

- To realize the Paris Agreement, both “green” initiatives such as renewable energy and “transitions” that will steadily realize low carbonization are important.
- Unlike green bonds, transition finance is relatively new, therefore we need to develop market environment.
- Japanese government published the Basic Guidelines on Climate Transition Finance in May 2021. METI is supporting transition finance by formulating sector roadmaps for hard-to-abate industries and by subsidizing model cases.

Basic Guidelines

- ✓ JFSA, MOE and METI formulated the Guidelines to establish transition finance in line with the ICMA transition handbook



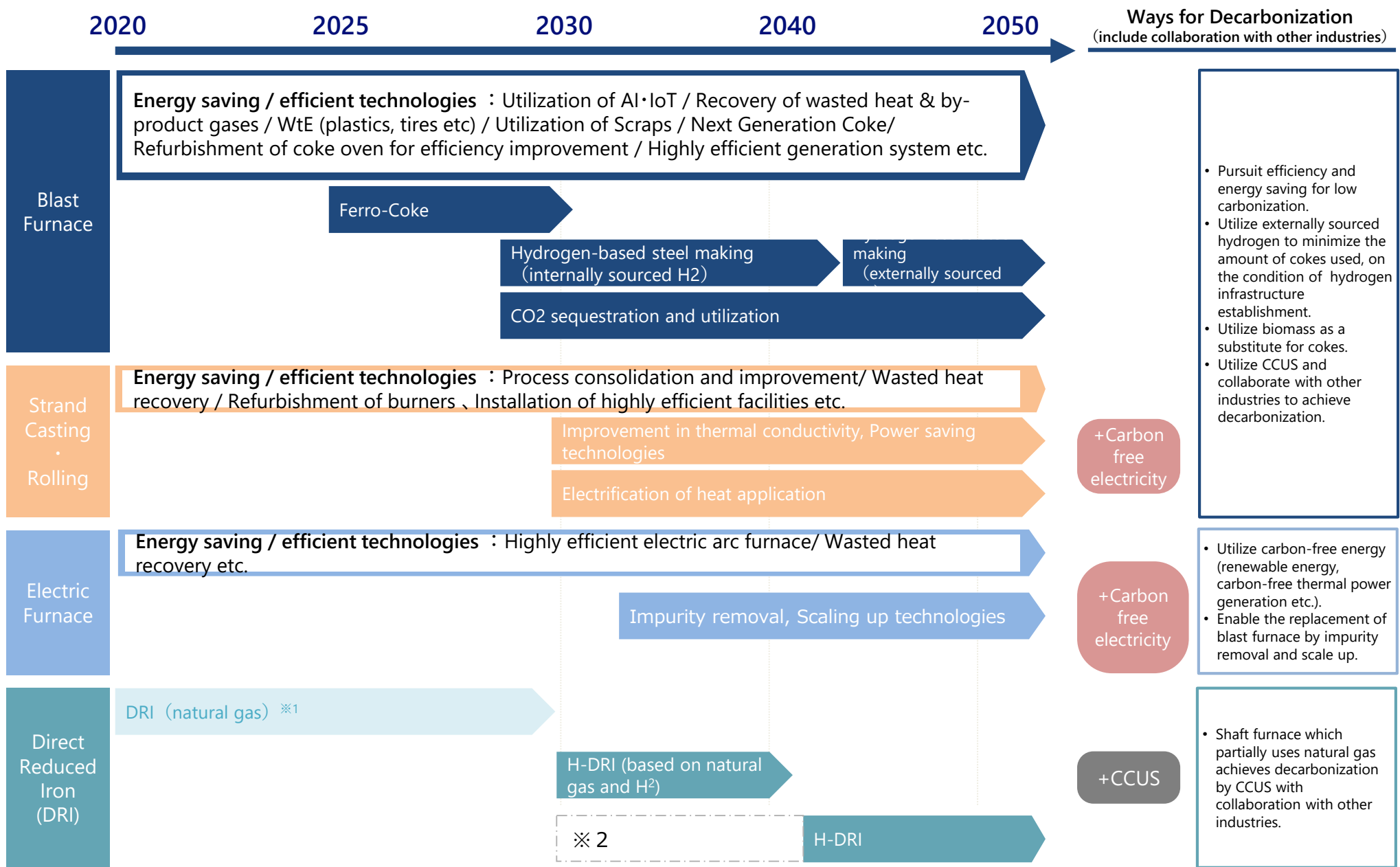
Sector Roadmaps

- ✓ An Annex to the Basic Guidelines for evaluating the eligibility of a company' transition strategy
- ✓ Best available technologies and innovative technologies to achieve carbon neutrality by 2050
- ✓ In FY 2021, METI will formulate roadmaps in 7 sectors: steel, chemicals, cement, paper and pulp, electricity, gas, and petroleum.

Model Projects

- ✓ Subsidize 90% of cost for external opinion providers for model cases to see the alignment to the Basic Guidelines
- ✓ Post the cases to be referenced as a good example

Technology Pathways to Decarbonization | Technology Roadmap for Iron & Steel



※1 Has not been implemented domestically due to several conditions (production scale & quality, cost etc.) unmet.

※2 IEA estimates the technology be available by 2030, however this technology roadmap determine the deployment year in consideration with the establishment of hydrogen infrastructure.

※3 Products contributes to decarbonization (Eco-products, noted in P8) are not listed in this technology roadmap, though can still be the use of proceeds for transition finance.