

Accelerating Japan's GX (Green Transformation)

February 2026

GX Acceleration Agency (GXA) , Japan

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01 | GXA Profile



Japan's Policy for GX (Green Transformation)

- “GX” simultaneously aim to achieve :
 - **Decarbonization by 2050**
 - **Industrial competitiveness/economic growth**
 - **Energy security**, including a stable supply of energy

- Realize **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**

- Mobilize **sustainable and transition finance** in innovative ways

GX Acceleration Agency (GXA)

- **GX Acceleration Agency** was established under the GX Promotion Act, with official approval granted by the METI in April 2024 and commenced its operations in July 2024.
- **As a driving force** for achieving **carbon neutrality by 2050** and enhancing **Japan's industrial competitiveness** and **economic growth** at the same time, the Agency will;
 - ① **Provide financial support**, including debt guarantees and equity capital, in order to mobilize over ¥150 trillion in public and private GX investments over the next decade
 - ② **Administer the Emissions Trading System** and collect surcharge, including those on fossil fuels
 - ③ **Act as the "GX Hub"** to promote research, stakeholder collaboration, policy discussions and international communications on GX and sustainability

1. Financial Support



3. GX Hub



- » Supporting collaboration across companies and between the public and private sectors to proactively identify and develop new GX Projects
- » Fostering active dialogue on GX policies and sustainability initiatives, communicating insights both domestically and globally

2. Administration of the carbon pricing

Governance and Operational Structure

Executives

Chairperson

TSUTSUI Yoshinobu

*Chairman of KEIDANREN (Japan Business Federation)

COO(Chief Operating Officer)

SHIGETAKE Naoki

Auditor

CHIHARA Maiko

Directors

KAJIKAWA Fumihiko

*Strategy and Management

TAKADA Hideki

*Finance and Sustainability

INOUE Mineto

*Financial Acceleration

IOMORI Kanae

*Credit

SUDO Yukio

*Carbon Pricing

Steering Committee

Chairperson

TOKURA Masakazu

*Honorary Chair of KEIDANREN (Japan Business Federation)

Members

SHIRAISHI Takashi

*Honorable Emeritus Professor at Prefectural University of Kumamoto

ITOH Motoshige

*Professor Emeritus, The University of Tokyo

KAJIWARA Atsuko

*Managing Director, Deloitte Tohmatsu Risk Advisory, LLC.

MORIMOTO Hideka

*Professor, School of Law, Waseda University

YOSHITAKA Mari

*Visiting Professor, University of Tokyo
Special Guest Professor, Keio University
Representative Director, Virtue Design

YOSHII Kumiko

*Partner at TMI Associates

UMADA Takaaki

*Director, FoundX

GXA's History



Date	Events
Dec 2022	The " Basic Policy for the Realization of GX " (compiled by the GX Implementation Council) specified the plan to establish GX Acceleration Agency(GXA) .
Feb 2023	Cabinet decision on the " Basic Policy for the Realization of GX " and the bill for the " Act on Promotion of a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure " (the " GX Promotion Act ").
May 2023	Enactment of the " GX Promotion Act. "
May 2023	GX Acceleration Agency Preparation Office was established within the Ministry of Economy, Trade and Industry (METI).
May 2024	Official establishment of GXA
Jul 2024	Launch of GXA and commencement of its operations.
May 2025	Enactment of the Amended GX Promotion Act.
Jul 2025	Establishment of the Carbon Pricing Department.

02 | Financial Support



Basic conditions and Requirements for Financial Support

» Financial support will be provided in accordance with Japan Climate Transition Bond Framework.

Japan Climate Transition Bond Framework

Basic conditions	I	Efforts that are truly difficult to make investment decisions solely by the private sector	III	Integration with regulatory regime and system that changes corporate investment and demand-side behavior
	II	Efforts that contribute to strengthening industrial competitiveness, economic growth and emission reduction, all of which are essential for achieving GX	IV	Efforts that contribute to the expansion of domestic investment including support for human capital development
Requirements	In addition to the Basic conditions, prioritization will be conducted by identifying projects that meet one of the A-C requirements related to strengthening industrial competitiveness and economic growth, as well as one of the 1-3 requirements related to emission reduction.			
	Enhancing industrial competitiveness & Economic growth			
	A Growth investments for technological or business innovation to acquire overseas demand and expand domestic demand			
	or B Growth investments for advanced technologies contribute to both the reduction of fossil fuel & energy consumption and enhancement of the profitability			
or C Measures to address domestic demand in the initial stage of introducing key products with the potential for nationwide market				
Emission reduction				
① Investment for R&D to contribute to future domestic emission reduction through technological innovation				
or ② CAPEX with high technological emission reduction effect that contributes for direct domestic emission reduction , etc.				
or ③ Measures to address domestic demand in the initial stage of introducing key products with the nationwide demand and long-term high reduction effect				

Target Sectors for Financial Support

» Financial support will be provided in accordance with “Japan Climate Transition Bond Framework” (Revised in June 2025) and “GX 2040 Vision” (Released in February 2025).

Classification of the use of proceeds for Japan Climate Transition Bond

<u>Energy Efficiency</u>	Promotion of thorough energy efficiency improvement, Housing and buildings, Digital investment aimed at decarbonization, and Battery industry
<u>Renewable energy</u>	Making renewable energy a major power use, and Infrastructure
<u>Low-carbon and decarbonized energy</u>	Utilization of nuclear power, and Establishing electricity and gas markets to achieve carbon neutrality
<u>Clean Transportation</u>	GX in transport sector, and Infrastructure(repost)
<u>Circular economy adapted products , production technologies and processes</u>	Restructuring the manufacturing industry (fuel and feedstocks transition), Facilitating introduction of hydrogen and ammonia, and Carbon recycling and CCS
<u>Environmentally sustainable management of living natural resources and land use, Circular economy</u>	Food, agriculture, forestry, and fisheries industry, and resource circulation

GX 2040 Vision

1. GX Industrial Structure
2. GX Industrial Location
3. Importance of a Realistic Transition and Contribution to Global Decarbonization
4. Initiatives in Individual Fields to Accelerate GX
5. Pro-Growth Carbon Pricing Concept
6. Just Transition

Overview of Debt Guarantee and Its Categories

» Debt guarantees are implemented in accordance with the Debt Guarantee Guidelines.

Three Categories of Eligible Debt Guarantees

Category 1

Debt guarantees for **projects that contribute to GX** incorporating **innovative GX technologies**

Category 2

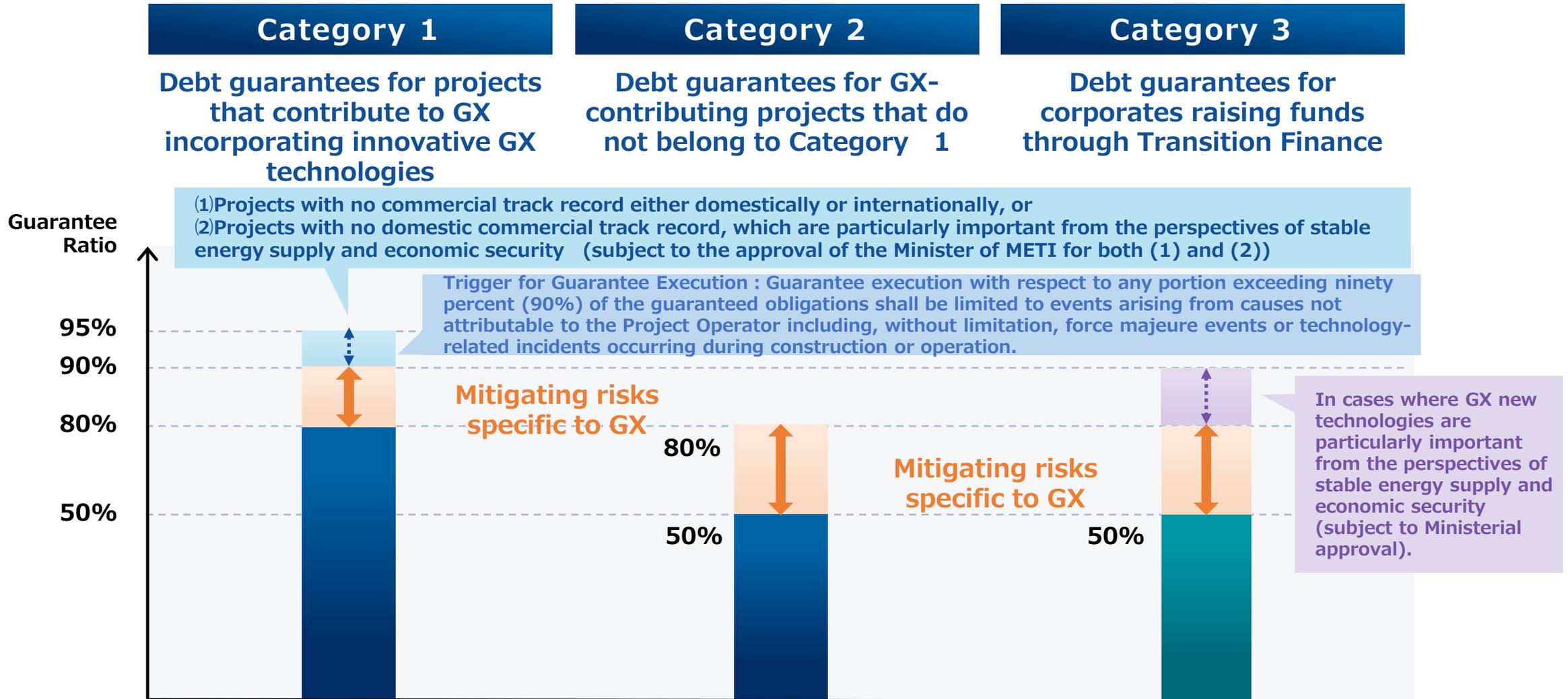
Debt guarantees for **GX-contributing projects** that do **not belong to Category 1**

Category 3

Debt guarantees for corporates raising funds through **Transition Finance**

GXA actively takes on various risks that are beyond the capacity of private-sector financial institutions to assume, driving socially meaningful initiatives to accelerate GX

Overview of Debt Guarantee and Its Coverage Ratio



※With respect to loan receivables covered by the GXA's debt guarantee, a portion of the credit risk to be taken by the financial institutions (the portion) shall be established. After deducting the portion, the rest to be guaranteed by the GXA shall fall within the guarantee ratio specified above.

Overview of Equity Capital and Its Categories

» Equity capital are implemented in accordance with the Equity Capital Guidelines.

Three Categories of Eligible Equity capital

Category 1

Entities engaged in Category 1 or Category 2 projects as defined in the Debt Guarantee Guidelines

e.g. Large-scale decarbonization projects and carve-out transactions

Category 2

Funds that invest in entities implementing businesses contributing to domestic GX; through only LP investments.

e.g. Decarbonization-focused growth fund and sector-specific fund specializing in decarbonization

Category 3

Corporates engaged in activities to commercialize R&D outcomes of GX-related technologies.

e.g. Deep Tech Startups in their mid to late stages

Credit/Investment Evaluation for Financial Support

» GXA conducts credit/ investment evaluation based on its financial support criteria.

- GXA not only evaluates the sustainability of the business but also considers the broader social significance of the project, particularly in relation to achieving GX. GXA makes comprehensive judgment in determining whether financial support should be provided.

Comprehensive Evaluation Criteria

Business Criteria

- GXA to play a meaningful role in mitigating risks undertaken by financial institutions
- Full repayment expected from future cash flow



Impact Criteria

- Positive impact on environmental, economic, and financial aspects
- (Projects with negative impacts are evaluated through environmental and social screening.)

Incorporates **external experts' insights** to ensure **transparency and objectivity**.

Environment & Social Negative Screening

- » To implement effective review of negative environment and social impact of the projects we support, GXA has developed policies and procedures in compliance with international guidelines.

Policy on Environmental and Social Negative Screening

- To contribute to the improvement of the global environment and the sound development of Japan's economy and society, we have established the following basic policy for E&S review of the projects to be supported:

Eligibility Criteria for Financial Support

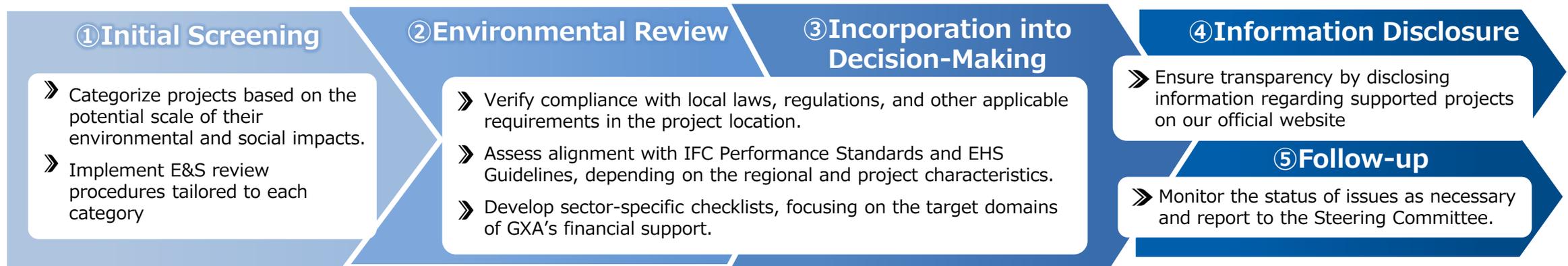
Stakeholder Engagement

Governance

Information Management

Negative Screening Workflow (Conceptual Image)

- The workflow is aligned with international guidelines, such as the IFC (International Finance Corporation) Performance Standards and the Equator Principles.



Building Innovation Ecosystems

» MOC with InnoEnergy and JETRO

- In September 2025, **GX Acceleration Agency** signed a Memorandum of Cooperation (**MOC**) with **InnoEnergy** and **JETRO** to build and strengthen domestic and international **innovation ecosystems** in the GX field and support the growth of **startups** possessing GX related technologies in both Japan and the EU.



» GX Future Ecosystem Studio (G-FES)

- In October 2025, **GXA** launched “**GX Future Ecosystem Studio**” (**G-FES**) to foster long-term collaboration between large companies, deep-tech startups, VCs and policy makers and develop a community which promotes innovation and deployment of GX technologies.



03 | Carbon Pricing



Japan's Carbon Pricing Policy

- » Based on **the Pro-Growth Carbon Pricing Concept**, Japan will gradually introduce carbon pricing mechanisms.

The Pro-Growth Carbon Pricing Concept

- Introduce carbon pricing mechanisms after setting a period to work towards GX
- Introduce them with a low burden at first and gradually increasing it
- By showing the policy in advance, make early GX investments

Staged introduction of carbon pricing mechanisms

- FY2026: Emission Trading System(ETS) will be launched
- FY2028: Surcharge will be introduced for fossil fuel importers
- FY2033: Paid Auction under the ETS will be introduced for power generation companies

Overview of ETS

Covered Entities

- Coverage: Corporations with annual CO2 emissions of **100,000 tons or more** (based on a three-year rolling average) , regardless of the industry.
- Scale: Approximately **300 to 400** entities are expected to be covered, representing roughly **60% of Japan's GHG emissions**.

Emission Allowance Allocation

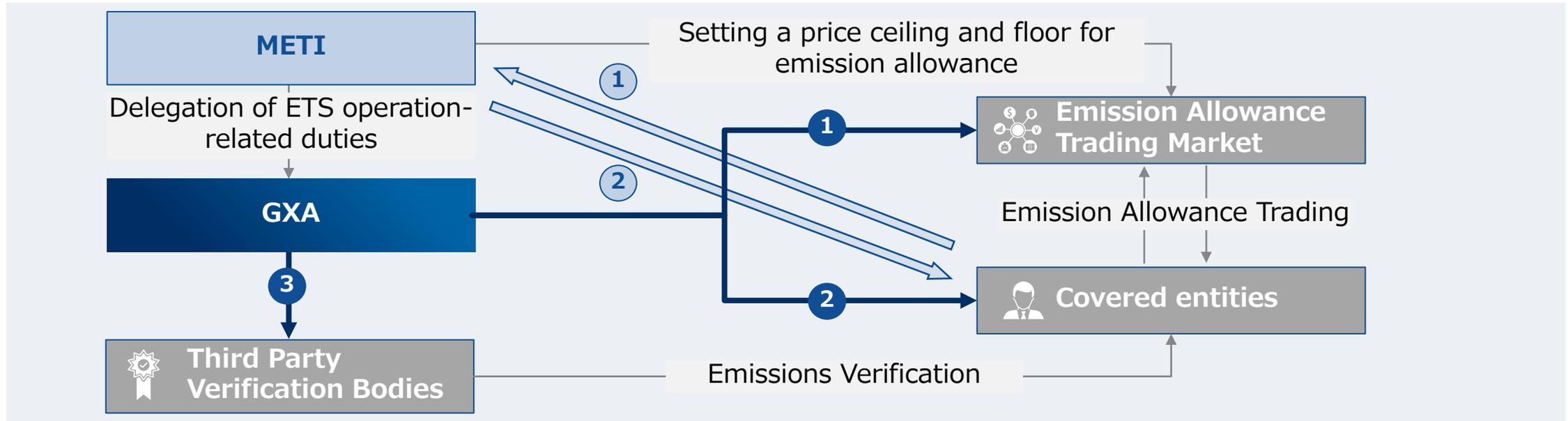
- **Free allocation** through **benchmarking** and **grandfathering** methods :
 - Benchmarking methods are primarily applied to high-emission industries.
 - Additional allowances may be allocated based on early reduction efforts, carbon leakage risks, and R&D investments related to GX.

Price Stabilization Measures

- The government sets **a price ceiling and floor** for emission allowance.
 - If the price remains below the price floor for a defined period, GXA will conduct a **reverse auction**, and the government will consider tightening allocation standards.
 - If the price rises and a shortage of allowances occurs, the compliance obligation can be met **by paying the price ceiling** for the shortfall.

Roles and Responsibilities regarding ETS

» Starting in FY 2026, GXA will be responsible for the administration of ETS, acting on behalf of METI.



- 1 • Market setup and operation
• Purchase of emission allowances in times of low prices
- 2 • Allocation and notification of allocation volume
• Administration related to cancellation of emission allowances (Including collection of charges equivalent to un-cancelled amounts)
• On-site inspection
- 3 • Support for maintaining and improving the quality of verification (non-statutory work)
• On-site inspection

- 1 • Submission of emission targets
• Reporting of emissions
- 2 • Formulation of guidelines for emission allowance allocation
• Formulation of reduction target standards

04 | GX Hub



Global Advisory Council

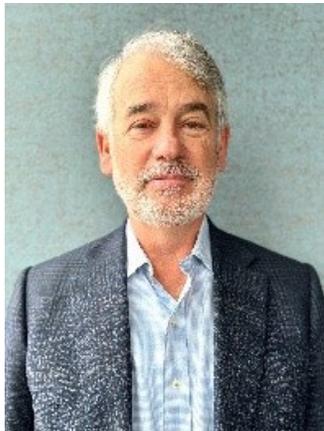
» To further strengthen global networks and enhance international communication, “Global Advisory Council” was established, featuring globally renowned experts with extensive knowledge in GX related field.

Members of “Global Advisory Council”



Amit Bouri

Chief Executive Officer
and Co-Founder
Global Impact
Investing Network



Sean Kidney

CEO
Climate Bonds
Initiative



Sherry Madera

CEO
CDP Worldwide



Nicholas Pfaff

Deputy CEO, Head of
Sustainable Finance
International Capital
Market Association



Mary Schapiro

Vice Chair
Bloomberg

Vice Chair and Head
of the GFANZ
Secretariat



Robert Youngman

Team Leader, Green
Finance and
Investment
Organisation for
Economic Co-operation
and Development

GX Hub: Communicating across the world

» GXA frequently hosts foreign visitors and is actively participating in overseas events.

- In 2025 alone, GXA participated in events in e.g. Seoul, Beijing, Taipei, Suzhou, Frankfurt, London, Singapore, New York, Brussels, Paris, Berlin and Belem.

COP 30 in Belem



New York Climate Week



OECD Forum on Green Finance and Investment



GX Hub: Promoting stakeholder collaboration

» GXA hosts **seminars and workshops** with diverse stakeholders e.g. corporates, financial institutions, public sector officials, academics and the civil society.

Periodical seminars with affiliate corporates



Dialogue between corporates and students



Workshop with Climate Bonds Initiative



GGX Finance Summit 2025(5 November 2025)

» GXA, together with METI, hosted GGX (Global GX) Finance Summit on 5 November 2025 in Tokyo gathering 500+ participants.

- The Summit discussed key themes such as the global trend and the role of Japan's GX; transition finance in Japan and in Asia; GX market and enhanced disclosure.

Opening Remarks by GXA Chairperson Tsutsui



Keynote Speech by GXA COO Shigetake



Panel of 6 members of GXA Global Advisory Council



GX Hub: Working with regions

- » GXA established **Region Liaison Office** in September 2024 to promote GX in regions and is actively engaging with stakeholders including local governments, regional financial institutions and corporates.
- In 2025, GXA visited headquarters of **20+ regional banks** and had top-level meetings.
 - GXA is actively participating in GX-related events **in regions**.

Kitakyushu GX Day



Global GX/Finance Conference Sapporo



FDSF Japan Tour in Okinawa at OIST



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