



## JRI news release

October 5, 2001

### **Sustainable Financial Institutions Forum in Japan**

**(Secretariat: The Japan Research Institute, Limited)**

### **Eight Financial Institutions, etc. Establish**

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Eight companies — Aozora Bank, Ltd., Development Bank of Japan, The Japan Research Institute, Limited, Mizuho Holdings, Inc., Rating and Investment Information, Inc., Sumitomo Mitsui Banking Corporation, Tokai Bank, Ltd., and The Yasuda Fire and Marine Insurance Co., Ltd., (alphabetical order) — recently established Sustainable Financial Institutions Forum in Japan,<sup>1</sup> a voluntary organization whose purpose is the study of and sharing of information on the common issue of how banks can best contribute to the resolution of environmental problems, with a view to the realization of a sustainable society. At a general meeting for the establishment of the Forum, Development Bank of Japan was appointed chair company, Rating and Investment Information, Inc. was appointed auditor company, and The Japan Research Institute, Limited was appointed to operate the secretariat.

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<sup>1</sup> The Forum is based on the research association formed in fiscal 2000 by volunteers from among the employees of financial institutions, etc., which has been reorganized and relaunched. The Forum has been formed as a voluntary body with the eight companies listed here as members and with the aim of undertaking a yet more positive and systematic program of research activities than to date.

In February last year, the research association published an interim report stating that banks need to be active in assessing the environmental risks carried by their customers.

Financial institutions play an important role in economic activities, and have the potential to make a vital contribution to the resolution of environmental problems by supplying funds to businesses, etc. At the same time, it is essential that financial institutions themselves play an active part in the resolution of environmental problems in terms of ensuring sustainability. This view is already well established in Europe and North America, where financial institutions are pursuing a wide range of voluntary programs.<sup>2</sup>

Taking a similar view, the Forum aims to ensure that individual financial institutions in Japan step up their efforts to help resolve environmental problems, through

1. research on taking account of environmental issues when granting credit,
2. research on taking account of environmental issues in the course of daily business within the financial institution, and
3. research on financial products and services which are contributing environmental protection as well as their business opportunity.

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<sup>2</sup> The following are examples of similar approaches in which banks, etc. are taking a leading role in the management of environmental issues:

- **United Nations:** the UN Environment Programme Finance Initiative has established a subcommittee and is conducting joint research.
- **United States:** the Environmental Bankers Association, made up of bank employees, exchanges information and organizes seminars, etc.
- **Canada:** the Canadian Bankers Association creates and distributes to customers documents explaining its policies on credit business.
- **Switzerland:** the Swiss Bankers Association has set guidelines entitled "Environmental Management in Financial Institutions". Twelve banks including UBS and Crédit Suisse have drawn up a common format for environmental performance indexes known as EPI-Finance 2000.
- **Germany:** the Association for Environmental Management in Banks, Savings Banks and Insurance Companies, whose members include Hypobank, Vereinsbank and Allianz Insurance, in collaboration with the German environment ministry, has drawn up guidelines entitled "Time to Act / Environment management in Financial Institutions".

A Credit Risk Subcommittee will handle 1., an EMS (Environmental Management System) and Disclosure Subcommittee will handle 2., and the Forum plans to hold seminars and symposiums to cover 3. The forum will be active, initially, for a period of two years, and plans to publish an interim report on the content of its research at the end of this fiscal year.

For more information on the content of this release, please contact

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- **Great Britain: the Forge Group, whose members include Lloyds Bank and Barclays Bank, has drawn up "Guidelines on Environmental Management and Reporting for the Financial Services Sector".**