF, pension funds, and university endowments — are signatories to this Initiative. This stems from concerns about a trade-off between investment return and impact creation, and a "time-horizon mismatch" between investors seeking short-term results and long-term impact businesses (such as iPS cell research, which can take decades). One way past this is the idea of "beta activism" — lifting the market as a whole rather than chasing individual returns. Bringing this into the Initiative could help draw in universal asset owners like GPIF. I also think it's important to "grow asset owners" — for instance, by consolidating Japan's many small corporate pension funds through OCIO (outsourced investment management) and directing that capital toward long-term infrastructure investment.

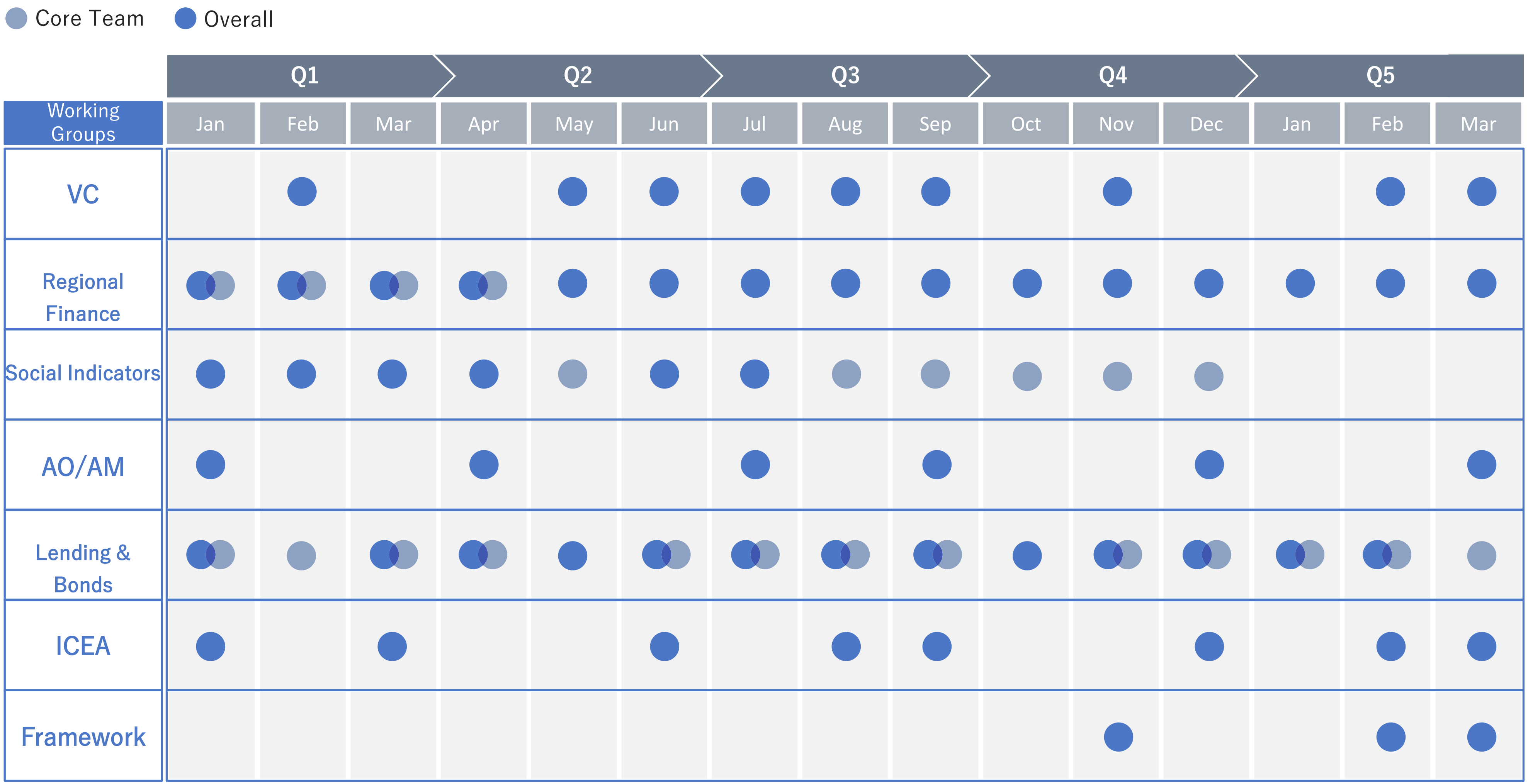
Kinoshita I'd highlight four points. First, refining and disclosing Impact Measurement and Management (IMM). Setting and disclosing quantitative targets will help raise corporate value and share price. Second, sharing and spreading case examples — JPX itself has published strong disclosure examples on cost of capital, and I think sharing such cases is effective. Third, the revival of "mainbank-style debt governance." As interest rates rise, lending approaches that combine environmental and social assessment with preferential rates should become effective again. Finally, if we are serious about advancing impact finance, quantifying it and running a proper PDCA cycle is essential. For banks, that means revisiting credit review frameworks and building it into HR and compensation systems that actually reward it — this is where management's real commitment is tested.

Takashima On Mr. Kinoshita's point, we too are discussing how to build impact into our lending terms internally, but honestly, at this stage we don't yet have enough continuous, objectively verified data, and implementation still faces hurdles. What matters first is using disclosure as leverage to build practices moving. As Chair of Keidanren's Financial and Capital Markets Committee, I launched an "Impact Investment and Financing Working Group," sharing each company's trials and challenges toward a virtuous cycle of corporate and social value. Since measurement is difficult, many companies must join and share data. Both Keidanren and SMBC Group have great expectations here.

Active audience questions made this a valuable exchange on the future of impact finance.

FY2025 Activities

· The "Impact-driven Finance Framework Study Group" was established, and 7 Working Groups held regular meetings and events
· 83 meetings held in total [January 2025 – March 2026]
· Published "Positive Impact Finance (PIF) Practical Guidance," "Social Indicators Catalog," and "Debt IMM Guidance (Supplement)"



Impact-driven Corporate Value Enhancement Alliance (ICEA)

Purpose: Linking Impact to Corporate Value

This alliance aims to clarify the causal relationship between impact creation and corporate value, and to build an environment in which the equity market properly values impact. Today, a gap in communication and evaluation protocols exists between return-focused investors, who make up most of the capital market, and companies pursuing corporate value growth through impact creation. To close this gap, the alliance seeks to logically organize and analyze the value-creation process that starts from impact creation, and to propose the kind of disclosure investors need to make sound investment decisions. Ultimately, it aims for a society in which impact is recognized as an essential element of fundamental analysis and valuation, and capital continues to flow sustainably into listed companies working to resolve social issues.

To date, the following activities have been carried out.

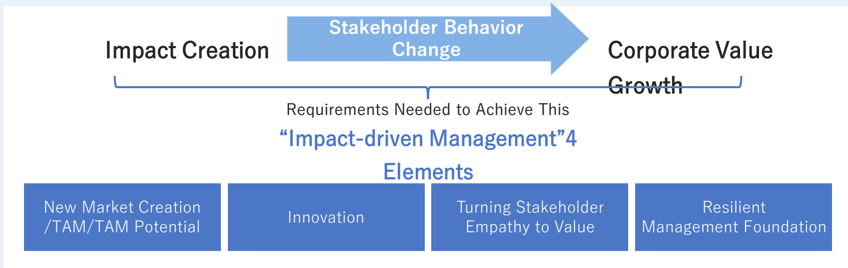
- Nov 2024–Jan 2025: Case study introductions
- Discussion of the hypothesized drivers linking impact to corporate value
- Hypothesis-based case studies
  - Sep 2025: Resonac
  - Dec 2025: Omron
  - Feb 2026: Ajinomoto
  - Mar 2026: Katitas
  - Apr 2026: Panasonic
  - Jun 2026: Resonac

- Analysis of the relationship between the four elements and corporate value
- Publication of an ICEA position report (tentative)

Activity Report: Case Studies and Hypothesis Testing

This alliance has brought together multiple participating investors and listed companies for 12 meetings to date. Its main activity has been developing "Four Elements of Impact-driven Corporate Value Growth (Secretariat hypothesis)" from a range of case examples, and refining it through case studies of several listed companies participating in the alliance.

Four-Element Hypothesis for Value Growth



In the course of discussion, participants also came to share the view that converting impact into corporate value requires some form of "behavior change" among the company's stakeholders, and that the requirements enabling a company to trigger this behavior change are precisely the four elements of the Secretariat's hypothesis. Discussion has since turned to the hypothesis that this behavior change feeds into the accumulation of non-financial capital and future cash flow generation, and to how this logic should be tested going forward. Each session is held in a hybrid format, in person and online, bringing investors and companies together for active discussion. Going forward, the group plans to refine the hypothesis further by involving not only investors and companies but also experts and academics, and incorporating views from listed-equity investors, aiming to produce some form of output.

Impact-driven Corporate Value Enhancement Alliance (ICEA)

Participating Companies

Asset Management One / Impact Circle / SMBC Nikko Securities / Cadira Capital Management / Energy & Environment Investment / Japan Post Insurance / Sumitomo Life Insurance / Dai-ichi Life Insurance / Daiwa Securities Group / Nissay Asset Management / Nippon Life Insurance / Norinchukin Bank / Mizuho Securities / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / MUFG Bank / Mitsubishi UFJ Trust and Banking / Mitsubishi UFJ Morgan Stanley Securities / Meiji Yasuda Life Insurance / Japan Post Bank Asset Management / Resona Holdings / ABeam Consulting / Edge International / QUICK / PwC Japan Group / Impact Frontiers / Social Innovation and Investment Foundation

Discussion Member Companies

Ajinomoto / WOTA / Emimen / Omron / Orion Breweries / Katitas / Kuradashi / JSH / Nissin Foods Holdings / Panasonic Operational Excellence / LIFULL / Recruit Holdings / Resonac Holdings /

Message from the Co-Chairs

A growing number of companies treat resolving environmental and social issues as core to management strategy and corporate value growth, and some institutional investors now seek both impact and value simultaneously. Yet the relationship between impact and value remains poorly visualized. This Working Group works to visualize that relationship in the listed equity market, making impact a genuine element of equity analysis.

Masaaki Amma (Co-Chair)

By logically clarifying the correlation between impact and corporate value, we hope to help realize "impact-driven finance," where capital flows autonomously toward resolving social issues. Through active discussion, we want to build a framework where companies placing impact at the core of management receive fair recognition over the medium to long term.

Sumika Tabara (Co-Chair Assistant)

Social Indicators Working Group

Purpose: Supporting the resolution of regional social issues and corporate sustainability

We believe the role of a financial institution is not simply to supply capital, but to help drive progress on social issues and corporate sustainability, and to think together about the sustainability of society as a whole. Finance cannot be separated from communities, society, and above all, people. With this in mind, this Working Group — aiming to help financial institutions push forward on social issues and corporate sustainability — has repeatedly discussed what drives behavior change, how to create hope in local communities, and what perspectives and indicators could let everyone involved genuinely feel "I, too, can play an active part in resolving social issues." In the environmental field, shared goals such as "net zero" and "nature positive" have emerged, and international indicators are being developed accordingly. In the social field, however, issues and beneficiaries are broad and diverse, with large regional differences, making standardization inherently difficult. Many existing international indicators also do not translate directly into Japan's cultural and institutional context, requiring adaptation to fit the field. Against this backdrop, this Working Group has brought together financial institutions across asset classes, operating companies, and rating agencies to explore what "social value" means for a community or company, and what finance can do about it. Although the name of this Working Group suggests a forum for discussing indicators, social impact spans such broad and diverse fields and beneficiaries that pursuing a single common indicator outright is not realistic. We therefore set our medium-term goal as "collecting and cataloging case examples that make use of social indicators."

With the publication of its case-study collection, the Social Indicators Working Group has concluded its activities in a way designed to carry its outcomes forward into future practice. We hope this collection will spark new practice and dialogue among financial institutions and other practitioners working on social issues.

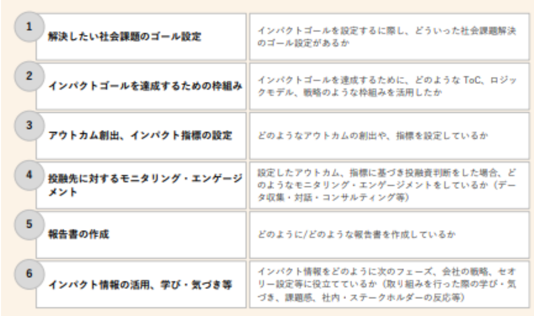
Activity Report: Collected diverse cases using social indicators and published a case collection

Since its launch, this Working Group has repeatedly shared practical case examples from various financial institutions and companies. By accumulating and sharing a diverse range of cases, it worked to compile a case collection that broadens insight into indicator-setting and impact management practices suited to each region's or business's context.

Approaches to social issues are diverse, each with its own background. Rather than focusing on indicators themselves, the Working Group organized the overall picture of practice using a common IMM framework (diagram, bottom right), letting members learn from each other by focusing on "why" and "how" indicators are used, not just "what." Core members held seven rounds of discussion from July 2025, resulting in the case collection "Practicing Impact Finance," published in May 2026.

Cases

Case Framework (IMM)



1	解決したい社会課題のゴール設定	インパクトゴールを設定するに際し、どういった社会課題解決のゴール設定があるか
2	インパクトゴールを達成するための枠組み	インパクトゴールを達成するために、どのような ToC、ロジックモデル、戦略のような枠組みを活用したか
3	アウトカム創出、インパクト指標の設定	どのようなアウトカムの創出や、指標を設定しているか
4	投融先に対するモニタリング・エンゲージメント	設定したアウトカム、指標に基づき投融資判断をした場合、どのようなモニタリング・エンゲージメントをしているか（データ収集・対話・コンサルティング等）
5	報告書の作成	どのように/どのような報告書を作成しているか
6	インパクト情報の活用、学び・気づき等	インパクト情報をどのように次のフェーズ、会社の戦略、セオリー設定等に役立てているか（取り組みを行った際の学び・気づき、課題感、社内・ステークホルダーの反応等）

Social Indicators Working Group

Participating Companies

UntroD / Impact Circle / SMBC Nikko Securities / SDG Impact Japan / SBI Investment / SBI Shinsei Bank / Japan Post Insurance / Kyushu Mirai Investments / Keio Innovation Initiative / Japan International Cooperation Agency / Daiwa Securities Group / Tajima Shinkin Bank / Japan Green Investment Corp. for Carbon Neutrality / GX Acceleration Agency / Nissay Asset Management / Higo Bank / Mizuho Bank / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / Sumitomo Mitsui Trust Group / Japan Post Bank Asset Management / Japan Post Bank / ABeam Consulting / QUICK / Japan Credit Rating Agency / Japan Research Institute / PwC Japan Group / ASEAN-Japan Centre / Social Impact Management Initiative

Message from the Co-Chairs

Minoru Matsubara (Co-Chair)

Chief Sustainability Officer, Resona Asset Management

I am proud that, with support from so many people, we compiled the Social Indicators Case Collection. This Working Group now concludes its activities, but everyone's work toward resolving social issues continues. I hope this collection proves useful going forward.

Norio Ishii (Co-Chair)

General Manager, Kyoto Shinkin Bank

This collection gives shape to the progress made on social indicators in impact-driven finance. This Working Group concludes with this publication, but we hope the learnings take root at each organization and grow into new connections.

Misato Asano (Co-Chair)

Evaluation Office, SBI Shinsei Bank ※As of July 2025

I am delighted we compiled the Social Indicators Case Collection with the contributors, core members, and the Working Group. Discussing in depth the indicators used to measure social issues was valuable. I hope these insights contribute, even modestly, to IDFI's future.

Venture Capital Working Group

Purpose: Advancing and Broadening Impact Investing

In 2025, the VC Working Group — the final year of its 2023–25 medium-term plan — worked to build an environment in the VC industry that makes it easier to pursue an impact orientation and practice IMM (Impact Measurement and Management).

In 2024, eight impact-focused VCs shared their investment practices, improving practical knowledge and building shared understanding of good examples. This year, building on that shared understanding, the Working Group updated the “Impact VC Playbook,” a practical guide tailored to Japan’s social issues.

Recognizing that developing the impact investing ecosystem and broadening its base requires collaboration with diverse stakeholders, the Working Group also created forums for dialogue with key stakeholders such as impact startups and LPs, holding frank discussions on the challenges and practical expectations around balancing financial return with impact.

The Working Group also partnered with Impact Frontiers on an eight-session impact reporting norms pilot, with GPs and LPs discussing what impact reporting should look like.

Activity Plan

Jan: Review 2024 and discuss the 2025 activity plan (online)
Feb: Discussion on “balancing impact and economics” (online)
May: Panel discussion with the Impact Startup Association (online)
Jun: Follow-up discussion on the May startup event (online)
Jul: In-person event on Impact Principles and Impact Frontiers
Aug: Co-hosted panel discussion with impact investors (LPs)
Sep: Follow-up discussion on the August LP event (online)
Nov: Review 2025 activities and discuss the next medium-term plan (online)
Dec: Wrap up 2025 and discuss 2026 (Secretariat compilation)

Activity Report: Dialogue with LPs and Startups

Building on the peer learning among participating institutions developed in prior years, 2025 combined dialogue with external stakeholders and reflective follow-up sessions in a focused, output-driven set of activities.

In February, the Working Group discussed “balancing economics and impact,” exchanging views to sharpen practical understanding across cases ranging from full alignment to cases where alignment is difficult in the short term or trade-offs arise.

In May, the Working Group co-hosted an event with the Impact Startup Association (ISA). Beyond hearing about the tough fundraising environment, it took to heart candid voices from startups, such as “we want support rooted in genuine empathy, not fixation on perfecting IMM,” and “beyond idealism, linking business growth to impact is essential — we want VCs to offer sincere dialogue and practical support.”

In July, an LP event with participants including Daiwa Kampo Alternative Investments found that LPs prioritize a fund strategy’s “intent to resolve social issues,” with quantitative evidence of compatibility with returns an urgent task — while ensuring IMM doesn’t become a burden for GPs or entrepreneurs.

At the November wrap-up, members praised how these dialogues directly improved their practices. Looking to 2026, the Working Group confirmed a shift from “broadening the base” toward a “practice-focused phase,” strengthening “hands-on collaboration” — IMM-aligned support cases, system-level issues, and cross-stage co-investment — while deepening ties with bodies like ISA and publishing event reports and “deal share” articles to build the ecosystem.

Venture Capital Working Group

Participating Companies

UntroD / Impact Capital / Whiz Partners / SMBC Nikko Securities / SDG Impact Japan / SBI Investment / Energy & Environment Investment / Japan Post Insurance / KIBOW / Capital Medica Ventures / Keio Innovation Initiative / Kyoto Shinkin Bank/ SIIF Impact Capital / Spiral Capital / Spurcle / Daiwa JPI Alternative Investments / Daiwa Securities Group / Japan Green Investment Corp. for Carbon Neutrality / GX Acceleration Agency / DG Daiwa Ventures / Beyond Next Ventures / Fast Track Initiative / Mizuho Bank / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / Sumitomo Mitsui Trust Group / Japan Post Bank Asset Management / Japan Post Bank / Yokohama Financial Group / QUICK / Japan Credit Rating Agency / Japan Research Institute / Social Innovation and Investment Foundation

Message from the Co-Chairs

Masahiro Hata (Co-Chair)

GLIN Impact Capital, Managing Partner

This year, GPs, LPs, and startups engaged frankly on the healthy development of the impact investing ecosystem. With each round of dialogue, we sensed growing energy moving this field forward. As GPIF considers impact-informed investment, the market is entering a phase of broader adoption — one where “impact results” themselves will be scrutinized. We will keep providing a forum for this dialogue.

Sera Tsutsumi (Co-Chair)

DG Incubation, Senior Principal

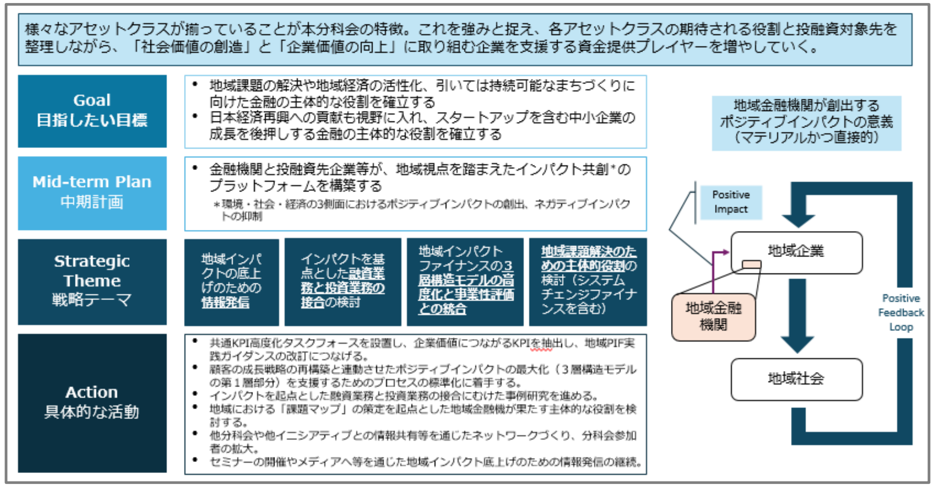
In 2025, the Working Group created many opportunities for direct dialogue with stakeholders such as LPs and startups. Listening to real voices from the field, and sharing concerns candidly within the Working Group, was a major achievement. This peer-learning process has substantially improved participating firms’ knowledge, proving valuable for day-to-day IMM and impact investing practice.

Regional Finance Working Group

Purpose: Exploring what regional impact finance should look like

This Working Group works toward two goals: "establishing finance's proactive role in resolving regional issues, revitalizing regional economies, and ultimately achieving sustainable community development," and "establishing finance's proactive role in supporting the growth of SMEs, including startups, with an eye to reviving the Japanese economy." Its medium-term plan sets the goal of "building a platform through which financial institutions and their investees co-create impact from a regional perspective," and discusses four strategic themes: (1) outreach to raise regional impact overall; (2) how to connect regional financial institutions' lending business with impact-based fund investment; (3) refining the three-tier model for regional impact finance and integrating it with business feasibility assessment; and (4) examining finance's proactive role in resolving regional issues (including system-change finance). This Working Group brings together institutions across many asset classes; while sorting out the role expected of each, it aims to grow the number of funders supporting companies that pursue both "social value creation" and "corporate value growth," and to advocate for what regional impact finance should look like.

Medium-Term Plan of the Regional Finance Working Group



Activity Report: Published Regional PIF Guidance

Building on its 2024 strategic theme of "examining common indicators for regional impact finance" — including a survey on "common PIF KPIs" and discussion in a common-KPI task force — the Working Group published its "Regional PIF Practical Guidance" in May 2025. This guidance was developed to help regional financial institutions put Positive Impact Finance (PIF) into practice. Specifically, it analyzed PIF cases that regional financial institutions had carried out with SMEs nationwide, organizing the KPIs used by industry into a set of "common KPIs," with the aim of helping institutions maintain a baseline of quality while achieving more effective impact creation. The Working Group has since re-established a task force to identify "productivity KPIs" not covered in the guidance and to discuss how they could feed into business feasibility assessment.

As the importance of transforming regional systems themselves grows amid worsening regional challenges, the Working Group has, under the strategic theme "examining finance's proactive role in resolving regional issues" and with pro bono support from PwC, been discussing approaches to resolving regional issues and the concept of system-change finance from a systems perspective. This discussion on regional system change is planned to be published as a white paper in FY2026.

Guidance launch seminar (July 2025)

Regional Finance Working Group

Participating Companies

ARUN Seed / UntroD / SMBC Nikko Securities / SBI Shinsei Bank / Japan Post Insurance / GLIN Impact Capital / Keio Innovation Initiative / Kyoto Shinkin Bank / San-in Godo Bank / Shoko Chukin Bank / Shinkin Central Bank / Spurcle / Tajima Shinkin Bank / Japan Green Investment Corp. for Carbon Neutrality / Nihon PMI Partners / Norinchukin Bank / Higo Bank / Plus Social Investment / Mizuho Bank / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / Music Securities / Japan Post Bank Asset Management / Japan Post Bank / Yokohama Financial Group / Resona Holdings / ABeam Consulting / Rating and Investment Information / QUICK / Japan Credit Rating Agency / Japan Research Institute / PwC Japan Group / Ridgelinez / ASEAN-Japan Centre / Social Innovation and Investment Foundation

Events Held

Discussion

· Discussion on revising the Working Group's medium-term strategic themes and direction of activities
· Discussion on advancing common KPIs
· Discussion on approaches to regional system change and the concept of system-change finance

Case sharing by participating institutions and outside experts

Impact Circle / Green Impact Labs / The Higo Bank / AIST AI Technology Consortium

FSA presentation

"Explanation of the Regional Financial Strengthening Plan"

Outputs

Regional PIF Practical Guidance (published May 2025)

Outputs

Message from the Co-Chairs

Tsukasa Kanai (Co-Chair)
Sumitomo Mitsui Trust Bank Senior Advisor

This year, we revised our medium-term plan, narrowing our focus to two areas — "improving hands-on support for SMEs" and "resolving regional issues through system change" — enabling rich discussion. PwC Consulting and LinqCore's CEO Ito provided tremendous pro bono support, and we are deeply grateful for their partnership.

Hyunchul Jung (Co-Chair)
Shizuoka Bank Business Promotion Manager

Guided by the Working Group's strategic themes, we discussed with Working Group members and outside experts, from many angles, what impact creation through regional impact finance should look like. We sincerely thank everyone who took part. Going forward, alongside deepening our existing discussions, we will dig further into the new areas of "system change" and "blended finance" from the standpoint of resolving regional issues, and we look forward to participation from institutions across a range of asset classes.

Asset Owners / Asset Management Working Group

Purpose: Impact Finance for Listed Companies

This Working Group mainly discusses how to advance impact finance (equity and bonds) for listed companies. The listed equity market in particular hosts many large companies at the top of their industry value chains, sitting at the pinnacle of the financial and capital markets under highly transparent disclosure — offering diversified, well-balanced portfolios not just to institutional investors but to a wide range of retail investors, while also serving as an exit route for investors in unlisted, earlier-stage companies. That said, investor engagement with large listed companies aimed at impact creation — rather than just corporate value — is still relatively new and not yet methodologically established. Because many listed companies run multiple, different businesses, measuring and managing impact (IMM) is not always straightforward, and the relationship between impact and return still needs more rigorous analysis. This Working Group introduces domestic and international cases of impact investment funds using listed equities and bonds, introduces new impact-investing methods and frameworks emerging globally for listed companies, discusses more concrete collaboration among institutional investors, and discusses the diversity of philosophies and goals behind impact investing in listed companies.

Recent Discussions in the AOAM Working Group

1. Discussion on the diversity of domestic listed-equity impact investment fund strategies and the concept of impact-driven finance
2. Hearings and consideration of efforts toward system change that cannot be solved through investment or financing to individual companies alone
3. Preliminary discussion of a pilot project for concrete system-level investing
4. Hearings on case examples from overseas fund managers
5. Compiling a list of domestic listed-equity investment funds

Activity Report: Impact Investing for Stronger Returns

Since the co-chairs changed in September 2025, discussions have centered on the Declaration's medium-term plan. The first point of discussion concerns the boundaries of the listed-equity impact investment fund space, viewed against the traditional definition of impact investing. Listed-equity impact funds encompass a wide range of investment strategies across asset managers, with correspondingly varied stated investment objectives—some funds treat impact generation as their primary investment objective, while others pursue impact generation as a means to enhance returns. By referencing the UK Financial Conduct Authority's (FCA) Sustainability Disclosure Requirements (SDR)—introduced as product-level regulation to prevent greenwashing—the Working Group discussed the scope of funds it should pursue, and this discussion in turn connected to the deliberations of another Declaration Working Group, the Impact-Oriented Finance Framework Working Group.

The second point of discussion concerns system-level investing as advocated by the PRI, and beta activism as advocated by TIIP and others. This approach aims to reduce or eliminate systemic-level risks that adversely affect all companies, thereby lifting overall portfolio returns in ways that cannot be achieved through the diversification methods assumed by conventional Modern Portfolio Theory. While important and compelling as a concept, there is not yet sufficient understanding of the concrete methods for advancing this approach or of how investors should collaborate to do so, and continued discussion is needed.

The third point of discussion relates to value chain reform—indispensable to addressing environmental challenges such as climate change and the circular economy—and specifically to the systemic investing concepts advocated by the Transition Capital (Transcap) Initiative and Twist. Pursuing individual, disconnected investments and loans to individual entities in the conventional manner cannot convert the environmental vicious cycles embedded in current value chains into virtuous cycles. What is required instead is to visualize the structure of the problem, identify leverage points, direct concentrated investment toward the relevant cluster of companies, and combine this with public-private collaboration such as blended finance and regulatory reform. Discussion of this point has only just begun and requires further deepening.

Asset Owners / Asset Management Working Group

Participating Companies

Asset Management One / UntroD / SMBC Nikko Securities / SDG Impact Japan / Energy & Environment Investment / Japan Post Insurance / GLIN Impact Capital / Keio Innovation Initiative / Sumitomo Life Insurance / Dai-ichi Life Insurance / Daido Life Insurance / Daiwa JPI Alternative Investments / Daiwa Securities Group / T. Rowe Price Japan / Nissay Asset Management / Norinchukin Bank / Mizuho Securities / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / Sumitomo Mitsui Trust Group / Mitsubishi UFJ Trust and Banking / Meiji Yasuda Life Insurance / Japan Post Bank Asset Management / Japan Post Bank / Resona Holdings / Rating and Investment Information / QUICK / Japan Credit Rating Agency / PwC Japan Group / Future Design Initiative by Science and Finance

Panel discussion, Jan 2025 conference “New Trends in Engagement and Impact”

Message from the Co-Chairs

Masaaki Amma (Co-Chair)
Secretary-General

This Working Group draws many participants and holds lively discussion roughly every two months. Since listed equities and bonds for large companies already rely on mature investment methods, advancing an impact orientation is not easy — but even a small shift could generate enormous impact. Members also formed the parent group behind the Impact-driven Corporate Value Enhancement Alliance (ICEA), and will keep tackling major agenda items.

Junichi Tanaka (Co-Chair Assistant)
Sumitomo Life General Manager, Responsible Investment Promotion Dept.

This Working Group brings together asset owners and asset managers pursuing both social issue resolution and investment returns. Recognizing the limits of what individual companies can achieve alone, recent discussion has explored corporate value and impact, system-level investing, and public–private collaboration — themes without immediate answers but pointing toward more effective outcomes. Insight from investor dialogue and overseas cases will keep deepening this at the practical level.

Bank Loans & Bonds Working Group

Purpose: Lending and Bonds as Impact Finance

This Working Group was established in December 2023 with the aim of spreading and advancing impact finance in the lending and bond (debt) space, which plays a central role in Japan's corporate finance. Carrying forward discussion based on guidance published in July 2023, it brings together financial institutions, investors, rating agencies, and other diverse actors to translate impact finance into practices usable in the field. It places particular emphasis on building and articulating shared understanding of the market environment, offering realistic answers to practical challenges, and connecting early practitioners with those just getting started. Its
strategic themes are advancing IMM and engagement and broadening their base, with a longer-term aim of building a framework that incorporates impact into risk and return management — working, through debt finance, to establish financial practices that reconcile economics with social and environmental value.

Core Roles of This Working Group

- Advancing IMM and engagement in debt impact finance
- Broadening the base of impact investing and impact finance
- Embedding impact into risk and return management

Operating Policy

- Sharing case studies based on a wish list reflecting members' "voices"
- Publishing a 'Guidance Supplement' on the challenges specific to debt and the engagement needed to address them
- Active exchange of views with overseas initiatives and other domestic and international stakeholders

Activity Report: Advancing Engagement

This year, the Working Group focused on establishing impact finance as "practice usable in the field," meeting roughly monthly to share member case studies, publish engagement guidance, and exchange views with overseas initiatives. A particular focus was the March 2026 'Guidance Supplement (Engagement Edition),' systematically organizing the hands-on practice members have accumulated — addressing "where to start," "how to sustain momentum," and "how to build consensus." The Working Group also proposed embedding impact finance into ordinary financial practice rather than treating it as a special framework.

The Working Group also advanced ties with international discussions and, drawing on its own discussions and outputs, contributed an article to Kinyu Zaisei Jijo (weekly, May 26, 2026 issue), widely sharing practical knowledge on impact finance in the debt space. Through these efforts, the Working Group is steadily building the foundation needed to expand the debt impact finance market, both in quality and in scale.

'Guidance Supplement (Engagement Edition)'


デットにおける
インパクトファイナンスの考え方と
インパクト測定・マネジメント
ガイダンス別冊
～エンゲージメントに関する現状課題と今後の展望～

Bank Loans & Bonds Working Group

Participating Companies

UntroD / SMBC Nikko Securities / SBI Shinsei Bank / Japan Post Insurance / Shizuoka Bank / Sumitomo Life Insurance / Daiwa Securities Group / Nippon Life Insurance / Norinchukin Bank / Mizuho Bank / Sumitomo Mitsui Banking Corporation / Sumitomo Mitsui DS Asset Management / Sumitomo Mitsui Trust Group / MUFG Bank / Mitsubishi UFJ Morgan Stanley Securities / Meiji Yasuda Life Insurance / Japan Post Bank Asset Management / Resona Holdings / Rating and Investment Information / QUICK / Japan Credit Rating Agency

Message from the Co-Chairs

Kotaro Sueyoshi (Chair)
Mizuho Securities Co., Ltd.
Head of Sustainability Promotion Department

What matters most is the true meaning of "engagement" — not numbers alone, but a sincere commitment to standing beside customers and partners, generating lasting value and genuine impact.

Kazushi Shimizu (Chair)
GX Acceleration Agency
Senior Researcher, Finance & Sustainability Promotion Dept.

This Working Group's strength lies in bringing together diverse practitioners to learn from one another. Sharing frontline insights and challenges, I feel, improves participants' skills and advances the market as a whole.

Makiko Hashizume (Vice Chair)
The Japan Research Institute
Senior Manager

The products leading Japan's impact investing are lending and bonds. I'm convinced this Working Group's deep dialogue is itself "true engagement" — the driving force behind finance that creates social impact.

Impact-driven Finance Framework Study Group

Purpose: Scope of “Impact-driven Finance”

The new Medium-Term Plan formulated in August 2025 named “expanding the definition of impact finance and raising its quality” as one of three priority areas. The background was a concern that, as approaches to impact finance diversify without a clear consensus on “what impact finance actually is,” quality could vary as volume grows, risking “impact washing” and eroding overall confidence in impact investing. It was also recognized that broadening the base of impact finance would require engaging new entrants by categorizing and developing guidance for a broader impact orientation, beyond the narrow GIIN-based definition of impact finance.
This study group was therefore launched with two goals: (1) discussing and reaching a shared understanding of the scope of “impact-driven finance” that the Initiative pursues and promotes; and (2) defining a disclosure method for calculating “impact finance” balances and updating the guidance accordingly.

Short-Term Goals

- Beyond narrow, GIIN-based impact finance, define the scope of “impact-driven finance” that **the Initiative works toward and promotes,** and align on its requirements.
- To disclose March 2026 balances, define a disclosure method for calculating “impact finance” balances and update the guidance.


インパクト志向金融宣言
Japan Impact-driven Financing Initiative
インパクト志向金融宣言
プログレスレポートおよび算入基準ガイダンス
2026 年度版

Long-Term Goals

- Also consider mechanisms to prevent impact washing (guidelines / categorization map / certification scheme, etc.)

Activity Report: Clarifying Scope and Inclusion Criteria

At its first kickoff meeting in November 2025, the group revisited the new Medium-Term Plan, shared the challenges around defining the scope of impact finance along with various existing frameworks and definitions, and held an open-ended discussion among members on what the group should tackle going forward. At the second meeting in December, the group organized how to proceed and discussed hypotheses about the scope of impact-driven finance.
At the third meeting in February 2026, alongside the scope discussion, the group also discussed the inclusion criteria for impact finance to be used in the Progress Report. On scope, it was agreed that ‘“impact-driven finance,” as promoted by the Japan Impact-driven Financing Initiative, is an umbrella term for financial activity that financial institutions undertake with the intent to create impact (resolving environmental and social issues); it includes both “impact-driven financial management,” in which an institution manages its organization as a whole to advance an impact orientation, and “impact finance” and “impact-ready finance,” activities that create impact through individual products and services.’ On inclusion criteria, the group agreed to keep the existing level system (0, 1, 2) and to newly aggregate balances by asset class, and the Secretariat used this to draft the ‘Progress Report and Inclusion Criteria Guidance.’
Further discussion is still needed on defining the scope of “impact-driven finance” and how to disclose it externally, and the study group has continued meeting from April 2026 onward.

Impact-driven Finance

Institution Level	**“Impact-driven Financial Management”** An institution’s organization-wide management effort to advance an impact orientation. <Subject to qualitative reporting>
Product / Service Level	**“Impact Finance” / “Impact-Ready Finance”** Funds, products, and services carried out with the intent to create impact. <Aggregable / subject to quantitative reporting>

Impact-driven Finance Framework Study Group

Participating Members

Name	Affiliation	Field / Role
Takeshi Mizuguchi	President, Takasaki City University of Economics	Chair / Impact Finance (General)
Takeshi Kimura	Principles for Responsible Investment (PRI)	Responsible Investment
Each Working Group Chairs and Vice Chairs	–	Liaison and Input with Each Working Group
Akira Ishiwata	Rating and Investment Information, Inc. (R&I)	Rating Agency
Makiko Hashizume	The Japan Research Institute, Limited	Research and Consulting in This Field
Katsuji Imata	Social Impact Management Initiative	Impact Investing / IMM Expert
Nao Sudo	Impact Frontiers / Global Impact Investing Network, Inc. (GIIN)	Impact Investing / IMM Expert
Toshikazu Hayashi	Nissay Asset Management Corporation	Impact Finance Expert
Mitsuru Toda	Social Innovation and Investment Foundation (SIIF)	Publisher of GSG's "State and Challenges of Impact Investing"
Kyoji Sasaki	Social Innovation and Investment Foundation (SIIF)	Publisher of GSG's "State and Challenges of Impact Investing"

Message from the Chair

Takeshi Mizuguchi (Chair)
President, Takasaki City University of Economics

This study group started from recognizing that, for a sustainable capital cycle resolving environmental and social issues, we need to broaden impact finance's base while maintaining quality. The Initiative's core definition remains unchanged. At the same time, achieving autonomous resolution of environmental and social issues will likely also require mobilizing larger amounts of capital.

New concepts have also emerged, such as system-change investing, which pursues transformation of the whole system rather than individual impact alone, and instrumental IFSI, which takes into account system-level risks underlying economic activity itself. One purpose of this study group is to discuss how far the term "impact-driven finance" should extend to cover these. Financial institutions differ widely in nature and position — asset owners, asset managers, VCs, megabanks, regional finance, and so on — so the scope of impact-driven finance is not meant to say that every institution must do everything, nor does it claim that every signatory to the Initiative already does. Rather, it is meant to show the scope of activity that impact-driven finance can encompass, and that we aim toward. Some of this can be captured in monetary terms, and some cannot. Even where it cannot be captured monetarily, maintaining a certain level of quality still matters if something is to be called impact-driven finance — and how to ensure that remains an open question requiring further discussion.

Communications

Publishing

Finance with Intent: Everything About Impact Finance

Supervised by Takeshi Mizuguchi / Authored by the Japan Impact-driven Financing Initiative

Release date: June 2, 2025

Kinzai Institute for Financial Affairs

Owned Media

YouTube

Videos: 27

Views: 3,777

LinkedIn

Launched June 2025

Followers: 1,100

note

Launched August 2025

Articles: 7

Events and Webinars Held

From January 2025 to March 2026, the Initiative held 36 events and webinars in total, drawing 3,709 total registered participants. Bringing in practitioners and experts from Japan and abroad, these events shared insights on impact finance practice and the latest trends, and helped build networks.

Key Events

New Trends in Engagement and Their Intersection with Impact

January 29, 2025

Hosted by the Japan Impact-driven Financing Initiative, this conference took "engagement by financial institutions" as its theme. Discussion covered how engagement can drive both corporate growth and impact creation, and what financial institutions need to further advance impact investing.

On the day, 16 speakers from management and frontline roles at operating companies and financial institutions covered three asset classes — "listed companies," "unlisted companies," and "lending" — sharing practical insights through case studies.

Symposium: "Finance with Intent"

June 30, 2025

This Initiative was founded on the aspiration to "build a new kind of finance — to give finance new spirit, and pursue richer value creation." To share this vision with a wider audience, the Initiative published its first book, 'Finance with Intent: Everything About Impact Finance,' in June 2025. The book covers the basic thinking behind impact finance, the Initiative's activities to date, and 16 case studies.

This symposium was held to mark the book's publication, deepening discussion on the potential of "finance with intent" as an agent of social transformation. It featured a keynote by Takeshi Mizuguchi, the Initiative's advisor and the book's supervising editor, along with a panel discussion among case-study contributors.

Part 1, on "practicing impact finance through equity," featured speakers from Dai-ichi Life Insurance, Capital Medica Ventures, GLIN Impact Capital, and Mitsubishi UFJ Trust and Banking sharing practical cases. Part 2, on "practicing impact finance through lending," featured speakers from SBI Shinsei Bank, Shizuoka Bank, and The Higo Bank discussing their initiatives and challenges.

Beta Activism Seminar

July 28, 2025

Co-hosted with the Japan Overseas Investment and Finance Information Foundation (JOI), this seminar explored "beyond modern portfolio theory: beta activism." Interest has grown in system-level risks — such as climate change and social inequality — that affect the return of an entire investment portfolio. System-level risks extend beyond individual companies or sectors, having broad, irreversible effects on the economic and social system as a whole; they arise from a complex interplay of factors and are hard to predict or manage. "Beta activism" is an investment approach that addresses such risks by aiming to lift the return of the market as a whole (beta) rather than pursuing excess returns (alpha) at individual companies.

This seminar featured Jon Lukomnik (Columbia University) and Jim Hawley (Professor Emeritus, Saint Mary's College of California), authors of 'Moving Beyond Modern Portfolio Theory: Investing That Matters' and 'Beta Activism: Beyond Modern Portfolio Theory,' who spoke on the theory and practice behind beta activism. This was followed by a panel discussion with leading Japanese asset owners and experts, deepening discussion on the approach's feasibility in Japan and its future outlook.

List of Signatory Institutions

※Signatory institutions as of April 1, 2026; listed in Japanese syllabary order

Signatory Financial Institutions

Asset Management One Co., Ltd.
ARUN Seed
UntroD, Inc.
UNLEASH Capital Partners, Inc.
Impact Capital Limited
Impact Circle, Inc.
Whiz Partners Inc.
SMBC Nikko Securities Inc.
SDG Impact Japan Inc.
SBI Investment Co., Ltd.
SBI Shinsei Bank Group
Cadira Capital Management Co., Ltd.
Energy & Environment Investment, Inc.
Japan Post Insurance Co., Ltd.
General Incorporated Foundation KIBOW
Capital Medica Ventures
Kyushu Mirai Investments Co., Ltd.
GLIN Impact Capital
Credit Saison Co., Ltd.
Global Mobility Service, Inc.
Keio Innovation Initiative, Inc.
Japan International Cooperation Agency
The Kyoto Shinkin Bank
The San-in Godo Bank, Ltd.
SIIF Impact Capital, Inc.
The Shizuoka Bank, Ltd.
The Shoko Chukin Bank, Ltd.
Shinkin Central Bank
Spiral Capital, Inc.
Spurcle Inc.
Sumitomo Life Insurance Company
The Dai-ichi Life Insurance Company, Limited
Daido Life Insurance Company
Taiyo Life Insurance Company
Daiwa JPI Alternative Investments Co., Ltd.
Daiwa Securities Group Inc.
Tajima Shinkin Bank
Japan Green Investment Corp. for Carbon Neutrality
GX Accelaration Agency
T. Rowe Price Japan, Inc.
DG Incubation, Inc.
DG Daiwa Ventures Inc.
Nissay Asset Management Corporation
Nippon Life Insurance Company
Nihon PMI Partners Co., Ltd.
The Norinchukin Bank
Bankers Co., Ltd.
Higin Capital Co., Ltd.
The Higo Bank, Ltd.
Higo Bank Pension Fund
Beyond Next Ventures Inc.
Fast Track Initiative, Inc.
Plus Social Investment Co., Ltd.
Mizuho Bank, Ltd.
Mizuho Securities Co., Ltd.
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui DS Asset Management Company, Limited
Sumitomo Mitsui Trust Group, Inc.
MUFG Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Music Securities, Inc.
Meiji Yasuda Life Insurance Company
Japan Post Bank Asset Management Co., Ltd.
Japan Post Bank Co., Ltd.
Yokohama Financial Group, Inc.
Resona Holdings, Inc.

Signatory Supporting Institutions

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Edge International, Inc.
Rating and Investment Information, Inc.
QUICK Corp.
Sinc Inc.
GLIN Impact Consulting Inc.
Japan Credit Rating Agency, Ltd.
The Japan Research Institute, Limited
PwC Japan Group
Ridgelinez Limited

Endorsing Organizations

ASEAN-Japan Centre
Future Design Initiative by Science and Finance
The Global Impact Investing Network (GIIN)
GSG Impact
GSG Impact JAPAN
Impact Frontiers
Japan Exchange Group, Inc.
Principles for Responsible Investment (PRI)
Social Impact Management Initiative (SIMI)

Special Endorsing Organizations

Social Innovation and Investment Foundation (SIIF)

Special Sponsor

Chuo-Nittochi Group Co., Ltd.

Editor's Note

Key Developments in Impact Finance, 2025–March 2026

March 2025	GPIF formulates its "Sustainability Investment Policy," defining sustainability investment as a concept encompassing ESG- and impact-considerate investment
October 2025	GIIN publishes "State of the Market 2025," reporting that impact investing assets under management (AUM), among continuing survey respondents, grew sharply from $249 billion to $448.2 billion
November 2025	European Commission publishes proposed amendments to the Sustainable Finance Disclosure Regulation (SFDR 2.0)
December 2025	Financial System Council's "Working Group on Strengthening Regional Financial Capacity" publishes report, incorporating support for sharing investment cases and know-how on "local zebra companies" and other efforts, and cultivating talent, through the Impact Consortium
February 2026	GSG Impact Japan publishes the "Consumer Survey on Impact Investing in Japan 2025"

From 2025 into early 2026, the environment surrounding impact finance advanced in Japan and abroad. Domestically, movement among institutional investors (asset owners) drew attention, and the Impact Consortium (established November 2023) continued activities across four Working Groups, driving impact finance implementation. Overseas, GIIN's report of resilient market growth and the European Commission's moves to revise the SFDR drew attention.

Editor's Note

The Initiative will soon mark five years since its founding. The period covered by this report (January 2025–March 2026) was a major turning point in both organizational operations and activities, a period of powerful transformation and evolution.

The greatest advance was "self-sustaining operations" through the April 2025 transition to a membership fee system. While signatory numbers temporarily declined after fees were introduced, steady engagement brought renewed growth, reaching 77 institutions (67 financial, 10 supporting) as of April 1, 2026 — driven by intrinsic motivation, not just numbers.

Outputs demonstrating practical knowledge followed one another: our first book, 'Finance with Intent' (May 2025, 16 case studies); the Regional Finance Working Group's 'Regional PIF Practical Guidance (FY2025)'; the Social Indicators Working Group's case collection; and the Lending & Bonds Working Group's 'Guidance Supplement (Engagement Edition).'

Through discussion with signatory institutions, we formulated a new Medium-Term Plan and Theory of Change (ToC) in August 2025, renewing our plan around "expanding the definition and raising quality," and in November established the Impact-driven Finance Framework Study Group to discuss scope while preventing impact washing.

To meet our accountability, we also strengthened our governance structure — revising operating rules three times, establishing new regulations, and setting up a Management Advisory and Evaluation Committee.

This quality community, where participants from different organizations and asset classes engage candidly, is steadily moving into a more refined practice phase following this new departure.

Finally, on behalf of the Secretariat, we would like to express our deepest gratitude to everyone who cooperated in the preparation of this report.

MEMO

Japan Impact-driven Financing Initiative Progress Report 2026

Published August, 2026

The design concept for this report was designed and produced by Impact Circle, Inc., a signatory institution of the Japan Impact-driven Financing Initiative that supports financial institutions and businesses in visualizing and communicating their impact.

Web Version

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