Joint Statement
Mizuho Financial Group’s new coal policy should close all loopholes

Japan Center for a Sustainable Environment and Society (JACSES)
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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 related to coal-fired power generation (estimated at 300 billion yen at the end of March 2020), and reduce it to zero by 2050. We welcome Mizuho’s step forward with its coal policy, which (despite allowing exceptions) commits the financial group to end financing for new coal-fired power plants, and earns the distinction of being the first Japanese bank to set a timeline for reducing its coal-related credit balance to zero.

Regrettably, the new coal policy contains an exception for “business to which Mizuho is already committed as of the start of this policy,”\(^2\) which could leave the door open to finance projects such as the Vung Ang 2 coal-fired power project in Vietnam, which the Japan Bank for International Cooperation (JBIC) and four private Japanese banks (including Mizuho) are currently considering. Moreover, the new policy mentions the possibility of financing projects needed for a stable energy supply in the host country, and for “replacement” projects to reduce greenhouse 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 power plants by 2030, and developing countries by 2040. It is obvious that the building of new coal-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 has expressed an intention to provide financing.

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

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\(^2\) The new policy becomes effective on June 1, 2020.
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.

Contact:
Yuki Tanabe, Japan Center for a Sustainable Environment and Society (JACSES)
Email: tanabe@jacses.org