

Promoting GX (Green Transformation) Investments ~Initiatives of the Japanese Government~

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Japan's Policy for GX (Green Transformation)

- ▶ “GX” aims to achieve both:
 - Decarbonisation by 2050 and
 - Industrial competitiveness and economic growth
 - ▶ Realise JPY150tn of public and private investment over the next 10 years
 - ▶ Upfront government investment of JPY20tn raised by issuance of the world's first sovereign transition bond: “Japan Climate Transition Bond” starting from Feb 2024
- ⇒ 1st issuance received 2 SPOs + CBI Certification
- ▶ Mobilise sustainable and transition finance in innovative ways

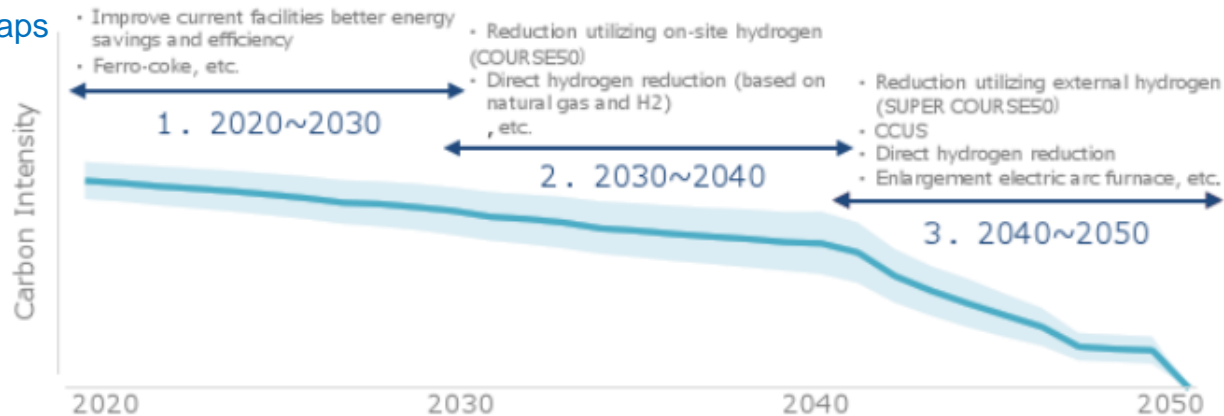
Japan's Policy for GX (Green Transformation)

- ▶ **Sector-specific Investment Strategy** (Dec 2023) defines **16 priority areas**
 - ✓ Materials (steel, chemicals, paper & pulp, cement)
 - ✓ Final products (automobiles, ships, aircrafts)
 - ✓ Critical products and clean energy (semiconductors, batteries, SAF, hydrogen, CCS, next-gen RE, nuclear)
 - ✓ Others (life-related industry, resource circulation)
- ▶ **GX 2040 Vision**
 - ✓ GX Industrial structure incl. GX market creation
 - ✓ GX industrial location
 - ✓ Importance of realistic transition and contribution to global decarbonisation
- ▶ **ETS and carbon pricing mechanisms** (from FY2026)

Transition finance: basic concept

- “Green finance” applies to low-carbon projects / technologies.
 - However, industries that are currently high-emitting must also be decarbonised in order to achieve a decarbonised society.
 - It is essential to provide finance for such industries to support their “transition” and achieve decarbonisation of an entire economy / society.
 - The Japanese Government published guidelines on transition finance in May 2021 which require an **entity-wide transition strategy**. **Sector roadmaps** are prepared for hard-to-abate sectors such as steel, chemical etc..
- ⇒ **sector- and entity-based approach (vis-à-vis project approach)**
- ⇒ **transition finance is a dynamic (forward-looking) concept (vis-à-vis static concept)**

Sector Roadmaps
(image)



GX (Green Transformation) Acceleration Agency

- **GX Acceleration Agency** has been launched by the Japanese Government from July 2024
 - The Agency aims to realize **GX investment of JPY150 trillion** in the next 10 years in order to achieve **carbon neutrality by 2050** and, at the same time, enhance **industrial competitiveness** and **economic growth**. For this purpose, **the Agency will:**
 - Accelerate private sector investments through provision of **financial supports** such as credit guarantees and equity investments
 - Administer the **Emission Trading System and carbon pricing** introduced from FY2026
 - Act as the **"GX Hub"** to promote research, stakeholder collaboration, policy discussions and international communications on GX and sustainability
- ⇒ **"GX Future Academy"** initiative

