

April 14, 2022

Dear JBIC bondholders,

**An open letter regarding an investment policy toward the Japan Bank for International Cooperation (JBIC) providing support for new fossil fuel projects**

Japan Center for a Sustainable Environment and Society (JACSES)

Kiko Network

Friends of the Earth Japan

350.org Japan

Mekong Watch

We, environmental NGOs have been requesting financial institutions, which underwrite and hold bonds of the Japan Bank for International Cooperation (JBIC), to engage with JBIC not to support new fossil fuel projects or to divest from JBIC bonds. We are sending this open letter to 33 financial institutions (see Table 1) that increased their holdings of JBIC bonds over the last one year.

Despite the climate crisis becoming more serious, JBIC announced that it has reached six loan agreements to provide finance for new fossil fuel projects over the last one year (February 2021 - February 2022) (see Table 2). The total amount of loan agreements was US\$ 4,041 million.

The International Energy Agency (IEA) calls for an end to financing for new fossil fuel development projects from 2021 to achieve net-zero CO<sub>2</sub> emissions by 2050 [1]. Therefore, JBIC's decision to finance the fossil fuel projects over the last one year is not consistent with the goals of the Paris Agreement.

A survey showed that between February 2021 and February 2022, 27 financial institutions, including Government Pension Fund Global (Norway), Munich Re, Mutual Benefit Association for Tokyo Metropolitan Government Employees, Government Pension Investment Fund (GPIF), Allianz, State Street, UBS and Wells Fargo decreased or divested their holdings of JBIC bonds. On the other hand, the survey found that 33 financial institutions increased their holdings of JBIC bonds.

We would therefore like to request you, who increased holdings of JBIC bonds according to the survey, to respond to the following questions. We would appreciate it if you could send your responses to the contact person below by May 13. Please note that we will publish your responses on our website.

[Questions]

1. The survey showed that your financial institution increased holdings of JBIC bonds over the last one year. Would you confirm that this is correct?
2. Is JBIC's stance - providing support for projects that are not consistent with the long-term goals of the Paris Agreement - aligned with your investment policy?
3. Have you ever engaged with JBIC on supporting new fossil fuel projects? Or are you planning to engage with JBIC in the future?

**Contact:**

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Table 1: Financial institutions which increased investments in JBIC bonds over the last one year (as of February 2022, surveyed from various public documents and financial database)

	Holdings of JBIC bonds February 2021 (US\$ mln)	Holdings of JBIC bonds February 2022 (US\$ mln)	Increase rate
Vanguard	1,185.61	1,218.75	2.8%
Fidelity Investments	66.64	186.97	180.6%
National Pension Service	63.73	94.86	48.8%
JPMorgan Chase	50.57	60.35	19.3%
Danske Bank	47.5	95	100.0%
TIAA	46.65	47.95	2.8%
Charles Schwab	26.15	28.95	10.7%
Credit Suisse	21.7	25.5	17.5%
BlackRock	20.65	191.58	827.7%
SEI	10.9	11.1	1.8%

Northern Trust	10.8	15.55	44.0%
Bank of New York Mellon	6.88	13.75	99.9%
Neuberger Berman	5.01	5.71	14.0%
Pacific Century Group	2.91	4.46	53.3%
Society of Lloyd's	1.87	15.7	739.6%
Prudential Financial (US)	1.25	57.1	4468.0%
Dimensional Fund Advisors	1	7	600.0%
Vontobel	0.83	3	261.4%
Idaho Endowment Fund Investment Board	0.8	1.1	37.5%
Legal & General	0.69	0.84	21.7%
3 Banken Group	0.5	1	100.0%
GuideWell Mutual	0.4	0.45	12.5%
Sun Life Financial	0.3	1.79	496.7%
VP Bank Group	0.2	0.7	250.0%
Florida State Board of Administration	0	29.37	
Safra Group	0	6.5	
Nykredit Group	0	5.5	
Japan Police Personnel Mutual Aid Association	0	4.38	
Power Financial Corporation	0	4	
Fonds de Compensation	0	3.02	
Callan Associates	0	0.85	
Voya Financial	0	0.57	
Crossinvest	0	-	

Table 2: New fossil fuel projects JBIC reached loan agreements between February 2021 and February 2022

Date of loan agreement	Project	Country	Loan JBIC agreed to provide (US\$ mln)
February 16, 2021	Mozambique LNG (Rovuma Offshore Area 1 Block)	Mozambique	536
June 29, 2021	Waitsia 2 gas development	Australia	199
June 30, 2021	Tempa Rossa oil development	Italy	180
October 29, 2021	LNG Canada	Canada	850
November 30, 2021	Arctic LNG 2	Russia	1,930
December 24, 2021	Barossa gas development	Australia	346
Total			4,041

Source: JBIC press release

Footnote:

[1] <https://www.iea.org/reports/net-zero-by-2050>