

Press Release

Japan will issue \$11bn Climate Transition Bond, Certified under the Climate Bonds Standard

World First: supports Japan's ambitious emission reduction goals

Tokyo/London, 07/02/2024 15:30 JST: Japan will issue the first tranche of its JPY1.6tn (USD11bn) Climate Transition Bond, with proceeds being used to fund Japan's ambitious Green Transformation (GX) programme.

The GX Plan promotes public and private investments of JPY150trn (USD 1trn) over the next 10 years in advanced, sustainable technologies that support national emissions reduction. It underscores Japan's commitment to its 2030 greenhouse gas (GHG) reduction goals, and to its vision for carbon neutrality by 2050.

The Bond is Certified under the Climate Bonds Standard, offering investors assurance on the environmental objectives of the use of the proceeds and signifying alignment with best practice global standards.

Sean Kidney, CEO, Climate Bonds Initiative, said:

"Transition is the theme for the year: corporates, cities and countries need to do transition plans in line with global emission reduction targets; under the Paris Climate Agreement countries are working on ambitious new Nationally Determined Contributions (NDCs) - transition plans - to be tabled at next year's COP.

"This bond shows clearly how governments, and others, can raise funds to invest in that transition. It marks a significant milestone in transition finance."

55.5% of the proceeds of the bond are allocated to support for research and development (R&D) initiatives aligning with Japan's efforts to limit temperature increase to 1.5°C, in areas ranging from renewable energy to hydrogen utilisation in steelmaking; 44.5% are for subsidies for activities ranging from the manufacturing of electricity storage batteries to energy-efficiency measures in buildings.

The Bond strictly delineates its Use of Proceeds, excluding any allocation towards gas-fired power generation or operational activities involving ammonia co-firing in coal-fired plants.

The bond's independent verification report was prepared by [Japan Credit Rating Agency \(JCRA\), a Climate Bonds Approved Verifier since 2019](#).

Atsuko Kajiwara, Managing Executive Officer, Head of Sustainable Finance Evaluation Group at JCRA, said:

"Since 2020, JCR has been contributing to the government's efforts to develop Japan's transition pathway toward net zero by 2050 and alignment to the Paris Agreement. JCRA hopes the government's strong initiative will help various Japanese corporates which struggle to find a way to attain both carbon neutrality and business expansion in the coming decades."

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About Climate Bonds Initiative: The Climate Bonds Initiative is a global not-for-profit organisation working to mobilise global capital for climate action. [Climate Bonds Standard and Certification](#) is a science-based, multi-sector certification scheme for investments – and now companies/entities – that address the challenge of climate change. www.climatebonds.net.

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