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The Environment Surrounding JBIC and Its Challenges

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1. Energy and Natural Resources Finance Group

Message from the Global Head of the Group



Since Japan's postwar reconstruction and high-growth periods, the Energy and Natural Resources Finance Group has been responsible for providing financing for promoting the overseas development and securement of resources which are important for Japan, including energy resources, such as oil and natural gas, as well as mineral resources while maintaining and improving the international competitiveness of the steel, non-ferrous metals, and paper industries that turn these resources into materials.

Nowadays, in addition to the growing importance of energy transition toward the realization of a decarbonized society, the circumstances are changing rapidly around the world, such as the surge of resource prices and the trend toward diversifying resource suppliers, attributable partly to the Russian invasion of Ukraine, and the initiatives on solutions to social issues, such as healthcare and food security. Against this backdrop, the Energy and Natural Resources Finance Group continues the measures for securing important natural resources, such as LNG, and is also placing greater focus on supporting the identification and formation of projects in four fields: (1) securing clean energy sources, such as hydrogen and fuel ammonia, and building a supply chain for such resources, (2) supporting energy transitions in emerging countries, (3) rebuilding the

supply chain for critical minerals and enhancing its resilience, and (4) supporting businesses that contribute toward solving social issues in emerging countries, such as African and South American nations. JBIC will contribute to the achievement of the above aim by providing long-term funding to supplement private-sector funds and further enhancing risk taking ability.

In addition, on July 1, 2022, the Oil and Gas Finance Department was renamed as the Energy Solutions Finance Department, and the Energy Transformation Strategy Office was established to centrally take charge of hydrogen- and ammonia-related projects. With this restructuring, we will further enhance our support for the smooth transition of energy and for future clean energy toward the realization of a decarbonized society.

INABA Yutaka

Managing Executive Officer

Global Head of Energy and Natural Resources Finance Group

Business Environment and Key Challenges

As agreed during the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in November 2021, in order to achieve the 1.5°C target of the Paris Agreement, countries around the world are continually pushing forward climate change initiatives. In its Strategic Energy Plan, the government of Japan aims to utilize renewables, such as wind, solar, and biomass, as major sources of power and to achieve decarbonization through power generation using hydrogen and ammonia and innovative thermal power generation with CO₂ emission reduction measures, such as CCUS and carbon recycling. At the same time, the world's energy situation is undergoing a significant shift since the Russian invasion of Ukraine, as the supply and demand for resources, such as oil, gas, and mineral resources, have tightened and energy prices have surged, urging multiple countries to quicken their pace to secure suppliers of these commodities without relying on Russia. This is a momentous time for Japan, a large importer

of natural resources, as it has to direct its attention to the current energy security, while endeavoring to attain energy transition toward the realization of a decarbonized society.

In these global circumstances and market conditions, the roles that JBIC is required to play diversify to encompass, amongst other things, proposing energy solutions to secure important resources and address climate change in a balanced manner, helping the development of zero emission energy from hydrogen and fuel ammonia, and supporting the security of the strategic resources, such as semiconductors and battery materials, while strengthening the resilience of the entire supply chain. To address these issues, flexible and proactive financial support of JBIC is essential.

1. CCUS (Carbon dioxide Capture, Utilization and Storage) is a technology for utilizing separated and stored carbon dioxide.

JBIC's Activities

JBIC is endeavoring to identify and form new projects that will contribute toward securing a stable supply of energy sources, mineral resources, etc. and to cultivate relations with governmental dignitaries and government-related entities of each country in order to address global issues,

such as energy transformation toward the realization of a decarbonized society, and social issues and to strengthen the resilience of strategic materials' value chain. Below are the major achievements of the Energy and Natural Resources Finance Group in FY2021.

■ Addressing Global Issues

MOU with ADNOC of the UAE and PIF of Saudi Arabia

Building Relationships with Governmental Institutions in Resource-rich Countries toward the Realization of a Decarbonized Society

JBIC concluded a memorandum of understanding (MOU) with Abu Dhabi National Oil Company (ADNOC) of the UAE with the aim of strengthening the strategic partnership on multiple sectors, including decarbonization, energy transition, and energy efficiency. JBIC also signed an MOU with the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund that plays a leading role in advancing Saudi Arabia's economic transformation. The purpose of this MOU is to strengthen the partnership between the two organizations in such sectors as decarbonization, digital transformations, and smart city development.

The Middle East, which has high potential in the decarbonization sector with abundant resources for renewable energy and subterranean structures suitable for CCS¹ and CCUS, has been an important energy source supplier for Japan. JBIC aims to cultivate relations with governmental institutions of resource-rich countries that play an important role in such sectors to support Japanese companies in their business expansion in the Middle East.

Note 1. Carbon dioxide Capture and Storage (CCS) is a technology for separating and recovering carbon dioxide, which is a greenhouse gas, and storing this in the deep ocean or ground.

MOU with FONPLATA Development Bank

Collaboration in South America for Realizing Decarbonized Society

JBIC concluded an MOU with FONPLATA Development Bank (FONPLATA) for enhancing active collaboration for promoting the business of Japanese companies in a wide range of areas, particularly in the realization of a decarbonized society. Under this MOU, JBIC will establish a further enhanced relationship with FONPLATA and its member countries, namely, Argentina, Bolivia, Brazil, Paraguay, and Uruguay, through dialogue, and it is expected to further promote the activities of Japanese companies that aim to expand their business in South America. Moreover, this MOU is also expected to contribute toward the activation of businesses related to decarbonization, such as in areas of renewable energies and hydrogen.



Concluding the MOU with FONPLATA

Loans for Gas Field Development Projects of Australian Companies AWE Perth Pty Ltd and JERA Barossa Pty Ltd

Securing Natural Gas and LNG as Sources of Transition Energy

JBIC concluded a loan agreement to provide the funds required to implement the second-stage development project of the Waitsia gas field in Australia, in which Mitsui & Co., Ltd. holds interests, and another loan agreement for JERA Barossa Pty Ltd, an Australian company invested in by JERA Co., Inc. to acquire a stake in the Barossa/Caldita gas field, also in Australia.

With global initiatives accelerating toward the realization of a decarbonized society and carbon neutrality, natural gas is attracting attention as a source of energy during the energy transition, and the growing global demand for LNG is projected to continue. In addition, impacted by the Russian invasion of Ukraine, the stability of the LNG market has become a pressing issue. By supporting natural gas and LNG projects where Japanese companies participate, JBIC contributes toward securing energy sources and promoting the energy transition.

Loan for Afforestation and Woodchip Manufacturing and Sales Business of Brazilian Company Amapá Florestal e Celulose S.A.

Supporting a Japanese Company for Securing a Long-term Stable Supply of Woodchips

JBIC concluded a loan agreement with Amapá Florestal e Celulose S.A. (AMCEL), a Brazilian subsidiary of Nippon Paper Industries Co., Ltd. The loan is intended to finance the funds necessary for AMCEL to expand its afforestation and woodchip manufacturing and sales business in the State of Amapá in Brazil.

Part of the woodchips produced by this project are planned to be imported to Japan for producing paper and as a biomass fuel, and the project is expected to contribute toward the long-term stable securing of woodchips. Also, Nippon Paper Industries plans to supply the woodchips manufactured by AMCEL to a biomass mono-fuel combustion power plant in Tomakomai-shi in Hokkaido, which will contribute toward preserving the global environment.



Afforestation in the State of Amapá in Brazil

Partial Acquisition of Publicly Offered Samurai Bonds Issued by the Government of Uruguay

Supporting Vitalization of Samurai Bond Market and Strengthening the Cooperation with Government of Uruguay

JBIC partially acquired the yen-denominated foreign bonds (Samurai bonds) issued by the government of Uruguay through public placement in the Japanese market. Previously, in 2007 and 2011, JBIC guaranteed the Samurai bonds issued by the government of Uruguay to assist the issuance. Providing such phased support is beneficial to maintain and increase the presence of bonds issued by the government of Uruguay in the Tokyo bond market, and furthermore, it contributes to broadening of investment opportunities for Japanese investors, thereby stimulating the Samurai bond market.

The funds raised by the Samurai bonds issued have been appropriated for, inter alia, importing vaccines under the COVID-19 Solidarity Fund, thereby contributing to solving social issues of Uruguay.

Strengthening the Resilience of Value Chains

Loan for Zirconium Oxychloride Manufacturing and Sales Business of Vietnam Rare Elements Chemical Joint Stock Company

Supporting Overseas Business Expansion of Mid-tier Enterprises and SMEs and Securing a Stable Mineral Resource Supply

JBIC concluded a loan agreement with Daiichi Kigenso Kagaku Kogyo Co., Ltd. (DKK). The loan is intended to finance, through DKK, part of the funds necessary for Vietnam Rare Elements Chemical Joint Stock Company, a Vietnamese company, to conduct manufacturing and sales business of chemical products, including zirconium oxychloride.

The zirconium oxychloride manufactured by this project will be imported to Japan. It will be a raw material for zirconium compounds that will be used for various industrial goods, such as emissions purification catalysts

for automobile and industrial use, electronics parts such as oxygen sensors, refractory materials, and automotive brake pads. This transaction contributes toward the DKK's overseas business expansion and the stable supply of zirconium, a strategic mineral resource.



After construction of VREC 2 in Vietnam

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Energy and Natural Resources Finance Group

Loan for Quellaveco Copper Mine Additional Development Project in Peru

Supporting Stable Supply of Base Metals for Japan

JBIC concluded a loan agreement with Mitsubishi Corporation (Mitsubishi). This loan is intended to provide part of the funds that Mitsubishi will provide for introducing a coarse particle flotation process, which enables copper recovery from coarse copper ores, to the Quellaveco Copper Mine Development Project, invested in by Mitsubishi.

Mitsubishi owns 40% interest in the Quellaveco Copper Mine and will offtake the equivalent proportion of the mine's products, such as copper concentrates, which Mitsubishi plans to supply to buyers including Japanese smelters. The loan supports the development of the copper mine in which the Japanese company holds interests. It also contributes toward securing a stable supply of copper, the demand for which is expected to continue to rise in the global trend toward decarbonization,



Quellaveco Copper Mine in Peru

■ Future Business Strategy

The circumstances and market conditions concerning energy are at a major turning point as we face challenges such as smooth energy transitions to address climate change, reductions of CO₂ emissions, and the security of energy. Furthermore, there is a growing need to deal with uncertainties, including increased geopolitical risk. JBIC will promote efforts toward these global agendas by proactively supporting Japanese companies activities to acquire interests in and develop resources overseas and to develop next-generation energy, as well as by enhancing the resilience of supply chains of such commodities as energy resources and mineral resources, while addressing climate change.

(1) Addressing Global Issues

As a response to the energy transformation for the realization of a decarbonized society, JBIC will focus on green innovation initiatives, such as the construction of a hydrogen value chain spanning manufacturing, transportation, and supply to utilization, and green mobility (green finance).

Moreover, JBIC will support initiatives for co-combustion of ammonia and hydrogen, CCS/CCUS, and the natural gas business (natural gas conversion, expansion of use, etc.) in emerging countries centered around Asia, and will also continuously support projects for reducing CO₂ emission in the steel and smelting industries, in order to contribute toward the expansion of businesses that help reduce the environmental impact while actively participating in the sustainable energy transition by host countries (transition finance).

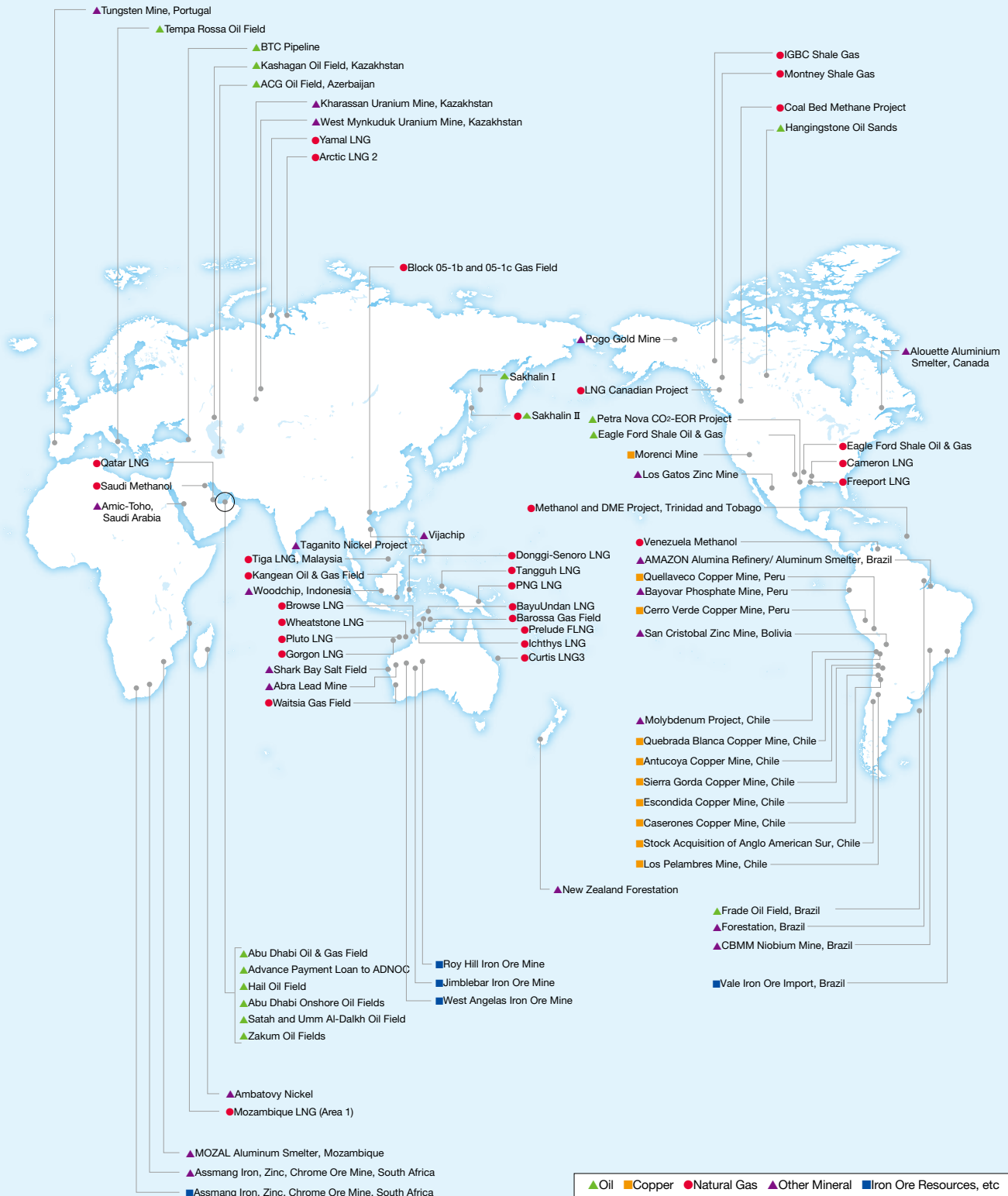
Also, JBIC will actively support projects that contribute toward solving such social issues as access to basic infrastructure, including medical services and food supplies, in such emerging countries as African and South American nations for sustainable growth of host countries (social impact finance).

(2) Responses for Building an International Supply Chain for Critical Minerals

JBIC will strengthen its initiatives for building an international supply chain by securing the important minerals known as critical minerals, including rare metals, such as nickel and lithium, as well as copper, which is essential for realizing a decarbonized society

As a significant growth of demand is anticipated for such metals as copper and lithium, highly innovative initiatives, including advanced recycling, will be needed in securing important minerals in order to realize carbon neutrality in 2050. Securing important minerals, however, involves challenges. For example, for a lot of minerals, the mining, refining, and smelting technologies are yet to be established and reserves are unevenly distributed, making certain countries and regions the center of production and processing. In its Green Growth Strategy, the government of Japan stated that it would muster all possible and necessary policies. From a medium- to long-term perspective, JBIC will actively support efforts toward decarbonization in this field to play a part in these efforts.

JBIC's Major Projects of Energy and Natural Resources (Cumulative commitment amount for energy and natural resources projects over the last 10 years: Approximately JPY 6.6 trillion)



* Including projects that were approved for funding by JBIC more than 10 years ago.

As of July 31, 2022

2. Infrastructure and Environment Finance Group

Message from the Global Head of the Group



COVID-19 has not only affected people's everyday lives but has also spurred a dramatic transformation in the business environment. At the same time, amid efforts aimed at recovering from the pandemic, discussions on global decarbonization have advanced significantly, as typified by green recovery. As these major changes unfold, in 2021, JBIC also formulated a Medium-term Business Plan (FY2021–FY2023). In addition, JBIC formulated and announced its ESG policy, based on the recent trends such as the rapidly enhanced initiatives of the international economy and society to address climate change, in advance of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26). The Infrastructure and Environment Finance Group will focus especially on supporting projects that contribute toward solving global issues such as realizing a globally decarbonized society and enhancing the resilience of Japanese companies' supply chains. Regarding realizing a decarbonized society, we believe an approach focused on engagement that encourages initiatives led by individual host countries based on the circumstances of each country is crucial. JBIC will leverage the strong relationships and dialogue channels it has cultivated in each country to support energy transitions and projects that aim to realize a decarbonized society. Also, for infrastructure

projects with high project costs or risks, JBIC, as a policy-based financial institution, will support the business of Japanese companies through multilateral collaboration and cooperation with international organizations.

UCHIDA Makoto

Managing Executive Officer
Global Head of Infrastructure and Environment Finance Group

Business Environment and Key Challenges

Based on the Fourth Medium-term Business Plan (FY2021–FY2023), the Infrastructure and Environment Finance Group considers the following fields to be its key challenges. The Group will focus on projects that contribute toward addressing global issues such as realizing a decarbonized society and projects such as those for rebuilding and strengthening the resilience of supply chains that will support Japanese companies in

the era of rapid industrial and social transformation.

(1) Address Global Issues

Without even having to examine specific cases, the major trend toward decarbonization is advancing, as Japan's policy goal of attaining carbon neutrality was announced during a general policy speech in October 2020 by Prime Minister (at that time) SUGA Yoshihide. At the world level as well, there are ongoing noteworthy movements such as the commitment to achieve net zero by 2050 made by the G7 countries at the G7 Cornwall Summit in June 2021 and the 1.5°C target set at COP26 in October 2021, which is more challenging than the Paris Agreement goal.

There are a diverse assortment of measures and approaches for realizing this goal of decarbonization. The government of Japan has adopted a policy of deep engagement with the energy policies of developing countries, especially in Asia, to realize energy transitions together with these nations. This is based on the belief that adopting realistic measures suited to actual environments and circumstances in each individual country is instead the best means of efforts for realizing a decarbonized society. As Japan's policy-based financial institution, JBIC will utilize the strong relationships it has cultivated



Conceptual diagram of the Warsan waste-to-energy project in the Emirate of Dubai

with countries worldwide and support the realization of projects that contribute toward solving social issues such as decarbonization and energy transitions through engagement promoted by the government of Japan as well as waste-to-energy projects and projects for distributed power supply.

(2) Support the Strengthening of the International Competitiveness of Japanese Companies in the Era of Industrial and Social Transformation

Worldwide economic and mobility constraints caused by COVID-19 also exerted a tremendous impact on business, one of the most notable being disruptions to supply chains. As pointed out in the Infrastructure System Overseas Promotion Strategy 2025 (June 2022 Supplemented Edition), the social transformation such as digitalization and decarbonization is expected to accelerate globally with responses to the pandemic. Accordingly, it will be more necessary than before to flexibly addressing novel needs for infrastructure, while continuing both the infection prevention measures and the initiatives for economic development and environmental preservation. We believe that supporting Japanese companies with proprietary technologies such as cutting-edge technologies beneficial for the environment or digitalization in expanding overseas and supporting the enhancement of Japanese companies' supply chain resilience during this trend will have important implications for maintaining and improving the international competitiveness of Japanese companies in the new post-pandemic world.

Starting with a loan to support the enhancement of the resilience of supply chains of Japanese companies in India in FY2020 (a loan to the State Bank of India), JBIC moved to further support projects that contribute toward enhancing the resilience of supply chains of Japanese companies by establishing the Global Value Chain Resilience Window within the Global Investment Enhancement Facility commenced in July 2022. JBIC will utilize this window to actively support the strengthening of overseas supply chains of Japanese companies.

(3) Propel Strategic Initiatives to Promote Quality Infrastructure Projects Overseas

The Free and Open Indo-Pacific (FOIP) advocated by the government of Japan in 2016 is rooted in the concept of ensuring peace and prosperity for the entire region, and by extension for the whole world, by realizing a free and open rules-based international order. For example, the development of "quality infrastructure" that can contribute toward improving connectivity among regions is also important from the perspective of FOIP.

These types of quality infrastructures inevitably involve a multitude of stakeholders and there is a tendency for both scale and risks to increase, which often makes it difficult for Japan and JBIC to execute these projects alone.

Deeply aware of this problem, JBIC has traditionally emphasized collaboration with multilateral and international financial institutions. Specifically, JBIC has continued its efforts to fortify collaboration with policy-based financial institutions in Japan, the U.S., and Australia and with public financial institutions, such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

With in-depth understanding of the efforts of Japanese companies, JBIC will make proactive efforts as a policy-based financial institution to support the overseas expansion of quality infrastructure, including infrastructure in the health and medical fields, which were once again recognized as being crucial sectors during the COVID-19 pandemic, and the securing of alternative supply chains.



Signing ceremony of the first loan to the State Bank of India



Signing ceremony of an MOU with the EIB

JBIC's Activities

Business opportunities are growing in the field of carbon neutrality such as promoting investment in decarbonized and low-carbon industries (green recovery) as the economy recovers from the COVID-19 pandemic, and it is important to contribute to global decarbonization and sustainable economic growth by utilizing Japan's exceptional technologies. JBIC provides support for projects that contribute to low-carbonization and

environmental preservation in each country toward the realization of a global decarbonized society. JBIC is also supporting the frontier markets of developing countries that have been significantly affected by the pandemic and projects that contribute to rebuilding and strengthening the resilience of Japan's supply chains. The main achievements of the Group in FY2021 are as follows.

Initiatives for Low-carbonization and Global Environmental Preservation

Loan to Sojitz Corporation for Solar PV Project

Supporting Renewable Energy Business toward Realization of a Decarbonized Society

JBIC concluded a loan agreement with Sojitz Corporation, which operates a solar power generation business in the State of Queensland, Australia. As one of the world's largest resource-rich countries, Australia has long relied on coal-fired power generation, and in recent years, has been promoting the shift to renewable energies in consideration of the impact on the environment.

In the project, Edenvale Solar Park Pty Ltd., which is an Australian company jointly invested in by Sojitz and ENEOS Group, will construct, own, and operate a 204MW solar photovoltaic plant in the State of Queensland, Australia and sell the electricity generated by the project to multiple buyers including a local electricity retailer and the electricity wholesale market. The loan will support Sojitz's overseas business expansion, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.



Conceptual drawing of the solar photovoltaic plant

Loans to Saudi Arabia and Türkiye under GREEN Operations

Contributing to Global Environmental Preservation from a Financial Perspective by Utilizing Financial Tools Under GREEN Operations

Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) refers to loans, guarantees and investments in projects that are expected to contribute to both the environment and economy on a global scale through global environmental preservation operations. As part of GREEN operations, JBIC concluded a loan agreement with the Saudi Electricity Company (SEC) to provide the funds necessary for renewable energy projects in Saudi Arabia. JBIC will promote energy transition and environmental and social sustainability in Saudi Arabia by developing solutions to SEC's challenges in the power sector through investments by Japanese companies and/or introduction of Japanese products and technologies.

JBIC also established a credit line with Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB), the Industrial Development Bank of Türkiye, to support renewable energy projects and energy efficiency projects in Türkiye. As Japan's policy-based financial institution, JBIC is close to the energy and environmental policies of each country. Utilizing the financing tools of GREEN operations, JBIC is financially contributing toward global environmental preservation.



Signing ceremony of the GREEN to the Industrial Development Bank of Türkiye

■ Initiatives for Frontier Markets

Loan for Industrial Park Construction and Operation and Rooftop Solar Power Generation Projects by Vietnamese Subsidiary of Sumitomo Corporation

Supporting Overseas Business Expansion of Japanese Company for Realizing Decarbonized Society

JBIC provided an overseas investment loan to Thang Long Industrial Park II Corporation (TLIP2), a Vietnamese subsidiary of Sumitomo Corporation. The loan is intended to finance the funds necessary to support the expansion project and the rooftop power generation power system with a total installed capacity of 20MW peak of Thang Long Industrial Park II in the Hung Yen province in the north of Vietnam, and to sell the generated electricity to its tenant companies.

Given the increasing focus on ESG on the back of climate change issues, the demand for green electricity has been growing globally in recent years in many sectors, particularly the manufacturing industry, which consumes large quantities of electricity. JBIC intends to contribute to the efforts of Japanese companies and the government of Vietnam to achieve a carbon-neutral society through these projects.



Rooftop solar power generation project of Thang Long Industrial Park II

■ Initiatives for Building and Restructuring Japanese Companies' Supply Chains

Loan for Dry Warehouse Business of Kawasaki Kisen Kaisha, Ltd. in Thailand

Supporting Overseas Business Expansion of Japanese Company

JBIC provided financing for the cold storage business and dry storage business of K Line Container Service (Thailand) Ltd. (KCST), a Thai subsidiary of Kawasaki Kisen Kaisha, Ltd. (Kawasaki Kisen), in the province of Samut Prakan. In its Management Plan in Fiscal Year 2021, Kawasaki Kisen aims to develop a global business, especially in Asia. The company established KCST in 1988, having positioned Thailand as one of the key logistics locations in Southeast Asia. Since then, Kawasaki Kisen has been conducting the storage and logistics business based on its strong relationship with Japanese companies that expanded their businesses to Thailand. In addition to capturing demand in the rapidly growing e-commerce sector in Thailand and diversifying products handled, supporting the cold storage business, which helps to prolong the quality of perishable food and frozen food or prevent their quality deterioration, will also contribute toward reducing Thailand's food waste.



Dry storage business and cold storage business

■ Collaboration with Other Countries and Institutions

JBIC is working to reduce risks for seeking investments and realizing and accelerating infrastructure projects by building relationships with governments of other countries and collaborating with other institutions. In addition, with various discussions more frequently taking place worldwide toward decarbonization and carbon neutrality, JBIC will utilize the relationships it has built to the present with each country and get close to the actual circumstances and policies of each country and value its efforts for engagement to pursue a correct path while engaging in dialogue.

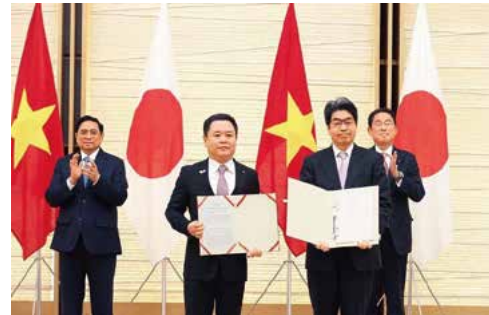
Regarding cooperation with other countries, JBIC held a regular dialogue with Perusahaan Listrik Negara (PLN) in Indonesia. For Vietnam, JBIC had a meeting with the Central Economic Committee (CEC) of the Communist Party of Vietnam, together with the U.S. International Development Finance Corporation, the Department of Foreign Affairs and Trade of Australia, and Export Finance Australia, to exchange views on financial cooperation for addressing the growing demand for power in Vietnam, with a focus on energy transition. In addition, JBIC signed an MOU with the Commission for

the Management of State Capital at Enterprises (CMSC) of Vietnam, which exercises the rights and responsibilities of the State owner's representative for state-owned enterprises including Vietnam Electricity and Vietnam Oil and Gas Group. This MOU is intended to further enhance the relationship with CMSC and relevant ministries and authorities through regular meetings in order to promote the energy transition of Vietnam's base load power sources.

Regarding cooperation with other institutions, we are continuing to work on cooperation among the three countries of Japan, the U.S., and Australia, which are strengthening relations toward the realization of a "Free and Open Indo-Pacific" promoted by the government of Japan. Also, in October 2021, we signed a new MOU with the European Investment Bank. This MOU aims to further enhance the cooperation the two institutions have fostered to promote projects in such areas as carbon neutrality, infrastructure, innovation, and the sustainable development goals where Japanese and European companies are expected to participate together.

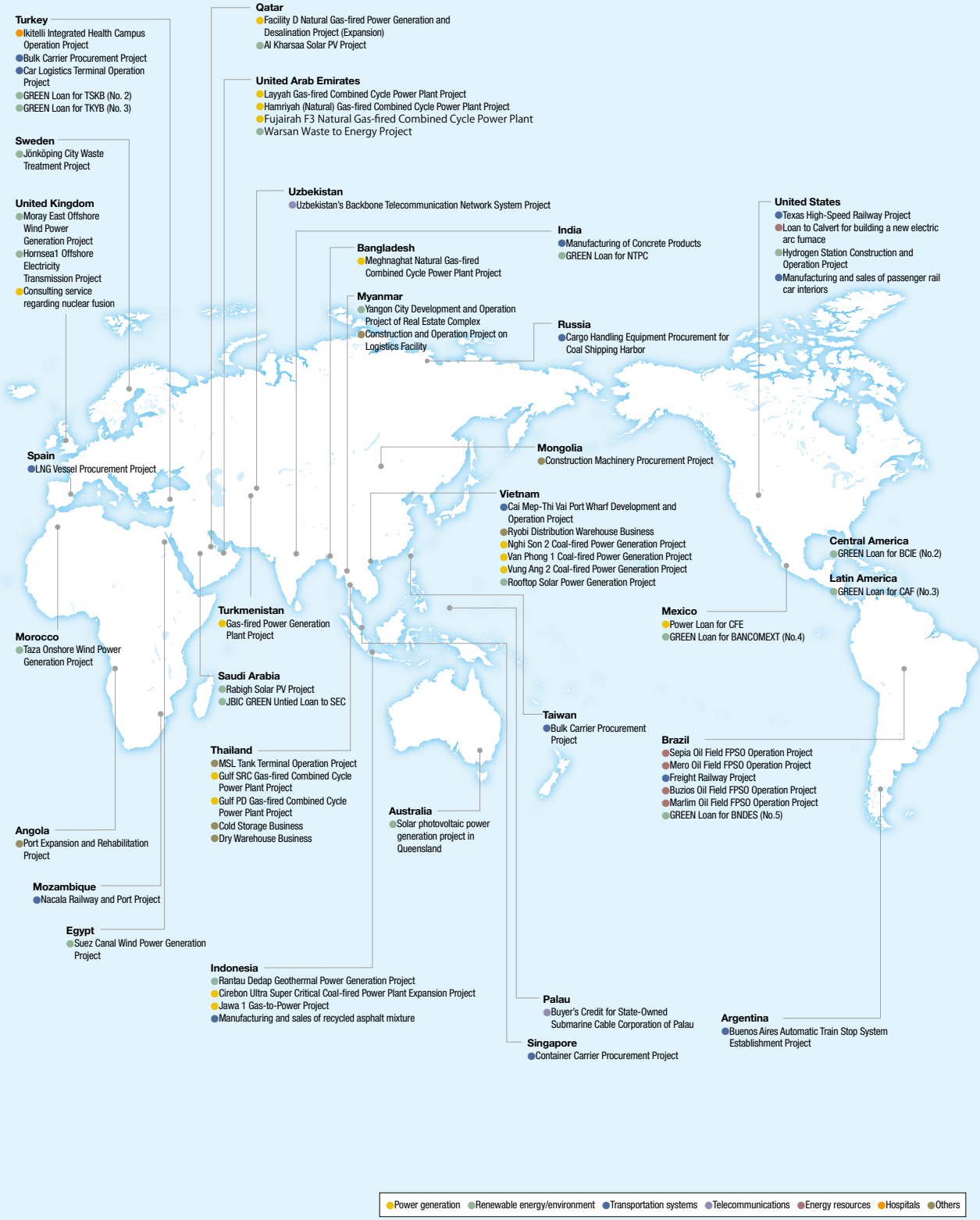


Meeting with CEC of the Communist Party of Vietnam



Signing ceremony of the MOU with the CMSC of Vietnam

Recent Major Overseas Infrastructure Projects (Loans, equity participations, and guarantees in the last five years)



Note: "Renewable energy/environment" includes solar power, wind power, geothermal power, hydraulic power, power generation from waste, energy conservation, and other projects related to global environmental conservation.

As of the end of March 2022

3. Industry Finance Group

Message from the Global Head of the Group



The Industry Finance Group is composed of four departments and branches, namely the Corporate Finance Department, Finance Office for SMEs, Marine and Aviation Finance Department, and Osaka Branch. The Industry Finance Group makes efforts to maintain and improve the international competitiveness of Japanese industry by capitalizing on its various financial instruments for responding to the strategies and needs of Japanese companies in expanding overseas.

The global economy started to recover from the serious stagnation caused by the spread of COVID-19, and the international business of Japanese companies began to be active again. However, the uncertainty of the global economy caused by, inter alia, semiconductor shortages, raw material price surges, and the long-term interest rates raised in Europe and the United States have continued to affect Japanese companies' overseas business, together with the global instability that is ongoing partly attributable to the Russian invasion of Ukraine. In view of these circumstances and discerning changes of the global environment and the needs of Japanese industry, the Industry Finance Group will support the strengthening of resilience and rebuilding of global supply chains of Japanese companies and overseas M&As of Japanese companies toward digital transformation, during the

second fiscal year of the Fourth Medium-term Business Plan (FY2021–FY2023), while continuing to work to maintain and improve the international competitiveness of Japanese industry by multiple means including active risk taking.

ASO Kenichi

Managing Executive Officer
Global Head of Industry Finance Group

Business Environment and Key Challenges

Highly Uncertain Business Environment with Tight Logistics and Material Procurement Difficulty Due to the COVID-19 Pandemic

Although the situation with the spread of COVID-19 since 2020 is pulling out of the worst part, economic activities are still affected in numerous countries and regions, including Japan. While the large-scale restrictions on business operations induced by the activity constraints imposed immediately after the emergence of this infectious disease, are gradually relaxed, Japanese companies are in a highly uncertain business environment with a stagnant supply of parts and raw materials due to regional lockdown, continued shortages of semiconductors, which are an important material, and the geo-economics risk heightened by the situation in Ukraine.

The “FY2021 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies” JBIC released in January 2022 revealed that Japanese manufacturers found “disruption and pressure on logistics” the most threatening external factor for their supply chain and “diseases” less threatening. This suggests that logistics stability is of the greatest importance for manufacturers that operate with large, complex networks of supplies. The survey results also show that a wide

range of industries, mostly on the demand side, are having a negative impact by semiconductor shortages in particular, in addition to other hardships such as difficulty in material procurement and a cost increase.

Rebuilding and Enhancing the Resilience of Supply Chains and Creating New Business Opportunities Overseas

Nowadays, sustainable business management and initiatives for decarbonization are being promoted in many countries and regions, including Japan, and there are such concerns as a rising manufacturing cost, but at the same time, new business opportunities are expected as there are consumer needs pertaining to the new normal. It is challenging to both address social issues such as realizing of a decarbonized society and contributing toward achieving the SDGs and make a profit simultaneously in the business management of Japanese companies, as well.

Under these conditions, Japanese companies are striving to enhance and rebuild the resilience of supply chains, and create overseas business opportunities. In addition to making capital investment overseas, centralizing or dispersing production bases, and

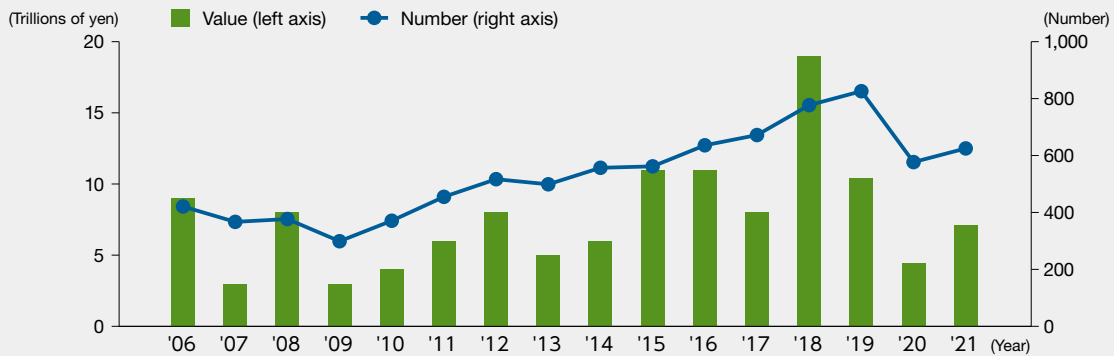
adjusting the production process between production bases, Japanese companies resumed M&A activities. Although the number of overseas M&A deals by Japanese companies dropped from 826 in 2019 to 557 in 2020 by reason of COVID-19, the number recovered to 625 in 2021 as the travel restrictions were relaxed and companies increasingly adopted online research in their study on

potential businesses to acquire or merge with (Figure 1).

Japanese companies are expected to continue to expand overseas through the innovation of production processes and energy transition from fossil fuel to hydrogen, ammonia, etc. to achieve carbon neutrality by 2050, technological development for the innovation or transition, investment in digital transformation, and M&As.

Figure 1. Changes in the Value and Number of Overseas M&A by Japanese Companies

Source: RECOF Corporation

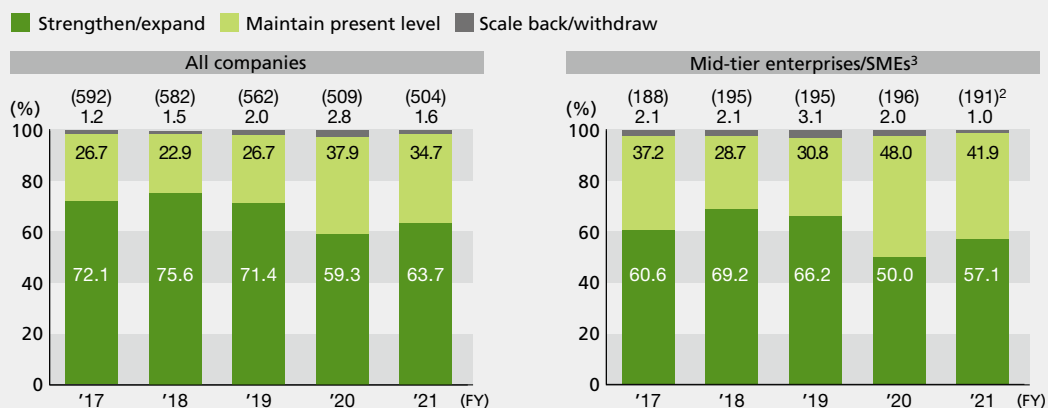


Overseas Business Deployment of Mid-tier Enterprises and SMEs

Despite being in the abovementioned business environment, Japanese mid-tier enterprises and SMEs are seeking business opportunities outside Japan by moving to directly cultivate demand in overseas markets and expand business opportunities, in addition to responding to the needs of major Japanese manufacturers for local procurement of parts and equipment. Some of them are in fact already operating outside Japan with a business model that addresses such social issues as healthcare and recycling. Diversification has been seen in the fields of business invested in by Japanese mid-tier enterprises and SMEs, their investment destinations, and funding needs.

JBIC annually surveys Japanese manufacturers regarding their medium-term prospects for overseas operations and reports its findings in the Survey Report on Overseas Business Operations by Japanese Manufacturing Companies. In the FY2021 survey, 99.0% of mid-tier enterprises and SMEs that responded to the survey stated that they will “maintain present level” or “strengthen/expand” their overseas business operations. This indicates that their willingness to conduct overseas operations remains high (Figure 2). As the constraints imposed due to the COVID-19 pandemic are gradually relaxed, Japanese mid-tier enterprises’ and SMEs’ activities pertaining to overseas business operations are expected to recover and grow.

Figure 2. Medium-term Prospects (Next Three Years, or So) for Overseas Operations¹



Notes 1. “Overseas Operations” is defined as production, sales, and R&D activities at overseas bases, as well as the outsourcing of manufacturing and procurement overseas.

2. The numbers in the parentheses above the bar graphs indicate the numbers of responses.

3. Mid-tier enterprises/SMEs are companies whose paid-in capital is less than ¥1 billion.

Source: Results of the JBIC FY2020 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC's Activities

Supporting through the Emergency Window for Overcoming the COVID-19 Crisis and Supporting Japanese Companies' Overseas Business Expansion in Various Industries

In the Fourth Medium-term Business Plan, JBIC designated execution of policy-based finance functions that are adapted to changes in the economic situation as one of the priority areas to focus on. In FY2021, JBIC made 156 financial commitments to projects that involve Japanese companies affected by the COVID-19 pandemic under the Emergency Window for Overcoming the COVID-19 Crisis, which was established in April 2020 and offered to projects where the financing documents are to be signed by the end of December 2021.

JBIC's another priority is supporting the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation. JBIC established the Post-COVID-19 Growth Facility in January 2021 and helped to enhance and rebuild international supply chains of Japanese companies, and also supported overseas M&As of Japanese companies.

For instance, JBIC financed an off-highway tire manufacturing and sales business in India, automotive parts manufacturing and sales businesses in the United States, the acquisition of a British analog semiconductor company, and the acquisition of a U.S. convenience store business, all of which are conducted by Japanese companies.

JBIC also provided support for projects that assist resolving social issues to realize sustainable growth for the purpose of addressing global issues toward realizing sustainable development for the global economy and society as one of the priority areas of the Fourth Medium-term Business Plan. Examples include financing for

the synthetic structural protein material manufacturing business of a Japanese startup in the U.S., business of manufacturing and selling medical devices such as dialyzers in Vietnam, business of manufacturing and selling medical devices such as infusion kits in the Philippines, and business of manufacturing and selling medical devices such as surgical devices in the U.S., all of which are performed by Japanese companies. Furthermore, JBIC provided support for financing the businesses conducted by Japanese companies that would lead to the enhancement of the food value chain resilience, such as a refrigerated trailer leasing business in the U.S., business of manufacturing and selling processed foods in Thailand and business of manufacturing and selling frozen foods in Vietnam.

JBIC's efforts to contribute toward maintaining and improving the international competitiveness of Japanese companies continued in the maritime and aviation industries as well. These industries are greatly affected by the COVID-19 pandemic. While the demand for containerships is on the increase for the stay-at-home demand under the pandemic, some companies are impacted by a slump in the tourist demand and lockdowns. JBIC guaranteed repayments of loans owed by a Japanese airline to private financial institutions for purchase of aircraft and swiftly financed overseas business operations of Japanese companies in the aircraft-related leasing industry and marine resource development industry. Also, JBIC financed a Japanese company's acquisition of a leading marine container leasing company of the U.S. to support the company in expanding its business and increasing profit-earning opportunities.

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Industry Finance Group



Off-highway tire plant in India



7-Eleven convenience stores in the U.S.



Refrigerated trailers of PLM Fleet, LLC

Supporting Overseas Business Deployment of Mid-tier Enterprises and SMEs

JBIC has enhanced its capability to assist Japanese mid-tier enterprises and SMEs in expanding abroad through its business units dedicated to this purpose at its Head Office and Osaka Branch. In FY2021, in close collaboration with such organizations as regional financial institutions, JBIC made a total of 116 financial commitments to mid-tier enterprises and SMEs in loans and guarantees, including 102 commitments for businesses that involve Japanese companies affected by the COVID-19 pandemic.

The diversified recipients of this support include startups as well as enterprises that resolve social issues and cultivate local markets, regardless of whether these are not necessarily in traditional-type industries. JBIC supported mid-tier enterprises and SMEs in expanding business overseas by providing loans in local currencies, such as Thai baht, and supporting the procurement of long-term local currency funds of the regional financial institutions themselves by setting credit lines (two-step loans) for regional financial institutions.

Compared with larger companies, mid-tier enterprises and SMEs might face greater constraints on various fronts, such as the collection of information about overseas investment. Due to this, JBIC provides further detailed support to mid-tier enterprises and SMEs by offering various information such as on the overseas investment environment and holding seminars utilizing its overseas representative offices and individual consultation meetings, while strengthening partnerships with public institutions, economic organizations, agencies that support SMEs and overseas business deployment as well as regional financial institutions that serve as a major financing source for those companies.

Responding to the Diverse Needs of and Crises Faced by Japanese Companies

The international economic conditions surrounding Japan, such as political conditions in each country and economic trends in emerging countries, are constantly changing. In 2021, many companies continued to address the impact of the COVID-19 pandemic and strived to enhance the supply chain resilience or rebuild supply chains. Although the global economy started to recover in 2022 from the pandemic-induced, serious stagnation, it is still full of uncertainties attributable to the ongoing semiconductor shortages, surging raw material prices, and the rise of long-term interest rates. The Russian invasion of Ukraine is also prolonging these unstable global situations. JBIC, while accurately responding to these changes, to trends in the global economy, and to the funding needs of Japanese companies, continues to provide support to maintain and improve the international competitiveness of Japanese industry, utilizing its Global Investment Enhancement Facility, which, established in July 2022, is offered to projects where the financing agreement are to be signed by the end of June 2025.

The Industry Finance Group will continue to provide support in accordance with the issues faced by numerous Japanese companies large and small, including mid-tier enterprises and SMEs. We will accurately grasp the post-pandemic issues and needs of Japanese companies and will strive by multiple means including capitalizing on various financial instruments and enhancing our risk-taking capability to contribute toward exploring and creating new business opportunities for Japanese companies that can lead to Japan's sustainable growth. This includes addressing global issues and providing support for enhancing supply chain resilience and acquiring technology through M&As for the digital transformation of Japanese companies, as prescribed in the Fourth Medium-term Business Plan. By doing so, we will continue to play a role in connecting Japan to the world.

■ Notable Examples of JBIC's Financial Support

Loan for Acquisition of British Company Dialog Semiconductor Plc by Renesas Electronics Corporation

Supporting Overseas M&A of Japanese Company

JBIC concluded a loan agreement with Renesas Electronics Corporation (Renesas) to finance part of the funds necessary for Renesas to acquire British company Dialog Semiconductor Plc (Dialog). Dialog is an analog semiconductor company with expertise in connectivity technologies including Wi-Fi and Bluetooth. By acquiring Dialog, Renesas aims to broaden its product portfolio and provide stronger and more comprehensive solutions for the fast-growing IoT, industrial, and automotive markets. This loan supports the overseas business deployment of Renesas, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.

Loan for the Factory Construction and Leasing Business of Sumitomo Electric Industries' Philippine Subsidiary for Automotive Parts Manufacturing and Sales

Supporting Overseas Business Expansion of Japanese Company's

JBIC concluded a loan agreement with IWS Realty Corporation (IWSR), a Philippine subsidiary of Sumitomo Electric Industries, Ltd. (Sumitomo Electric) to finance, through IWSR, the funds necessary to construct and lease factories for Sumitomo Electric's subsidiaries in the Philippines to manufacture and sell automotive parts such as wire harnesses.

Sumitomo Electric globally manufactures and sells a wide range of products including wire harnesses, and IWSR supports the supply chain of Sumitomo Electric's products including wire harnesses in the Philippines through its factory construction and leasing business.

Wire harnesses are laid throughout an automobile to transmit power and information. They require advanced technologies to reliably send numerous pieces of information despite intense vibration and heat. With its advanced technologies for wire harnesses, Sumitomo Electric has the top share and established such a prominent presence in the market that one out of four automobiles in the world uses Sumitomo Electric's wire harnesses¹. The advanced technologies for wire harnesses are essential for realizing electric vehicles and autonomous driving, which are expected to be in widespread use. Through this financing, the supply chains in the Philippines are expected to be more resilient, including the supply chain of Sumitomo Electric's wire harnesses.

The loan provides financial support for the overseas business expansion of Sumitomo Electric, thereby serving to maintain and improve the international competitiveness of Japanese industry.



Wire harnesses (Photo courtesy: Sumitomo Electric Industries, Ltd.)

1. Based on market share estimates from Sumitomo Electric's survey.

Loan for the Acquisition of U.S. Company by Glory Ltd.

Supporting Overseas M&A of Japanese Company

JBIC concluded a loan agreement with Glory Ltd. (Glory) to finance part of the funds necessary for Glory Global Solutions Inc., Glory's U.S. subsidiary, to acquire U.S. company Revolution Retail Systems, LLC (RRS).

Founded in 1918, Glory is the developer of Japan's first coin counting machine. It develops, manufactures, sells, and provides maintenance services for cash handling machines and automatic service equipment. Its business fields include electronic payment services, biometric solutions, and robot SI. Glory holds the lion's share in the Japanese market and operates in more than 100 countries with its sales and maintenance bases in 36 countries, mostly in Europe. By acquiring RRS, which manufactures, sells, and provides maintenance services for cash handling machines in North America, Glory intends to exert the synergistic effects of, inter alia, cross-selling to both companies' customer bases, the enhanced sales activities with a wider range of solutions and products, the improvement of business efficiency, primarily in the maintenance services. By doing so, Glory plans to expand its business in the logistics and retail markets in North America.



Banknote- and coin-depositing/
dispensing unit of RRS (photo provided
by GLORY LTD.)

Loan for Medical Device Manufacturing and Sales Business of JMS Healthcare Phl, Inc., a Philippine Subsidiary of JMS Co., Ltd.

Supporting Overseas Business Expansion of Japanese Company

JBIC concluded a loan agreement to finance the funds necessary for JMS Healthcare Phl, Inc. (JMSHP), a Philippine subsidiary of JMS Co., Ltd. (JMS), to conduct the business of manufacturing and selling medical devices. JMS was established as Japan Medical Supply Co., Ltd. in Hatsukaichi City, Hiroshima, in 1965, to manufacture and sell disposable (i.e., pre-sterilized, immediately usable and not to be reused) medical devices made of plastic, which reduces the risk of hospital-acquired infections attributable to blood transfusions. The corporate name was changed in April 1994. With the capability of performing the process almost entirely in-house from material procurement to production, JMS is able to flexibly address the needs of users and has developed products that contribute toward safer and more efficient medical care and better quality of life of patients. JMS's variety of medical devices include infusion kits, syringes, needles for syringes and AVF, hemodialysis machines, cardiopulmonary blood tubing sets, blood bags, and systems for blood component donation.

Expanded across the seas in the 1970, JMS currently has three sales bases and five production bases abroad, including JMSHP, and sells medical devices in nearly 90 countries through these eight JMS group companies. The financing to JMSHP, which manufactures medical devices such as infusion kits that help to prevent infections, is intended to support the supply of these products to Japan, Europe, the U.S., and Southeast Asia through the JMS group companies. The loan is therefore expected to contribute toward raising the level of health and hygiene in the countries.



Loan for Acquisition of Leading Marine Container Leasing Company of the U.S. by Mitsubishi HC Capital Inc.

Supporting Overseas M&A of Japanese Company

JBIC concluded a loan agreement with Mitsubishi HC Capital Inc. to finance part of the funds necessary to acquire CAI International, Inc. (CAI) of the U.S.

Seeing high-value-added "Global Assets" that can find high liquidity as one of its focus areas, Mitsubishi HC Capital intends to enhance and globalize, inter alia, its marine container leasing business. CAI, established in the U.S. in 1989, is one of the world's largest marine container leasing companies in the number of containers held. It operates at 13 locations in 12 countries and has contracts with 180 container depots in 39 countries to flexibly meet the global demand. With CAI being wholly owned by Mitsubishi HC Capital through this acquisition, the Mitsubishi HC Capital group becomes the world's second rank group in the size of fleet on an TEU¹ basis. Mitsubishi HC Capital aims to make more profit-earning opportunities by fulfilling the marine container leasing demand, which is expected to grow largely.

This loan provides the necessary long-term foreign currency funds for the M&A by Mitsubishi HC Capital, thereby supporting the overseas business expansion of the Japanese company.



Containers of CAI

1. TEU: twenty-foot equivalent unit

4 Equity Finance Group

Message from the Global Head of the Group



Since the establishment of the Equity Finance Group in October 2016, JBIC has been working to strengthen its equity financing operations. It is becoming increasingly significant to supply funding through strengthening risk-taking capability in order to benefit from overseas growth markets. In light of this, JBIC has enhanced its capability in the area of equity financing, such as by establishing JBIC IG Partners (JBIC IG) to provide advisory services regarding overseas investment funds. JBIC has also financed overseas M&A transactions by Japanese companies in the form of equity participation.

Under its Fourth Medium-term Business Plan (FY2021–FY2023), JBIC sets the goals toward innovation for realizing the SDGs and a decarbonized society as well as irreversible advancements in energy transformation and digital transformation, through supporting green/social finance, M&A and the acquisition of technologies. In making these efforts, the supply of funding through our equity financing capacity is essential.

FY2022 is the second year of the Medium-term Business Plan and we will continue to actively support the overseas expansion of Japanese companies through our equity financing operations, in view of changes of the circumstances concerning Japan.

MORITA Kentaro

Managing Executive Officer
Global Head of Equity Finance Group

Business Environment and Key Challenges

Maintaining and Improving the International Competitiveness of Japanese Industry

The Basic Policy on Economic and Fiscal Management and Reform 2022 formulated by the Government of Japan in June 2022 calls for multiple actions including strengthening economic security and energy security, strengthening the growth potential in a post-pandemic world by promoting the overseas business expansion of Japanese companies, and promoting initiatives such as digitalization, supply chain resilience, quality infrastructure, environment preservation etc.

M&A activities by Japanese companies aimed at acquiring overseas markets and meeting their demand become more important because of Japan's structural

issues such as a decreasing birthrate and an aging population as well as a shrinking labor force. Amid intense competition for acquiring overseas markets, overseas M&A activity is one of the important strategies adopted by Japanese companies for accelerating growth. Under such conditions, it is important to continue to supply funds in response to the needs of Japanese companies for M&A activities.

JBIC will support Japanese companies in rebuilding supply chains affected by the spread of COVID-19, in developing business for realizing a decarbonized society, and in conducting M&A activities in the form of equity participation as well as fund investment through JBIC IG.

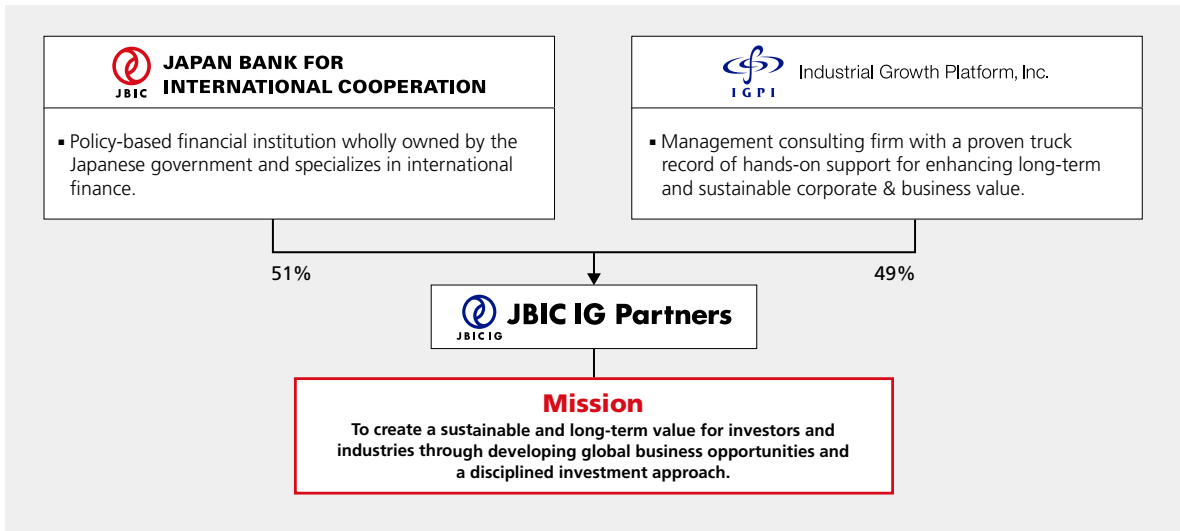
Overview of JBIC IG Partners (JBIC IG)

JBIC IG is an investment advisory firm established in June 2017, by JBIC and Industrial Growth Platform, Inc. (IGPI). JBIC IG applies the respective strengths of JBIC and IGPI as follows: JBIC has knowledge and experience of financing international projects as Japan’s policy-based financial institution; IGPI has the knowledge of

investment business and broad experience in providing companies with hands-on support for long-term, sustainable growth in corporate and business value. JBIC IG aims to create long-term, sustainable value for Japanese investors and industries through the development of global business opportunities and a disciplined investment approach.

About JBIC IG Partners

JBIC IG Partners is an investment advisory firm established by JBIC and IGPI.



Business Model of JBIC IG

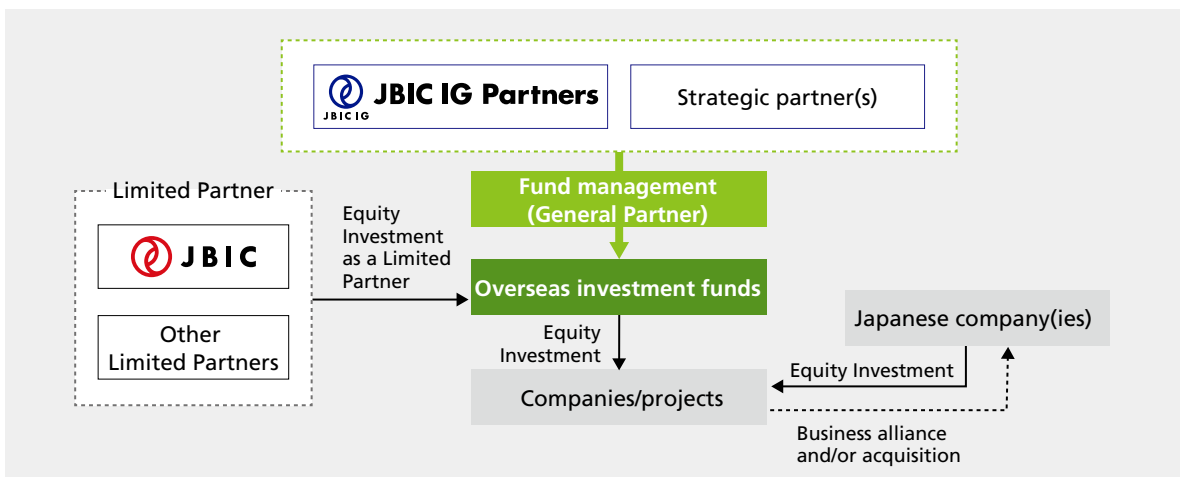
JBIC IG composes overseas funds by partnering with foreign sovereign wealth funds and international investors, through investment advisory services to overseas funds.

One of the noteworthy achievements is that in January 2019, JBIC IG established a venture capital fund with AS BaltCap, the largest fund manager in

the Baltic region. By the end of March 2022, JBIC IG executed a total of 18 investments. Additionally, JBIC IG is undertaking activities to bring together and promote business collaboration between investee companies in funds and Japanese companies. JBIC IG will continue to provide added value to Japanese industry through the creation of new investment funds.

Overview of JBIC IG Partners’ Investment Structure

JBIC makes equity investments in overseas companies through investment in funds that JBIC IG Partners launched in collaboration with overseas partners.



JBIC's Activities

JBIC aims to contribute to resolving global-scale social issues by making equity investments in projects and funds aimed at realizing a decarbonized society. In addition, JBIC supports the improvement of the international

competitiveness of Japanese companies by acquiring advanced and unique overseas technologies such as by utilizing venture capital. The results of main initiatives in the Equity Finance Group in FY 2021 are as follows.

■ Strengthening JBIC's Capability of Equity Financing

Equity Participation in a Fund that Invests in Clean Hydrogen-related Projects throughout the World

Contributing toward Realization of Decarbonized Society through investments in Hydrogen Value Chain

JBIC invested in the Clean H2 Infra Fund S.L.P., which invests in clean hydrogen-related projects around the world, from upstream projects such as green hydrogen production to downstream projects such as captive fleet and refueling stations. The policy of the fund is to invest in hydrogen-related projects that conform to "Climate change mitigation", one of the six environmental objectives of the EU taxonomy. The fund has sustainable investments as its objective in accordance with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR).

Recently, many countries and regions focus on hydrogen as an essential energy source for global decarbonization, and the financing demand for hydrogen-related projects is growing. The Clean H2 Infra Fund is the world's largest clean hydrogen infrastructure investment fund and is committed to by a leading group of industrial and financial investors active in the clean hydrogen sector. The fund intends to unlock strategic and large-scale projects under development to accelerate the scaling up of hydrogen markets. JBIC's equity participation under its unique operations named GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) is expected to contribute toward reducing carbon emission through the efforts of the fund.

Hydrogen, which does not emit CO₂ when used as a fuel, is drawing attention as the energy solution of the future. With "Basic Hydrogen Strategy" formulated in December 2017 and "Green Growth Strategy Through Achieving Carbon Neutrality in 2050" formulated in December 2020 (updated in June 2021), the Government of Japan calls for international cooperation in social implementation of hydrogen. The fund is in line with the hydrogen-related policies of the Government of Japan.



A project image the fund invests in

Joint Equity Participation with Japanese Company in Alloyed Limited in UK

Supporting Overseas Expansion of Japanese Companies by Acquiring Proprietary Overseas Technologies

In November 2021, JBIC made an investment with JX Nippon Mining & Metals Corporation (JXNMM) in Alloyed Limited (Alloyed), an Oxford University spin-off venture established in 2017. Based on more than 20 years of alloys research at Oxford University, Alloyed has proprietary simulation technology for designing alloys and proprietary development technology of software for metal additive manufacturing, and with these technologies, it designs alloys and manufactures alloy products.

JXNMM acquired TANIJOBIS GmbH in Germany in 2018, and it develops and manufactures tantalum and niobium products (high-quality metal powders). The company aims to promote global business expansion of the JXNMM group by supplying these products as materials for the alloys that Alloyed will design and manufacture, and by leveraging the synergy of the business alliance with Alloyed in, among others, collaborative development of new alloys. JBIC's investment in Alloyed is intended to support the overseas expansion of JXNMM, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.

With regard to rare metals, including tantalum and niobium, as the competition to acquire resources is expected to intensify among Europe, China, and emerging countries, the Government of Japan supports the promotion of international cooperation for strengthening the supply chain in its New International Resource Strategy formulated in March 2020. The investment is in line with the policy of the Government of Japan.



Product sample

Initiatives for Acquiring Advanced Technologies Overseas through Equity Participation

Supporting Japanese Companies in Strengthening International Competitiveness through Investments in Venture Capital Fund

In June 2021, JBIC invested in Geodesic Capital Fund II, L.P., which is a venture capital fund to invest in advanced technology companies mainly in the U.S. This is the successor fund of Geodesic Capital Fund I-S, L.P. in which JBIC made equity participation in March 2018.

The fund is also invested in by Sompo Holdings, Inc., Sumitomo Mitsui Banking Corporation, Mitsubishi Corporation, and others. These companies are promoting open innovation to increase the efficiency of existing businesses and to create new added value by combining external resources and the company's internal strength in technology and experience. As part of the effort, they focus on promoting digital transformation (DX).

The fund is not only to invest in advanced technology companies mainly in the U.S., but also to provide Japanese investors with strategic services, such as offering opportunities to form businesses and capital alliances with those companies. The participation of JBIC in the fund contributes toward maintaining and strengthening the international competitiveness of Japanese companies.



A forum hosted by Geodesic

Equity Participation in Fund Investing in Climate Infrastructure in Developing Countries

Promoting the Mobilization of Private Capital in Cooperation with Foreign Government Organizations

JBIC invested in Climate Finance Partnership Fund SCSp, which is formed and managed by U.S.-based asset management firm BlackRock's subsidiaries. The fund is to invest in climate infrastructure in developing countries.

BlackRock has been focusing on investing in climate infrastructure assets in OECD countries, and the fund is the first of its kind that focuses on developing countries. The other equity participants in the fund include foreign government organizations such as the French Development Agency and the KfW Development Bank.

Currently, investments made in developing countries' infrastructures by private institutional investors including those from Japan are limited, due to relatively higher risk features relating to politics, regulations, macroeconomic stability, etc. Under these circumstances, the fund aims to mobilize private capital by appropriately allocating risks and returns between government organizations including JBIC, and private institutional investors, and by utilizing government organizations' knowledge of infrastructures in developing countries. The equity participants from private institutional investors includes the Dai-ichi Life Insurance Company and Mitsubishi UFJ Financial Group.

JBIC participates in the fund under its GREEN operations, and the fund is intended to contribute toward achieving the Sustainable Development Goals (SDGs) set out by the United Nations by creating a measurable and positive impact on the environment and society through investments in climate infrastructure assets. The Government of Japan established the SDGs Promotion Headquarters based on a cabinet decision made in May 2016 and has been making efforts domestically and internationally since then. The fund is in line with the relevant policies of the Government of Japan.



A project image the fund invests in