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Tokyo Stock Exchange's Initiatives for Promoting ESG Investment

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Today, bonds issued by Japan International Cooperation Agency (JICA Bonds) were listed on the TOKYO PRO-BOND Market, a bond market for professional investors operated by Tokyo Stock Exchange (TSE). These are the first bonds to utilize the platform for Green and Social Bonds launched on the TOKYO PRO-BOND Market on January 22, 2018.

Social bonds are those issued to raise funds for projects that contribute to solving global social issues such as assisting developing countries. In conjunction with green bonds issued for solving environmental issues (global warming, etc.), social bond issuance is growing globally.

We are very pleased to be able to contribute to efforts to solve social issues through fund-raising in the securities market. The listing of JICA Bonds will be considered greatly meaningful as a foundation for development of the social bond market in Japan.

When Japan's Stewardship Code was revised in May 2017, ESG matters were added as factors to be considered when institutional investors monitor investee companies. Also, Japan Securities Dealers Association announced that it would be working on promoting the Sustainable Development Goals (SDGs). As such, a variety of initiatives have progressed for sustainability promotion at various related entities

To date, in terms of ESG-related initiatives, Japan Exchange Group, Inc. (JPX), TSE's holding company, and TSE have selected and announced the listed companies that engage in excellent ESG activities as Nadeshiko issues and employee health-oriented management issues. We have also started to calculate and publish ESG-related stock price indices and listed ESG-related ETFs. Moreover, we have listed infrastructure funds.

In December 2017, JPX joined the Sustainable Stock Exchanges (SSE) Initiative organized by UN-related organizations. The SSE Initiative is a network whose aim is that exchanges around the world will, among other actions, increase corporate value through promoting sustainable investment and enhancing ESG information transparency of listed companies. In April 2018, JPX announced the update of the Medium-Term Management Plan, whereby it laid out policies to strengthen its initiatives for spreading ESG investment, such as promoting green and social bonds on the platform and developing a disclosure environment for non-financial information such as ESG.

Furthermore, in July 2018, JPX will establish the "Sustainability Committee" (directly reporting to Akira Kiyota) to form a sustainability project structure as a group-wide initiative for JPX. Moving forward, we will actively disseminate sustainability information.

To fulfill our role as public infrastructure that supports economic activities, the stock exchange is required to realize access between issuers and investors, as well as maintain and enhance the credibility of the market. TSE will continue to engage in promotion of ESG while supporting companies' efforts for addressing environmental issues and making a social contribution through the establishment and operation of the platform for Green and Social bonds. In doing so, we hope to contribute to the development of the market.