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Joint Statement

Mizuho Financial Group's new coal policy should close all loopholes

Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
Friends of the Earth Japan
350.org Japan
Mekong Watch
Rainforest Action Network (RAN)

Today, Mizuho Financial Group (Mizuho) announced a strengthened sustainability initiative,[1] which includes a new policy not to finance or invest in projects to build new coal-fired power plants. Mizuho states that by 2030 it will halve its outstanding credit balance of business relat ed to coal-fired power generation (estimated at 300 billion yen at the end of March 2020), an d reduce it to zero by 2050. We welcome Mizuho's step forward with its coal policy, which (d espite allowing exceptions) commits the financial group to end financing for new coal-fired po wer plants, and earns the distinction of being the first Japanese bank to set a timeline for red ucing its coal-related credit balance to zero.

Regrettably, the new coal policy contains an exception for "business to which Mizuho is alrea dy committed as of the start of this policy,"[2] which could leave the door open to finance proje cts such as the Vung Ang 2 coal-fired power project in Vietnam, which the Japan Bank for Int ernational Cooperation (JBIC) and four private Japanese banks (including Mizuho) are curre ntly considering. Moreover, the new policy mentions the possibility of financing projects need ed for a stable energy supply in the host country, and for "replacement" projects to reduce gr eenhouse gas emissions. These exceptions are loopholes. To achieve the Paris Agreement' s long-term goal, developed countries need to completely stop the operation of coal-fired po wer plants by 2030, and developing countries by 2040. It is obvious that the building of new c oal-fired power plants, even with high efficiency next-generation technology such as IGCC, is inconsistent with the Paris goals. There is no room to build any new ones, even if Mizuho ha s expressed an intention to provide financing.

Furthermore, the reduction in credit balance mentioned in the new policy relates only to credi t extended for coal-fired power plants, and this does not cover lending, underwriting, or inves tments in debt and equity of companies that are heavily dependent on coal-fired power gener ation or companies planning to build new coal-fired power plants. Also, there is no mention o f any policy to terminate financing or reduce the credit balance of coal mining or other fossil f

[1] https://www.mizuho-fg.com/release/pdf/20200415release_eng.pdf

[2] The new policy becomes effective on June 1, 2020.

uel industries. In this respect, Mizuho's policy still lags behind the investment and loan policies of overseas financial institutions.

For the above reasons, we urge Mizuho to remove exceptions mentioned above and establish a policy that immediately stops financing for all coal-fired power projects. We also urge Mizuho to declare a policy of withdrawing from investments and lending (corporate lending, underwriting and holding of debt and equity) for companies that are heavily dependent on coal (power generation, mining, etc.), and companies planning to build new coal-fired power plants. It is also important to establish policies, based on science and the Paris targets, to limit investing and lending not only for coal-related industries, but also other fossil-fuel-related industries, as they are sources of carbon emissions. We call upon the Mizuho Financial Group to further strengthen its policies and reflect the concerns indicated above.

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