

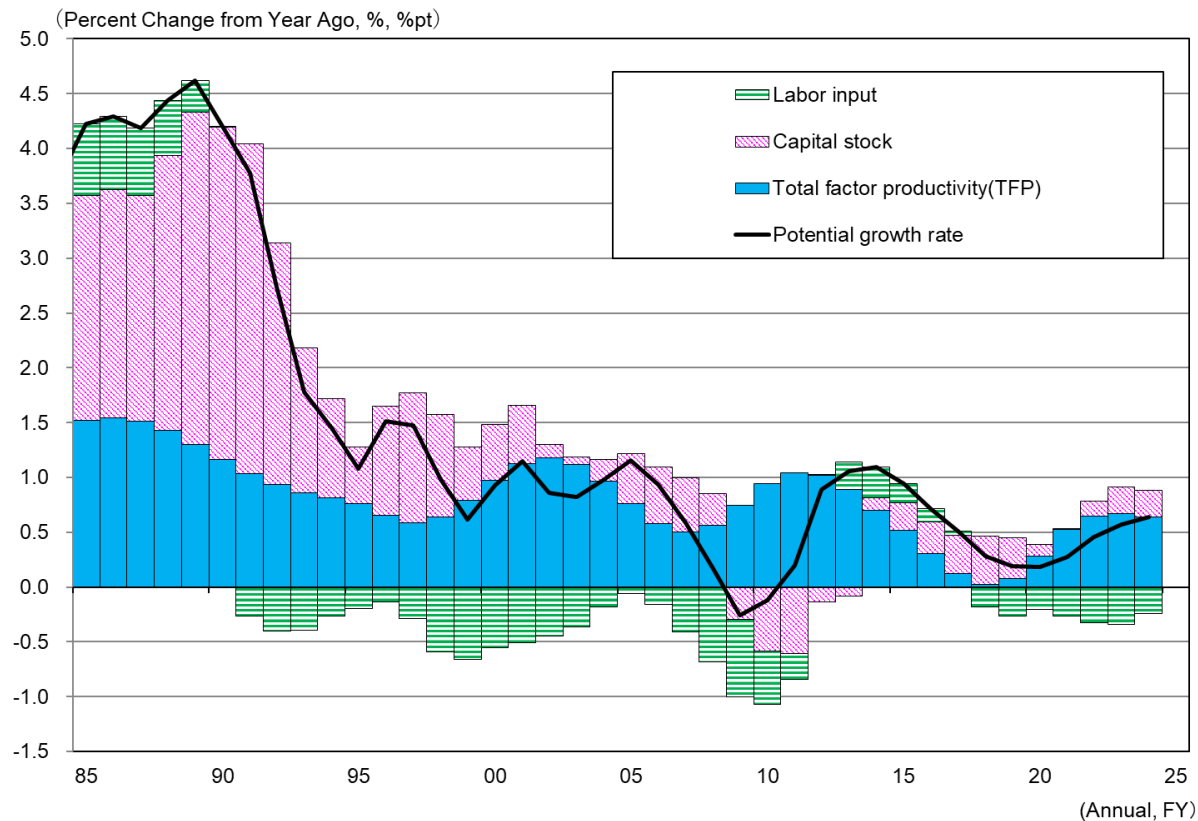


# Transition Finance Forum

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3rd of July, 2025

# Potential Growth Rate of Japan



Source: BOJ, German Council of Economic Experts; compiled by Daiwa Institute of Research Ltd.(DIR).

## Basic Guidelines on Climate Transition Finance (May 2021)

Element 1 :	Element 2 :	Element 3 :	Element 4 :
<b>Fundraiser's Climate Transition Strategy and Governance</b>	<b>Business Model Environmental Materiality</b>	<b>Transition Strategy to be Science-based Including Targets and Pathways</b>	<b>Implementation Transparency</b>

Development of roadmaps in industrial sectors to promote transition finance.

The 10 industries (steel, chemicals, electricity, gas, oil, paper & pulp, cement, shipping, aviation, automotive) refer to roadmaps to implement fundraising through transition method.

Japanese industries lead the way in implementing decarbonization initiatives.

Promote further adoption of transition finance methods in the Asia-Pacific region Through initiatives such as AETI\* and ABAC\*\*

Facilitate area-wide decarbonization effort by spreading transition finance related method to Asia-Pacific region.

\*AETI=Asian Energy Transition Initiative

\*\*ABAC=APEC Business Advisory Council

# Issuance record of transition bonds by Japanese companies

**Issuers : 23 companies**



**Issued bonds : 79 bonds**



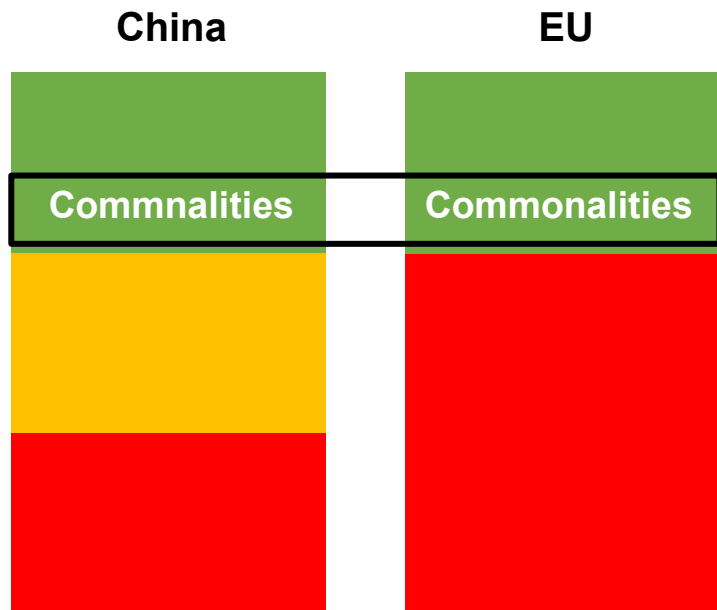
**total amount : \$8.4 billion**

\*List of Japanese Companies that have issued transition bonds(all issued in Japanese Yen)

<b>Hokuriku Electric Power</b>	<b>Seibu Gas Holdings</b>	<b>Development Bank of Japan</b>	<b>JERA</b>
<b>Hokkaido Electric Power</b>	<b>Kawasaki Heavy Industries</b>	<b>Kansai Electric Power</b>	<b>Mazda</b>
<b>NYK Lines</b>	<b>Osaka Gas</b>	<b>Kyushu Electric Power</b>	<b>JFE Holdings</b>
<b>Japan Airlines</b>	<b>Daido Steel</b>	<b>Mitsubishi Materials</b>	<b>ENEOS holdings</b>
<b>Tohoku Electric Power</b>	<b>Chugoku Electric Power</b>	<b>Mitsubishi Heavy Industry</b>	<b>IHI</b>
<b>TOHO Gas</b>	<b>Tokyo Gas</b>	<b>Idemitsu Kosan</b>	

# Taxonomy vs Roadmap

## Taxonomy

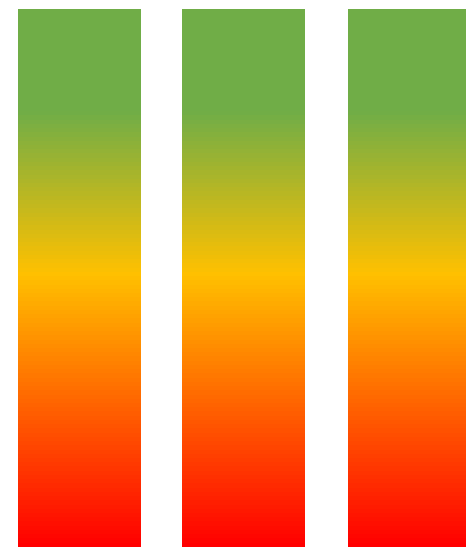


## ASEAN



## Roadmaps by Sectors

### Japan



Sector A

Sector B

Sector C

## Key Points of the Guidance

RELATIONSHIP BETWEEN FINANCIERS & FUNDRAISERS

- The follow-up on transition finance involves a trust-building dialogue between financiers and fundraisers for decarbonization funding and should not be seen as an adversarial process.

EXPECTATIONS

- The target audience includes a wide range of financiers, with a particular emphasis on bond investors.
- To enhance the credibility and effectiveness of transition finance, financiers are expected to actively communicate their follow-up achievements.

DYNAMICS OF TRANSITION

- Corporate transitions aim for ambitious carbon neutrality goals based on the best judgment at the time and continues their efforts and investment on transition technologies which therefore requires dynamic approach.
- In the follow-up process, it is crucial to confirm that the current transition efforts are the best possible given the circumstances, including changes in the business environment.

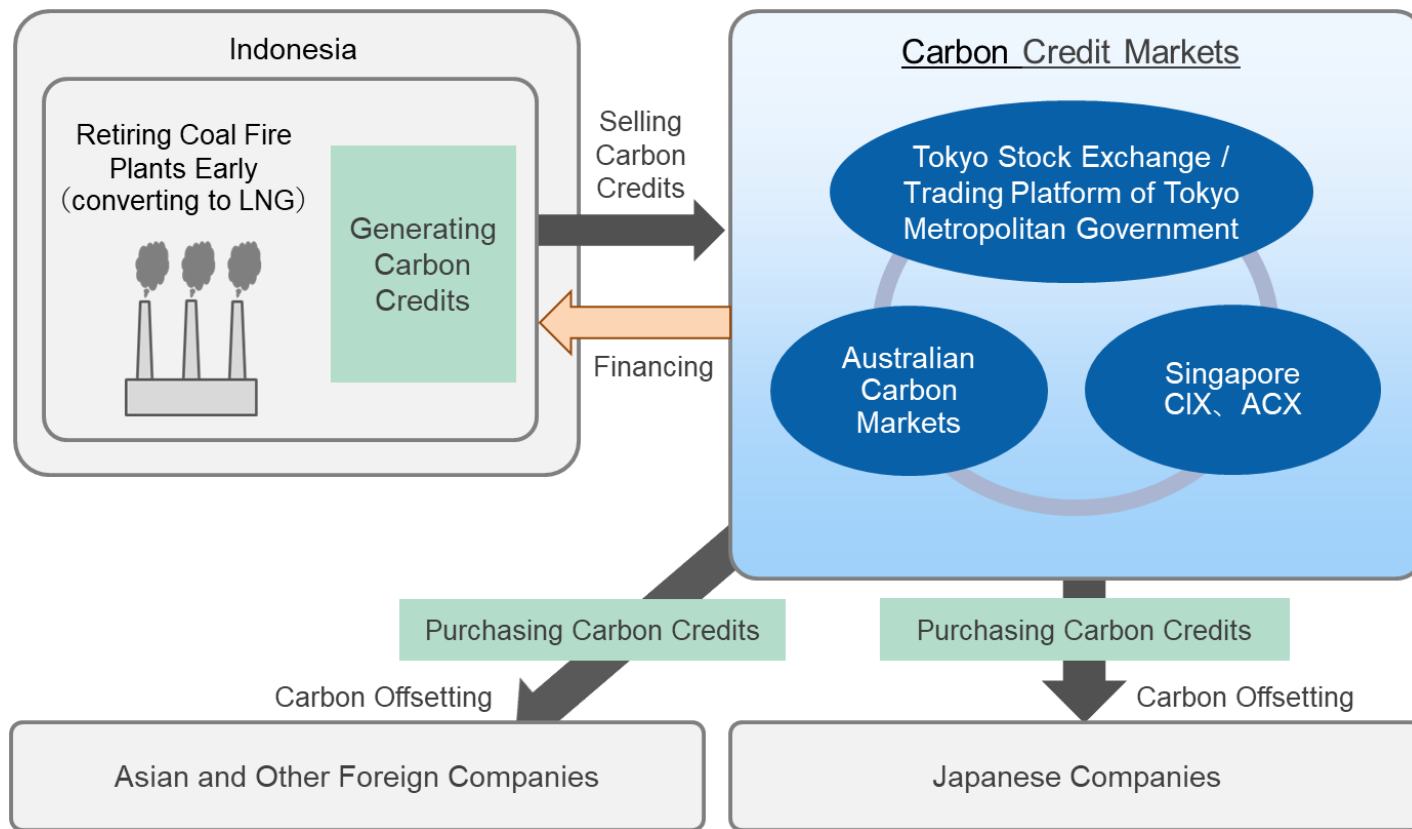
GUIDANCE FOR ACTION

- Compiled a checklist of key points to be reviewed during the follow-up process.
- Summarized the Sectoral Technology Roadmaps in the appendices. It also addressed not only the individual sectors important concepts to understand the relationships and dynamics of the sectors.
- Included practical methods for bond investors to conduct the follow-up.

The **Follow-up Guidance**:

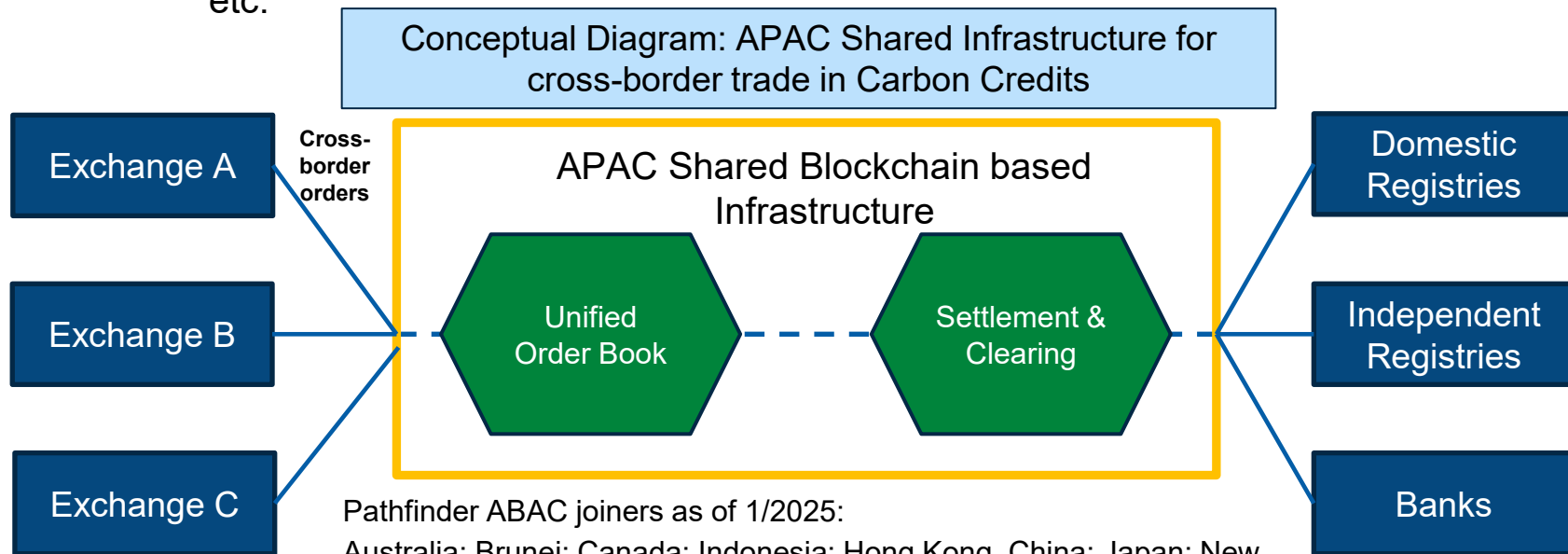
- Aims to improve the *credibility* and *effectiveness* of transition finance.
- Ensures that transition strategies are steadily implemented after financing.
- Supports the *enhancement of corporate value* through proper follow-up.

## Illustration of Generating Carbon Credits to Promote Decarbonization across Asia



Goals

1. Promoting alignment of standards and practices
2. Policy ecosystems development
3. Connecting registry information
4. Pilot projects: execution of cross-border VCC transactions already meeting relevant standards (possibly implement blockchain and tokenization technology) etc.



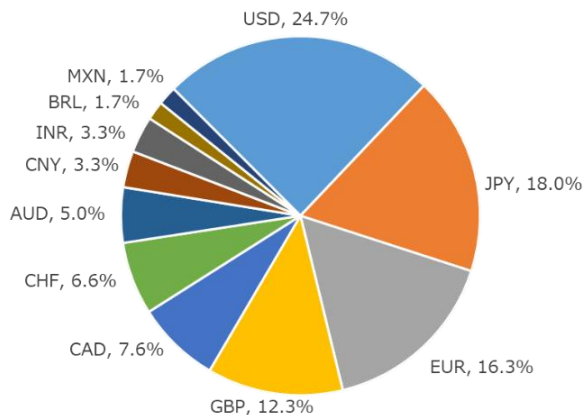
Pathfinder ABAC joiners as of 1/2025:

Australia; Brunei; Canada; Indonesia; Hong Kong, China; Japan; New Zealand; Singapore, Thailand



# World Parity Unit (WPU) Indexed Bonds

- WPU is a currency unit comprising a basket of seven developed and four emerging currencies.
- FTSE Russell started calculating it from February 21, 2012. The base date is December 31, 2011, at which date WPU is indexed to the basket of currencies and its value is set at one against USD.
- Most WPU indexed bonds are to be issued and redeemed in dollars. Coupon payments and redemptions are indexed to WPU. WPU is designed to reduce currency risks through diversification.



Note: As of September 24, 2024.

Source: FTSE Russell, Bloomberg; compiled by DIR.

