

2022

Annual Report

日本の力を、世界のために。
Supporting Your Global Challenges

2022 Annual Report

Numerical figures in this report

1. Numerical figures, other than percentages, in this report are truncated to the nearest whole number. (Figures prior to FY2008 were rounded off.) Percentage figures are rounded off. Thus numerical and percentage figures may not add up to the totals given. Amounts denominated in foreign currencies are treated as follows. Commitments are converted into yen at the Basic Rate of Exchange (revised semi-annually by the Minister of Finance, based on the prevailing market rates during the preceding six months) at the time financing contracts are concluded. Disbursements, repayments, and outstanding balances are calculated based on book value.
2. Numerical figures less than the specified units are denoted by "0"; "-" denotes that data is not available.
3. Due to the launch of the newly established Special Operations, JBIC started to perform separate accounting procedures for the Ordinary Operations and the Special Operations on October 1, 2016. Data for JBIC operations during the period until the day before October 1, 2016 was recorded in the Ordinary Operations Account. In this annual report, financial data after October 1, 2016 is presented separately in the Ordinary Operations Account and the Special Operations Account. For financial reporting in FY2016, data from the Ordinary Operations Account covers the period from April 1, 2016 to March 31, 2017, while that from the Special Operations Account covers the period from October 1, 2016 to March 31, 2017. In the supplementary document "Appendix 1: Statistics," which can be found later in this annual report, JBIC's business data is presented without separating the Ordinary Operations Account and the Special Operations Account.

1.

Profile of JBIC

1. Profile	2
2. History of JBIC	4
3. Top Message	6
4. Directors, Managing Executive Officers and Corporate Auditors	12
5. Medium-term Business Plan (FY2021- FY2023)	14
6. NEW Sustainability	19
Policies toward the Realization of Sustainability	19
Environment	21
Social	26
Governance	30
NEW JBIC's Initiatives Related to Climate Change (Information Disclosures Based on the TCFD Recommendations)	32
7. Outline of Operations in FY2021	37

2.

The Environment Surrounding JBIC and Its Challenges

1. Energy and Natural Resources Finance Group	46
2. Infrastructure and Environment Finance Group	52
3. Industry Finance Group	58
4. Equity Finance Group	64

3.

Financial Instruments

1. Financial Instruments	70
2. Prominent Initiatives in Recent Years	79
3. Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SMEs	81

4.

Operational and Administrative Policies

1. Corporate Governance	90
2. Risk Management	94
3. Public Information and Disclosure	98

1.

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1. Profile	2
2. History of JBIC	4
3. Top Message	6
4. Directors, Managing Executive Officers and Corporate Auditors	12
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1. Profile

The Purpose of JBIC

Japan Bank for International Cooperation (JBIC) is a policy-based financial institution wholly owned by the Japanese government, which has the objective of contributing to the sound development of Japan and the international economy and society, by conducting financial operations in the following four fields:

Promoting the overseas development and securement of resources which are important for Japan

Maintaining and improving the international competitiveness of Japanese industries

Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming

Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions

Corporate Slogan

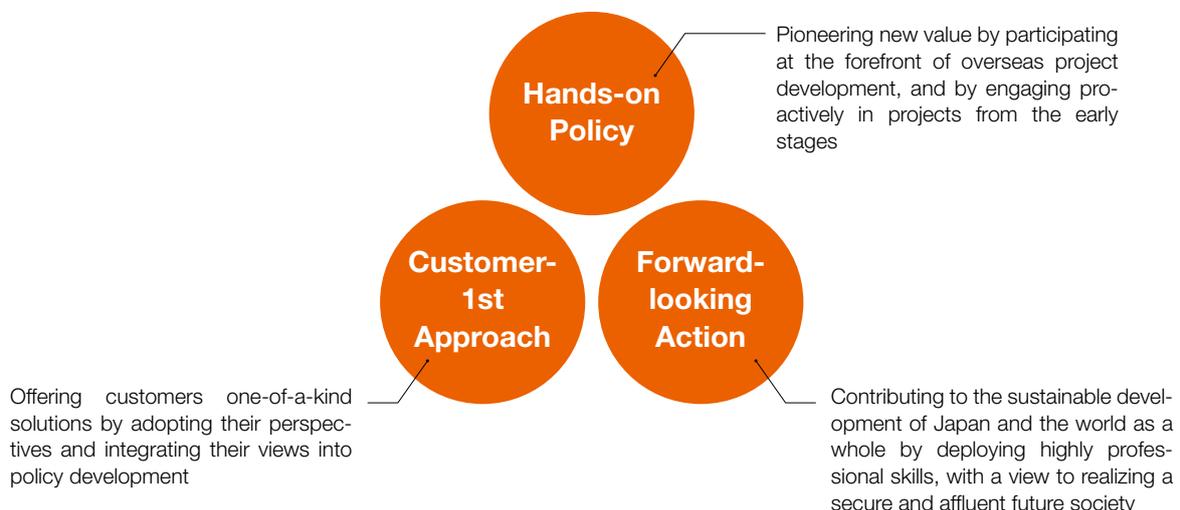
日本の力を、世界のために。

Supporting Your Global Challenges

Corporate Philosophy

The objective of JBIC, as set forth in its statutory law, is to “contribute to the sound development of Japan and the international economy and society” by executing a variety of financial functions. To pursue this objective, we have set out the following corporate philosophy, which espouses three core values: “Hands-on Policy,” “Customer-1st Approach,” and “Forward-looking Action.”

Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy.



Operational Principles

JBIC, as a policy-based financial institution and in accordance with the following principles, conducts speedy and well-focused operations based on policy needs in response to economic and financial situations in Japan and abroad.

1 Supplementing the financial transactions implemented by private-sector financial institutions

To effectively perform the functions required for policy-based financing, JBIC shall take account of situations where private-sector financial institutions are placed in their international finance activities and supplement their operations.

2 Ensuring financial soundness and certainty of repayment

Pursuant to the JBIC Act, JBIC shall make efforts to maintain the financial soundness of its operations, and when making financial decisions, to conduct adequate screening regarding the outlook for the recovery of funds.

3 Maintaining and improving international creditworthiness and confidence

In order to conduct adequate operations and effective overseas funding operations, JBIC shall maintain and improve the international creditworthiness and confidence gained by JBIC over the years.

4 Conducting business operations by drawing on its expertise and initiatives

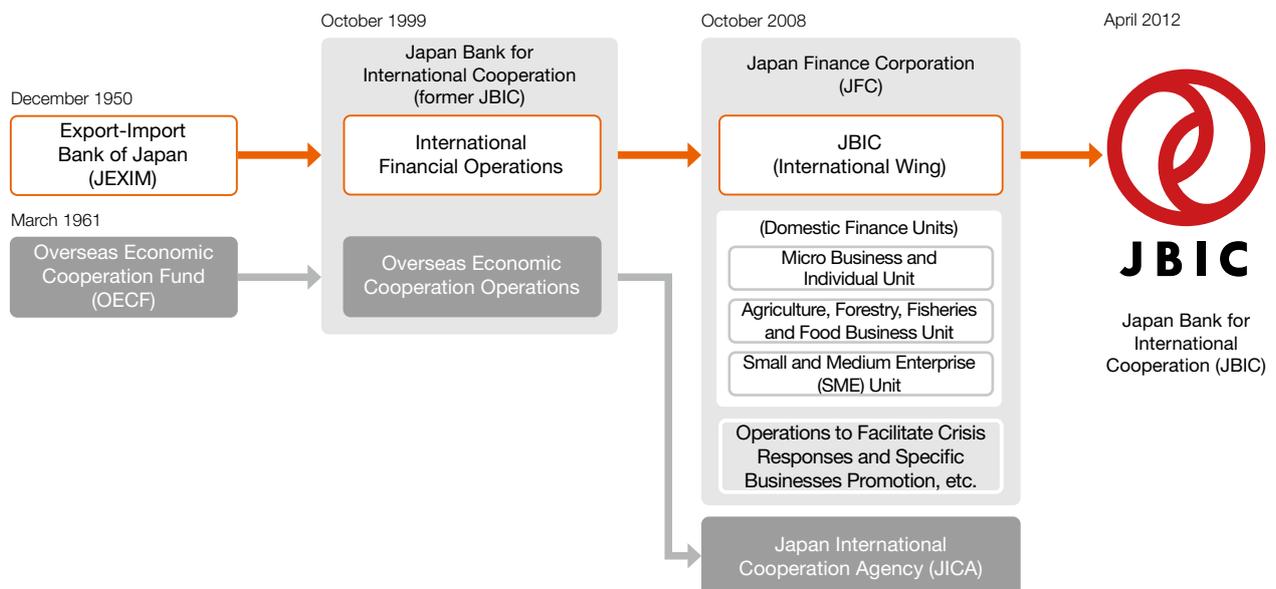
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

JBIC Code of Conduct

- Act consistently in the public interest. Contribute to Japan and the international community by pursuing our Mission.
- Prioritize client satisfaction. Deliberate, decide, and act from the client's perspective.
- Accept responsibility as a professional. Perform every task based on your own initiative.
- Undertake challenges daringly. Create new value without fear of failure.
- Work quickly and cost-effectively. Enhance your work quality with an eye to efficiency.
- Focus on teamwork. Share unified objectives with your colleagues to achieve significant successes.
- Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.

History

JBIC was established on April 1, 2012 in accordance with the Japan Bank for International Cooperation Act (JBIC Act), which was promulgated and came into effect on May 2, 2011.



Profile

Name	Japan Bank for International Cooperation (JBIC)
Office	4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan
Capital*	¥2,023.8 billion (wholly owned by the Japanese government)
Outstanding Loans and Equity Participations*	¥15,146.4 billion
Outstanding Guarantees*	¥1,724.8 billion

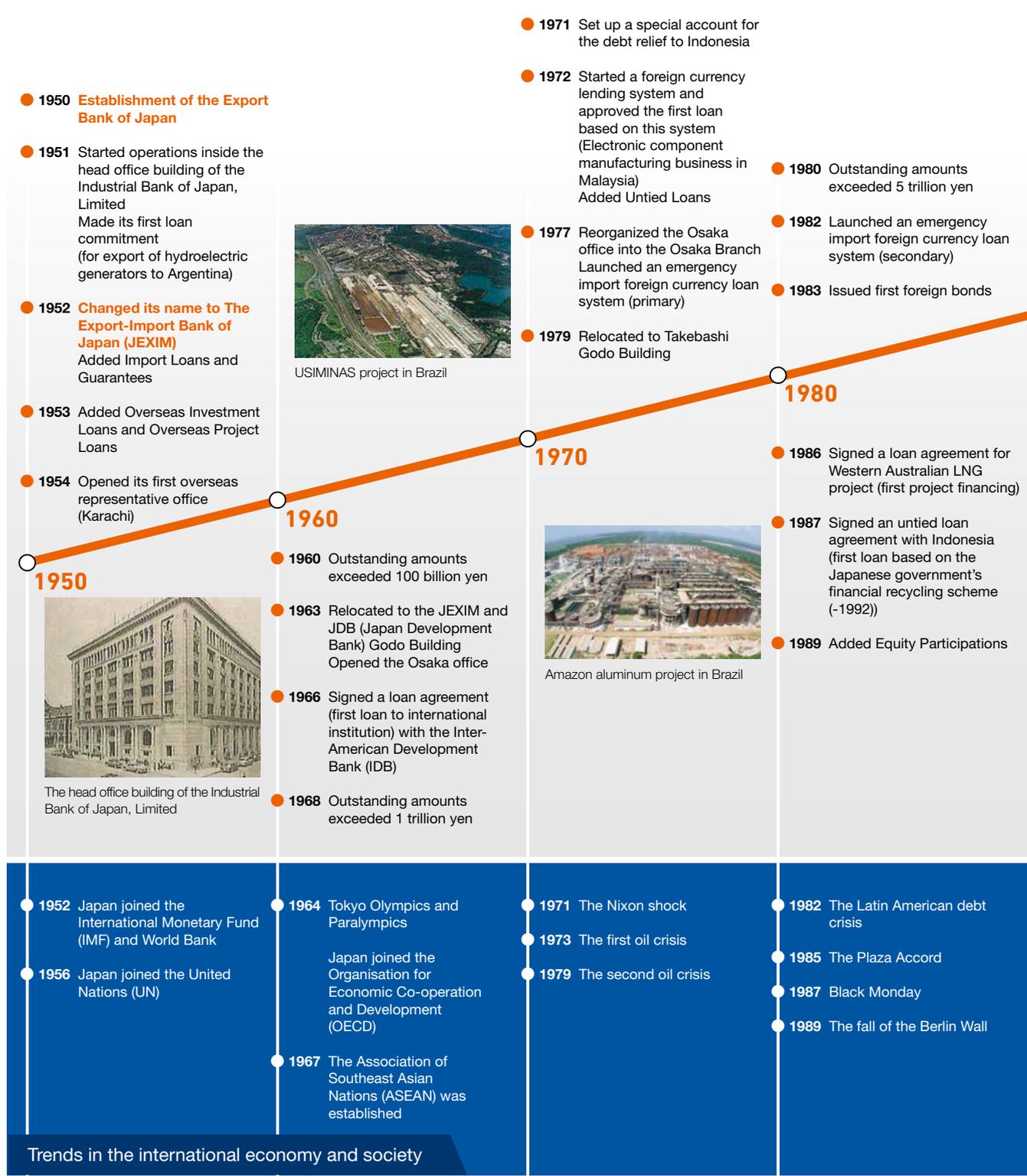
* As of June 22, 2022

2. History of JBIC

The Japan Bank for International Cooperation (JBIC) was established in 1950 as the Export Bank of Japan to promote exports of various types of heavy machineries.

Since then, JBIC has fulfilled this responsibility by enhancing and transforming its functions in response to the demands in each era, affected by the international political and economic environment surrounding Japan, and changes in the overseas business strategies of Japanese companies.

With the objective of supplementing the financial transactions implemented by private financial institutions, JBIC will continue to contribute to the sound development of the Japanese and international economic and society.





Panama Canal Expansion Project

● **1992** Added Bridge Loans

● **1993** Signed untied loan agreement with Bulgaria (first loan based on the Japanese government's "Fund for Development initiative" (-1997))

1990

● **1998** Implemented the assistance measures for Asia based on the Japanese government's "New Miyazawa Initiative" Outstanding amounts exceeded 10 trillion yen

● **1999** Established the Environmental guidelines **Established the Japan Bank for International Cooperation** by merging the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund



Sakhalin-II oil and gas field development project

● **2001** The Reorganization and Rationalization Plan for Special Public Institutions decided by the Cabinet

● **2003** Established the JBIC Guidelines for Confirmation of Environmental and Social Considerations (Revised in 2009 and in 2015)

2000

● **2008** **Establishment of Japan Finance Corporation** merging JBIC and three domestic policy-based financial institutions Implemented emergency measures in response to global financial turmoil (-March 2011)



Intercity Express Programme in the UK



Esperanza copper mine development project in Chile

● **2010** Launched the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) Established the Guidelines for Measurement, Reporting and Verification of greenhouse gas Emission Reductions in JBIC's GREEN (J-MRV Guidelines)

● **2011** Reconstitutes organization structure (mission/sector-oriented business group structure)

● **2012** **Japan Bank for International Cooperation (JBIC)** was spun off from the Japan Finance Corporation and made a new start as the new JBIC. Formulated the First Medium-term Business Plan

2010

● **2015** Formulated the Second Medium-term Business Plan

● **2016** Established the Equity Finance Group Added the Special Operations

● **2017** Established JBIC IG Partners in collaboration with Industrial Growth Platform, Inc.

● **2018** Formulated the Third Medium-term Business Plan Launched the Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG)



Moray East offshore wind power generation project in the UK

2020

● **2020** Launched the Growth Investment Facility

● **2021** Launched the Post-COVID-19 Growth Facility Formulated the Fourth Medium-term Business Plan

● **2022** Establishment of Sustainability Management Department Launched the Global Investment Enhancement Facility

● **1991** The collapse of Japan's bubble economy The dissolution of the Soviet Union

● **1992** Adoption of the United Nations Framework Convention on Climate Change (UNFCCC)

● **1993** Establishment of the European Union (EU)

● **1994** The Mexican peso crisis (Tequila Effect)

● **1997** The Asian Currency Crisis

● **1999** Launch of the Euro currency

● **2001** The September 11 terrorist attacks

● **2005** The Kyoto Protocol entered into force

● **2008** The Bankruptcy of Lehman Brothers

● **2010** The European debt crisis The Arab Spring

● **2011** The Great East Japan Earthquake

● **2015** Adoption of "Paris Agreement" at the COP21 (The 21st Conference of the Parties)

● **2016** The Paris Agreement entered into force

● **2020** Brexit

COVID-19 pandemic

● **2021** Tokyo Olympics and Paralympics

3. Top Message

Support Environmental and Leading-Edge Technologies to Create New Markets

On behalf of the Japan Bank for International Cooperation (JBIC), I would like to express my sincerest appreciation for your support and understanding.

Global socioeconomic activities are now normalized after having been constrained by the COVID-19 pandemic. Nonetheless, Russia's invasion of Ukraine, which has upended the international order that seeks peace, coupled with soaring commodity prices, have dealt a harsh blow to the global economy. Due in part to these factors, financial markets are changing dramatically as authorities in various countries turn to monetary tightening.

On top of this, we are entering a new era in which any one country cannot attain prosperity alone unless it endeavors to work toward achieving the sustainable development goals (SDGs) that include eradicating poverty and hunger, correcting inequality and disparities, and realizing a carbon-neutral society.

Japan will be unable to gain a respectable standing within the international community without directly and firmly confronting an array of tough challenges such as its shrinking population, declining birthrate, and aging population as well as hard-pressed supply of and demand for energy, disruptions of supply chains, and decarbonization.

Under the Fourth Medium-term Business Plan (FY2021-FY2023) formulated in June 2021, JBIC has set priority targets that include realizing the SDGs, decarbonization, energy transformation, and digital transformation as it aims to fulfill its mandates steadily and flexibly. During the first fiscal year of the business plan, JBIC supported the overseas business deployment of Japanese companies affected by the pandemic as one of its COVID-19 countermeasures. At the same time, as we move into the post-COVID era JBIC provided wide-ranging support for transforming the economic structure and realizing a virtuous cycle. This included supporting high-quality infrastructure projects overseas for realizing a decarbonized society, supporting overseas M&A, and strengthening of the resilience of supply chains.

In June 2022, the Cabinet Order was amended, allowing JBIC to expand the scope of eligible support for export loans and overseas investment loans for projects in developed countries in the fields of decarbonization, supply chain resilience, and innovation. JBIC also began providing support through the Global Investment Enhancement Facility in July 2022 to support the creation of new markets and overseas business deployment utilizing environmental technologies, digital technologies, and other cutting-edge technologies.

In terms of sustainability, JBIC formulated the JBIC ESG Policy in October 2021 that articulates its action policies for realizing sustainability. Subsequently, in June 2022, JBIC newly established the Sustainability Management Department to consolidate sustainability-related knowledge and functions. In conjunction, in July 2022, JBIC established the Energy Transformation Strategy Office to promote businesses related to hydrogen, ammonia, and other forms of innovative energy as we established an organizational structure to further strengthen our initiatives for the realization of a decarbonized society.

It is precisely in times like today characterized by increased uncertainties and unclear prospects that JBIC, as a policy-based financial institution, must live up to the expectations of Japanese companies and the people of Japan.

I look forward to your continued support and cooperation.



HAYASHI Nobumitsu

Governor

Japan Bank for International Cooperation

Provide Financial and Knowledge-related Support to Compete Globally

Since 2020, liberal globalism has been significantly challenged by global socioeconomic stagnation caused by the COVID-19 pandemic, the rise of autocracy as typified by Russian invasion of Ukraine, or recurring food crises and debt problems in emerging countries. There has also been a shift away from market-centered economies toward state and governmental intervention, as the U.S. government has enacted the CHIPS and Science Act (note), which allocates the equivalent of ¥5 trillion in subsidies for research and development in the domestic semiconductor manufacturing business.

The survival of Japanese companies amid increasingly fierce government-led competition requires that companies reassess traditional globalization policy, strengthen the resilience of their supply chains, and lead the way in innovation by refining their own unique technologies. In particular, the key will be to transform business models through digital technologies and contribute toward global-scale issues such as the SDGs and decarbonization.

JBIC's mission is to support these efforts by Japanese companies. In recent years, the way of overseas expansion by Japanese companies has been evolving. To improve their competitiveness in international markets, a growing number of Japanese companies are now developing their overseas businesses while collaborating with other Japanese companies as well as with companies from other countries. Focusing on the environment surrounding Japanese companies, JBIC identifies business-related barriers to overseas expansion, collects and analyzes information such as on local legal systems, negotiates and coordinates with partner country governments and institutions, and will provide financial support. This is a challenging task and a function that only JBIC can serve.

In keeping with these roles and functions of JBIC, the Fourth Medium-term Business Plan sets the priority goals of supporting Japanese companies' supply chain resilience, cutting-edge technology innovation, and green finance for decarbonization, which is a global issue, and social impact finance for addressing social agenda.

Note: A bill passed by the U.S. Congress in July 2022 to support advanced research, development, and production of semiconductors in the U.S.

Support Mid-tier Enterprises and Small- and Medium-sized Enterprises in Post-Pandemic Times

In FY2021, the first year of the 4th Medium-term Business Plan, loans, equity participations, and guarantees surpassed ¥2 trillion for the second consecutive year as JBIC contributed toward supporting the overseas business of Japanese companies, which have faced hardships during the COVID-19 pandemic. JBIC also made numerous achievements that include supporting decarbonization and digital transformation in anticipation of the post-pandemic world economy. JBIC will strive to further enhance such initiatives going forward.

As responses to the COVID-19 pandemic, JBIC has focused on supporting large companies as well as mid-tier enterprises and small and medium-sized enterprises (SMEs). A prime example is JBIC's support for SUGAWARA Industry Co., Ltd., a company that engages in public works in Kesennuma City, Miyagi Prefecture. In the aftermath of the Great East Japan Earthquake in 2011, SUGAWARA Industry accepted technical intern trainees from Indonesia to participate in reconstruction of the devastated regions. This connection ultimately led to SUGAWARA Industry's plan to start up a plant that uses recycled asphalt to pave and repair roads in Indonesia. JBIC provided support for this plant in cooperation with local regional financial institutions. JBIC also provided similar support for business development in India by a Saga Prefecture-based company



JBIC will actively support mid-tier enterprises and SMEs and startup companies that contribute toward local employment, the reduction of environmental impacts, and, ultimately, economic development.

that produces precast concrete products.

JBIC has fostered relationships of trust with the governments and government institutions of such countries as Indonesia over long years and is utilizing these ties to provide assistance from a variety of angles. JBIC provides finely tuned support such as offering advice on local regulations and tax systems to Japanese companies and providing loans in local currencies. In the future as well, JBIC aims to strengthen support for mid-tier enterprises and SMEs that contribute toward local economies, reduce environmental impacts, and revitalize local economies.

Support Startup Companies that Open the Way to a New Era

For Japanese companies to contest with the rest of the world, there is an urgent need to spur innovation and create new businesses that transcend the framework of existing businesses. This means that supporting startup companies that lead the way in a new era is essential. However, Japan currently lags behind the U.S., China, and European countries in cultivating startups.

In 2017, JBIC and Industrial Growth Platform, Inc. (IGPI) established JBIC IG Partners, an investment advisory company. JBIC IG Partners has established a venture capital fund jointly with fund managers in the Nordic and Baltic regions and has invested in a total of 18 startup companies by the end of March 2022 while promoting collaboration with Japanese companies.

In 2020, JBIC also invested in the Irish subsidiary of Exergy Power Systems, Inc., a startup established at the University of Tokyo that operates a business providing ancillary services to adjust electric power supply using next-generation energy storage systems on the island of Ireland. In 2021, JBIC also provided financing to Spiber Inc., a startup company from Keio University. Spiber uses plant-derived sugars to ferment and synthesize structural proteins for use in textiles and fur products. This is an epoch-making technology that does not release microplastics, which are considered to be one of the causes for marine pollution, and also leads to the protection of

wildlife. JBIC provided a loan for Spiber's plan to start full-scale production in the U.S.

JBIC will continue to actively support startup companies that have potential for the next era.

Bring into Operation “JBIC ESG Policy” for Decarbonization and Resolving Social Issues

In October 2021, JBIC announced its ESG Policy that compiles action policies towards the realization of sustainability and policies for addressing climate change.

In working toward the realization of a decarbonized society, JBIC is promoting green finance and is supporting renewable energy projects such as geothermal power generation and wind power generation projects in Asia and Africa as well as wind power generation projects in Europe in which Japanese companies have participated. JBIC also supported a power transmission network project for an offshore wind power plant in the UK in recognition of the importance of strengthening the power transmission and distribution networks to utilize renewable energy, which is easily affected by weather conditions.

Large-capacity batteries that store electricity are crucial for solar and wind power generation. By supporting Japanese companies participating in renewable energy projects in Europe, which is leading in this field, such as the previously mentioned power supply adjustment service using high-performance storage batteries in Ireland, we will also contribute toward improving the technological capabilities of Japanese companies.

Hydrogen and ammonia are gaining the spotlight as next-generation energy in the diversification of the power supply mix. Utilizing hydrogen as a source of energy requires the building of a hydrogen value chain, from production to storage, transportation, and utilization. As part of efforts to build such a chain, JBIC has invested in a hydrogen station business in the U.S. and also provided a loan for Iwatani Corporation's hydrogen station business in the U.S. At the same time, Australia and Middle East oil-producing countries also have keen interest in the hydrogen business and we will support Japanese companies involved in creating hydrogen value chains in these regions.

Another key area is transition finance. For energy security, the stable lives of the citizenry, and the continuous development of industry, conventional power generation is also necessary as a transitive measure. For this reason, there are instances when transition measures that replace outdated facilities with high-efficiency ones is effective in reducing CO₂ emissions.

Japan's Prime Minister KISHIDA Fumio is advocating for the Asia Zero Emission Community (AZEC) and the Ministry of Economy, Trade and Industry is promoting technical cooperation with the governments of various countries. Alongside initiatives in advanced countries, efforts by developing nations to reduce their CO₂ emissions and environmental impacts are also important. As an example of such efforts, JBIC, together with French and German public institutions, invested in a fund managed by BlackRock, one of the largest asset management companies in the U.S., that targets renewable energy power generation projects in developing countries. This marks the first time a firm like BlackRock that pursues maximum investment returns has invested in a renewable energy project in a developing country. This investment symbolizes a world in which mobilizing and promoting private funds for the SDGs and social issues is essential. As the largest investor, JBIC will support projects that help resolve global issues while supporting the economic advance of developing countries.

For resolving social issues, JBIC supports Saraya Co., Ltd., which engages in manufacturing and sales of hygiene products in Egypt, as well as NIPRO CORPORATION, which manufactures medical equipment in Vietnam. JBIC seeks to further expand this kind of social impact finance.

To accelerate the promotion of sustainability in this manner, JBIC newly established the Sustainability Management Department in June 2022 to effectively manage sustainability-related

knowledge and functions. In July, JBIC established the Energy Transformation Strategy Office for engaging in innovative energy such as hydrogen and ammonia in a holistic manner.

JBIC supports decarbonization and the SDGs initiatives of Japanese companies. At the same time, I believe that actively disseminating JBIC's own initiatives will also help facilitate a global understanding of ideas that are unique to Japan and excellent technologies of Japanese companies.

Expand Operations in Developed Countries under the Global Investment Enhancement Facility

During the COVID-19 pandemic, JBIC has supported Japanese companies through the Growth Investment Facility (COVID-19 Emergency Window) and the Post-COVID-19 Growth Facility. The Global Investment Enhancement Facility, established in July 2022, aims to further advance initiatives undertaken to date as a crisis response and post-pandemic response in two key areas. The first area is sustainability. This facility supports efforts to address global issues, including decarbonization. The second area is support for strengthening of the resilience of supply chains. As an example, given the critical importance of semiconductors as an industrial component, JBIC provided the funds for the M&A of Dialog Semiconductor Plc, a British subsidiary of Renesas Electronics Corporation. This fiscal year, we are providing loans to a U.S. subsidiary of JX Nippon Mining & Metals Corporation that manufactures sputtering targets, which are a crucial component in semiconductor manufacturing.

In addition, in June 2022, the Cabinet Order was amended to expand the scope of eligible business sectors that JBIC can finance in developed countries. In a Survey Report on Overseas Business Operations by Japanese Manufacturing Companies compiled by JBIC, the U.S. ranks third after China and India in the ranking of promising countries/regions over the medium term and is attracting the attention of Japanese companies. The number of projects in advanced European countries, which are at the vanguard of renewable energy, is also increasing. Given this, expanding eligible business sectors in developed countries across industries enables JBIC to support a broad range of initiatives by Japanese companies related to innovation, decarbonization, and supply chain resilience. JBIC seeks to support a wider range of projects that have strategic and policy significance in developed countries.

Aim for “Value Model” Work Style

JBIC has also set work style reforms as an important goal. I believe that we have steadily enhanced our IT infrastructure, software as well as hardware, and this has facilitated teleworking even during the COVID-19 pandemic. JBIC has also proactively set up systems so that it respects each and every employee's pursuit of values in their work and private lives.

Our theme for the future is to reform employees' awareness. I will aim for what I call a “value-model” whereby we strive to realize an organization that focuses on how much each employee can work in a pleasant, comfortable, and positive way and that enables them to get a true feel of how their work brings value to the world. We will consider whether employees in all departments and duties, not just those on the front lines who directly interact with clients, are contributing to society, and we will build a workplace where employees can perform their work even better. We will also actively strive to create an environment that reduces unproductive tasks and improves work efficiency.

Be the Platformer for Overseas Business

I would like to see JBIC play the role of a platformer for overseas business development.

For example, GAFA (Google, Amazon, Facebook, Apple) is building a business and life platform using IT as an infrastructure. JBIC wishes to act as an intermediary between our clients and overseas governments or partners, mainly in the field of finance, and consider and propose ways that enable both sides to perform their duties more easily. We hope that by utilizing the new Facility, we will be able to work together with clients to solve problems of which they may be unaware.

Due in part to the recent weakening of the yen, Japan's share of the world economy has shrunk. Nevertheless, JBIC will continuously support companies possessing strengths unique to Japanese companies.

Australia was the first country I visited after taking over the role of JBIC's Governor in June. For Japan, Australia is an important source of imports of natural gas, coal, and iron ore. Australia is also blessed with rare resources such as critical minerals and is attracting attention for producing hydrogen energy from gas and coal. Furthermore, Australia is a key partner in supporting the economic development of the Pacific nations under Japan-U.S.-Australia collaboration. In FY2021, JBIC opened a Representative Office in Sydney. JBIC will strive to contribute toward the overseas expansion of Japanese companies by building even better relationships with Australia and other countries that seek investment from Japanese companies. In response to the diversifying needs of Japanese companies, we would like to meet your expectations by further enhancing the investment functions of JBIC as a government agency and its risk-assuming functions through Special Operations.

JBIC will expand transition finance and social impact finance and support decarbonization and SDGs initiatives of Japanese companies in countries throughout the world.



4. Directors, Managing Executive Officers and Corporate Auditors (As of September 1, 2022)

Directors



Governor
HAYASHI Nobumitsu



Deputy Governor
AMAKAWA Kazuhiko



Executive Managing Director
HASHIYAMA Shigeto



Senior Managing Director
OISHI Ichiro



Senior Managing Director
TANAKA Kazuhiko



Senior Managing Director
TANIMOTO Masayuki

Managing Executive Officers

Managing Executive Officer	Global Head of Corporate Planning Group	KIKUCHI Yo
Managing Executive Officer	Global Head of Credit, Assessment and Risk Management Group	SASAKI Satoshi
Managing Executive Officer	Global Head of Treasury and Systems Group	OGAWA Kazunori
Managing Executive Officer	Global Head of Energy and Natural Resources Finance Group	INABA Yutaka
Managing Executive Officer	Global Head of Infrastructure and Environment Finance Group	UCHIDA Makoto
Managing Executive Officer	Global Head of Industry Finance Group	ASO Kenichi
Managing Executive Officer	Global Head of Equity Finance Group	MORITA Kentaro

Non-Executive Directors



Managing Director, Chairman
of the Board of Directors
MAEDA Tadashi



Managing Director
(Outside Director)
KOIZUMI Shinichi



Managing Director
(Outside Director)
KAWAMURA Yoshinori

Corporate Auditors



Corporate Auditor
(Full-Time Corporate Auditor)
NASU Noriko



Corporate Auditor
(Outside Corporate Auditor)
TSUCHIYA Mitsuaki



Corporate Auditor
(Outside Corporate Auditor)
MOTOMURA Aya



5. Medium-term Business Plan (FY2021-FY2023)

COVID-19 is currently having a tremendous impact on numerous countries and regions, and Japan is no exception. At the same time, the need for structural changes in industry and society has become clearly evident for proceeding with global rebuilding with an eye toward the post-pandemic world. In the international community, there is an urgent need for ambitious efforts to realize a smooth energy transition to respond to climate change problems and to attain inclusive and sustainable development and growth. Furthermore, in industry there are ongoing moves to re-evaluate and optimize global supply chains in view of consumer needs and rising geopolitical risks in the age of the so-called new normal, while efforts are also being made to pursue international collaboration for adapting to the rapid advances of digitization and innovation.

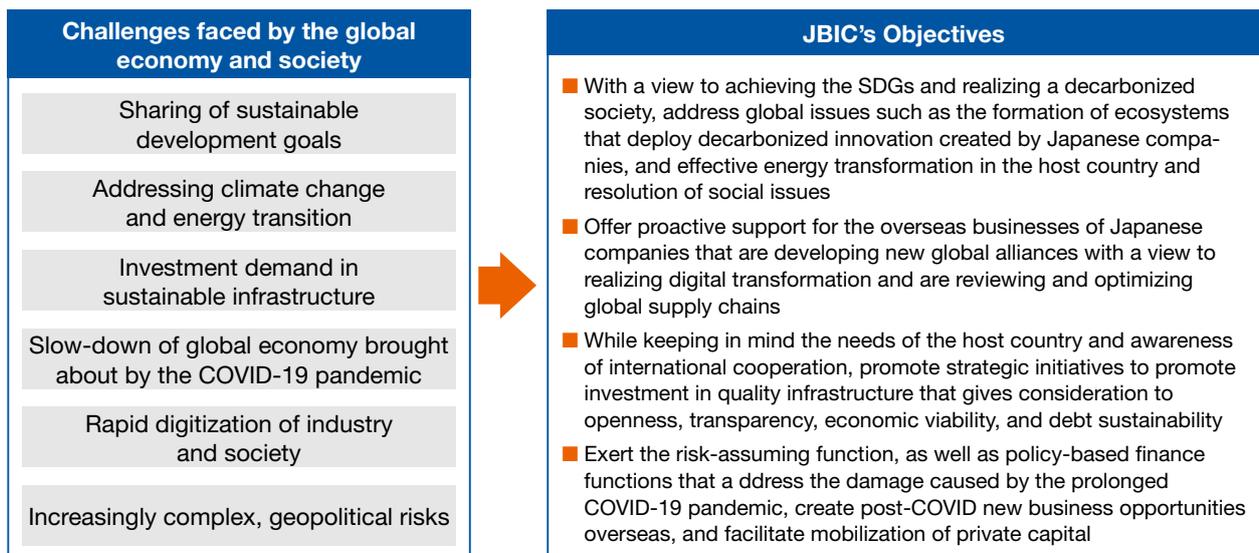
To address these issues, JBIC formulated its Fourth Medium-term Business Plan (FY2021- FY2023) in June 2021. This business plan sets out six Key Focus Areas and 17 Action Plans under the focus areas and JBIC is working to attain these goals. In FY2021, the first year of the plan, JBIC steadily achieved results in both its business and organization. On the business side, JBIC especially strived to steadily respond to the finance needs of Japanese companies, which includes providing support for supply chains, in view of the impact of the COVID-19 pandemic while also focusing on project formation. In its organization as well, JBIC generally achieved the targets set in the action plans (please refer to page 16 for the results of the first fiscal year).

5

■ Direction of the Business in the Fourth Medium-term Business Plan

In FY2020, economic activities faced an unprecedented degree of restrictions due to the COVID-19 pandemic. Amidst expectations of strong recovery of the global economy after such a year, the international community is confronted by these common challenges: (1) exploring the way toward sustainable growth and development that achieves balance between the economy, society, and the environment; (2) acceleration of energy transition toward

the realization of a decarbonized society; (3) responding to industrial and social transformation due to advancement in digitization. Taking these challenges into consideration, JBIC has set out the following objectives, from the perspective of policy-based finance. These objectives have been incorporated as action plans into the Fourth Medium-term Business Plan. JBIC is fully committed to the achievement of the plan.

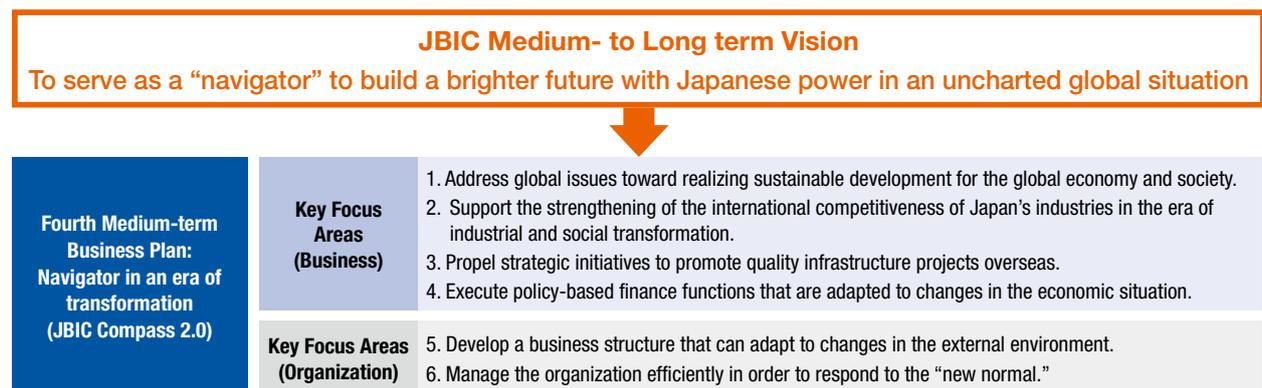


Medium-term Business Plan (FY2021 - FY2023)

■ Key Focus Areas

JBIC's corporate philosophy is, "Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy." Under this philosophy, it has established the medium- to long-term vision, "To serve as a 'navigator' to build a brighter future with Japanese power in an uncharted global situation," which defines what JBIC wishes to become over the next 10 years. Based on this vision, the Fourth Medium-term Business Plan sets out six

key focus areas based on the theme "navigator in an era of transformation," in the context of objectives such as the realization of the SDGs and a decarbonized society, and the irreversible advancements in energy transformation and digital transformation. Seventeen action plans have been positioned under these six key focus areas, and JBIC is committed to achieving these action plans in coming years.



■ Action Plans

	Key Focus Areas	Action Plans
Business	1 Address global issues toward realizing sustainable development for the global economy and society.	<ol style="list-style-type: none"> (1) Respond to energy transformation toward the realization of a decarbonized society. (2) Support projects that contribute toward resolving social issues.
	2 Support the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation.	<ol style="list-style-type: none"> (1) Address the strengthening of resilience and rebuilding of international supply chains. (2) Support M&A and technology acquisition by Japanese companies toward digital transformation, etc.
	3 Propel strategic initiatives to promote quality infrastructure projects overseas.	<ol style="list-style-type: none"> (1) Support participation in overseas infrastructure projects that harness the strengths of Japanese companies. (2) Promote multilateral cooperation and cooperation with multilateral financial institutions, etc.
	4 Execute policy-based finance functions that are adapted to changes in the economic situation.	<ol style="list-style-type: none"> (1) Respond swiftly to overseas businesses that have been impacted by the COVID-19 pandemic. (2) Undertake strategic initiatives for countries/regions of great importance from a policy perspective. (3) Execute-business steadily as a policy-based financial institution, including support for small and medium-sized enterprises. (4) Strengthen the risk-assuming functions as a policy-based financial institution. (5) Further promote the mobilization of private capital.
Organization	5 Develop a business structure that can adapt to changes in the external environment.	<ol style="list-style-type: none"> (1) Develop a business structure that is adapted to changes in the business environment and customer needs. (2) Respond appropriately to interest rate benchmark reforms. (3) Conduct appropriate and efficient credit analysis and credit management during and after the COVID-19 pandemic.
	6 Manage the organization efficiently in order to respond to the "new normal."	<ol style="list-style-type: none"> (1) Digitalize the working environment that can adapt to the "new normal." (2) Promote human resource development and work style reforms that can maximize performance and draw out vitality of diverse employees. (3) Strengthen the effectiveness of the compliance system.

■ Action Plans (Business)

Key Focus Area: 1 Address global issues toward realizing sustainable development for the global economy and society.

Action Plan (1) Respond to energy transformation toward the realization of a decarbonized society.

- To contribute toward the creation of a new ecosystem, with a view to reducing greenhouse gases worldwide and realizing decarbonization in Japan, support efforts to reduce greenhouse gases and popularize green innovation by financing projects in fields such as renewable energy and energy savings, smart energy (power storage technology, etc.), green mobility, smart cities, and promotion of the production, transportation, and utilization of hydrogen (Green finance)
- While working to engage host countries to make the shift toward sustainable energy, provide support for initiatives toward global energy transition by financing projects in areas such as energy conversion, CCUS/carbon recycling, ammonia and hydrogen co-combustion, in order to contribute toward expanding businesses that help to reduce environmental burden (Transition finance)

Action Plan (2) Support projects that contribute toward resolving social issues.

- To contribute toward efforts aimed at resolving social issues in host countries and realize sustainable growth, such as efforts to improve health, welfare and hygiene, create employment, and develop sustainable cities and living spaces, provide support for projects that assist resolving social issues in the host countries. These include the development and enhancement of the medical care environment (infectious disease countermeasures, hospital and medical equipment), access to basic infrastructure (water and sewage services, rural electrification and distributed power systems, information communications), development of the living environment (urban development and disaster prevention, public transport), improvement in the hygiene environment (waste disposal, reuse and recycling, countermeasures for marine plastic waste), and food safety and sustainable food systems (food value chains) (Social impact finance)

Key Focus Area: 2 Support the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation.

Action Plan (1) Address the strengthening of resilience and rebuilding of international supply chains.

- To contribute toward efforts aimed at the restructuring of global supply chains by Japanese companies and the building of local supply chains in order to cultivate new markets, support Japanese companies to rebuild and strengthen the resilience of global supply chains. These efforts include new capital investment overseas by Japanese companies (investments related to the relocation, establishment, and expansion of business bases), and infrastructure development for local supporting industries and industrial cluster overseas

Action Plan (2) Support M&A and technology acquisition by Japanese companies toward digital transformation, etc.

- To cope with the rapid progress of digital transformation, and to support initiatives by Japanese companies to rebuild their business models as well as develop and acquire state-of-the-art technology, provide support to strengthen the international competitiveness of Japanese companies during the period of digital transformation by financing efforts for the acquisition of advanced technologies and knowhow from overseas, including digital technology

Key Focus Area: ③ Propel strategic initiatives to promote quality infrastructure projects overseas.

Action Plan (1) Support participation in overseas infrastructure projects that harness the strengths of Japanese companies.

- To secure debt sustainability in host countries and economic viability that reflects the life cycle costs of a project, and to contribute toward the promotion of quality infrastructure overseas that takes environmental and social impact into consideration, provide support for the quality infrastructure projects overseas through means such as the utilization of core technologies by Japanese companies and continued involvement in O&M

Action Plan (2) Promote multilateral cooperation and cooperation with multilateral financial institutions, etc.

- To meet global infrastructure needs through coordination and cooperation with diverse funding sources, promote initiatives toward deal-sourcing and structuring of projects through multilateral cooperation, including Japan-U.S.-Australia-India cooperation, and coordination with multilateral financial institutions, etc.

Key Focus Area: ④ Execute policy-based finance functions that are adapted to changes in the economic situation.

Action Plan (1) Respond swiftly to overseas businesses that have been impacted by the COVID-19 pandemic.

- Implement emergency measures steadily (financing based on the Emergency Window)
- Respond flexibly to changes in the global financial environment (including appropriate credit management)

Action Plan (2) Undertake strategic initiatives for countries/regions of great importance from the policy perspective.

- Undertake strategic initiatives toward the formation of loan, equity participation, and guarantee projects in countries and regions of great importance from policy perspectives (including enhancing support for projects in Africa and initiatives based on multilateral cooperation)

Action Plan (3) Execute business steadily as a policy-based financial institution, including support for mid-tier enterprises and small and medium-sized enterprises.

- Implement policy-based finance steadily, including securing important resources and supporting overseas expansion by Japanese industries
- Support overseas expansion by small and medium-sized enterprises through efforts such as strengthening cooperation with private financial institutions, including regional financial institutions, and knowledge sharing

Action Plan (4) Strengthen the risk-assuming functions as a policy-based financial institution.

- Strengthen the risk-assuming function through means such as the utilization of special operations, and diversify financing products by utilizing local currency-denominated financing, etc.
- Strengthen external presence and negotiation leverage as a policy-based financial institution

Action Plan (5) Further promote the mobilization of private capital.

- Actively promote the mobilization of private capital, including private investment and financing by private financial institutions, through our loan, equity participation, and guarantee operations and the securitization of loan assets

■ Action Plans (Organization)

Key Focus Area: 5 Develop a business structure that can adapt to changes in the external environment.

Action Plan (1) Develop a business structure that is adapted to changes in the business environment and customer needs.

- Develop a business process and structure that takes the external environment into consideration, such as changes in the business environment and customer needs, response to SDGs and climate change issues, and global trends related to ESG investments

Action Plan (2) Respond appropriately to interest rate benchmark reforms.

- Respond appropriately to interest rate benchmark reforms (LIBOR cessation), including the smooth transition to an alternative interest rate benchmark in loans, equity participation, and guarantee operation, and system modification and the review of credit analysis processes

Action Plan (3) Conduct appropriate and efficient analysis and credit management during and after the COVID-19 pandemic.

- Conduct appropriate and efficient credit analysis and credit management under the constraints of a remote work environment
- Adjust risk-management framework to changes in the international situation and social environment, such as the prolonged COVID-19 pandemic and interest rate benchmark reforms

Key Focus Area: 6 Manage the organization efficiently in order to respond to the “new normal.”

Action Plan (1) Digitalize a working environment that can adapt to the “new normal.”

- Agilely review, improve, and digitize work processes, and utilize RPA
- Strengthen functions toward improving user experience for information systems, in anticipation of the normalization of remote work, and secure stability and safety of information systems

Action Plan (2) Promote human resource development and work style reforms that can maximize performance and draw out vitality of diverse employees.

- Foster an organizational culture that harnesses the diversity of employees as a source of vitality, and support autonomous career development and capacity development
- Undertake initiatives toward improving the working environment to enable employees to continue working with vitality

Action Plan (3) Strengthen the effectiveness of the compliance system.

- Develop a compliance system that strikes a balance between effectiveness and efficiency

6. Sustainability

Policies toward the Realization of Sustainability

The world's economies are facing the shared challenges of dealing with climate change and pursuing sustainable growth and development while seeking to achieve a balance between the economy, society, and the environment. In response to these challenges, JBIC promotes initiatives under its Fourth Medium-term Business Plan and work with stakeholders toward fostering global sustainable development and resolving global challenges, to ensure the realization of sustainable societies, as well as realizing “the colorful world” that embraces diversified spectrum and gradation of countries and people.

JBIC released its ESG Policy on October 28, 2021, in advance of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26). JBIC is committed to pursuing ambitious and accelerated efforts to achieve net zero emissions in its finance portfolio by 2050.

JBIC contributes toward realizing global carbon neutrality by supporting and accelerating the energy transition of emerging and developing countries through continued engagement with the relevant national governments and authorities.

E

- Respond to energy transformation toward the realization of a decarbonized society by financing projects
 - Green finance** Support efforts to reduce greenhouse gas emissions and popularize green innovation
 - Transition finance** Provide support for initiatives toward global energy transition while working to engage host countries
- Environmentally conscious financings and investments under Environmental and Social Guidelines*
- Green bonds issuance

* JBIC Guidelines for Confirmation of Environmental and Social Considerations

S

- Support projects that contribute toward resolving social issues
 - Social impact finance** Provide support for projects that assist resolving social issues to realize sustainable growth
- Socially conscious financing and investments under Environmental and Social Guidelines
- Promote human resource development and work style reforms that can maximize performance and draw out vitality of diverse employees
 - Foster an organizational culture that harnesses the diversity of employees as a source of vitality
 - Support autonomous career development and capacity development
 - Improve the working environment to enable employees to continue working with vitality

G

- Strengthen its sustainability governance and management systems
- Strengthen the effectiveness of the compliance system
- Participation in international initiatives

Disclosures (e.g., the TCFD recommendations) Stakeholders

JBIC ESG Policy

1. Policies towards the Realization of Sustainability

The world's economies are facing the shared challenge of dealing with climate change whilst pursuing sustainable growth and development, and all the while seeking to achieve a balance between the economy, society, and the environment. In light of these challenges, JBIC's Fourth Medium-term Business Plan (announced in June 2021), identified the addressing of “global issues toward realizing sustainable development for the global economy and

society” as its first key focus area. Accordingly, JBIC is actively working to support this global agenda through the provision of green finance, transition finance, and social impact finance. In addition, as an organization, under the Fourth Medium-term Business Plan and the Second Plan for Work Style Reform, JBIC strives to foster a culture that harnesses the diversity of its employees, support individual career development and knowledge development, and continue to improve the working environment for its employees.

- JBIC continues to review its organizational structure, systems and processes with a view to strengthening its sustainability governance and management systems, so that JBIC can actively support Japanese companies and the global economic community in their efforts to achieve decarbonization and SDG goals, and as appropriate, disclose the results of the provision of such support to its stakeholders.
- With a view to fulfilling JBIC's role as "a navigator to build a brighter future with Japanese power" (as stated in JBIC's Fourth Medium-term Business Plan), JBIC, through its risk-assuming function as a policy-based financial institution and long-standing relationships with its stakeholders and overseas networks, proactively contributes to fostering global sustainable development and resolving global challenges, to ensure the realization of sustainable societies.

2. Climate Change Policy

- Climate change is one of the most urgent challenges facing the world's economies. Following the adoption of the Paris Agreement in December 2015, the global effort to address climate change has accelerated. In October 2020, the Japanese government made a declaration to aim for carbon neutrality by 2050 (i.e., to achieve net zero greenhouse gas emissions). In order to achieve the objectives of the Paris Agreement, global collective action is urgently required through not only efforts led by developed countries, but also through coordinated action taken by developing and emerging countries to ensure the energy transition towards a decarbonized society.
- In recognition of the urgency to accelerate global concerted efforts to combat climate change, and in alignment with Japanese government policy, JBIC set out its plans to address climate change in paragraphs (1) to (4) below, in advance of the United Nations Climate Change Conference (COP26) starting on October 31, 2021. As Japan's policy-based financial institution, JBIC continues to be proactive in providing financial support for efforts to tackle climate change, based on Japanese government policy.

(1) Contributing toward the Global Implementation of the Paris Agreement

- In order to align with the international goals to achieve the objectives of the Paris Agreement, JBIC is committed to pursuing ambitious and accelerated efforts to reduce its operational emissions to net zero by 2030, and to achieve net zero emissions in its finance portfolio by 2050. Moreover, through continued engagement with the relevant national governments and authorities, JBIC will contribute in realizing global carbon neutrality by supporting and accelerating the energy transition towards a decarbonized society of emerging and developing countries.

(2) Strengthening Climate Change-related Finance

- Achieving the objectives of the Paris Agreement requires substantial investment. As such, the flow of funds, including those through the mobilization of private finance, needs to be redirected and applied to pathways towards decarbonization. JBIC harnesses its risk-assuming function as a policy-based financial institution as well as its negotiation leverage, to promote green innovation and accelerate the energy transition of emerging and developing countries through engagement with the relevant national governments and authorities, and through multinational coordination. JBIC thereby takes the lead in global decarbonization through such actions and the provision of finance, in addition to disseminating climate-related information, and issuing green bonds, among other things.
- In addition to ending the provision of financing for unabated international thermal coal power generation as agreed at the G7 Summit in June 2021, JBIC also backs efforts leading to the transition to clean energy generation by harnessing new technologies.

(3) Enhanced Climate-related Financial Disclosures Pursuant to the TCFD Recommendations

- In recognition of the importance of reporting on climate-related financial information, JBIC announced in October 2019 of its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) that was established by the Financial Stability Board (FSB). JBIC also engages in the TCFD Consortium, which was set up as a forum for institutions who support the TCFD recommendations to exchanges ideas. JBIC will proceed in disclosing relevant information based on the TCFD framework.

(4) Environmentally and Socially Conscious Financings and Investments

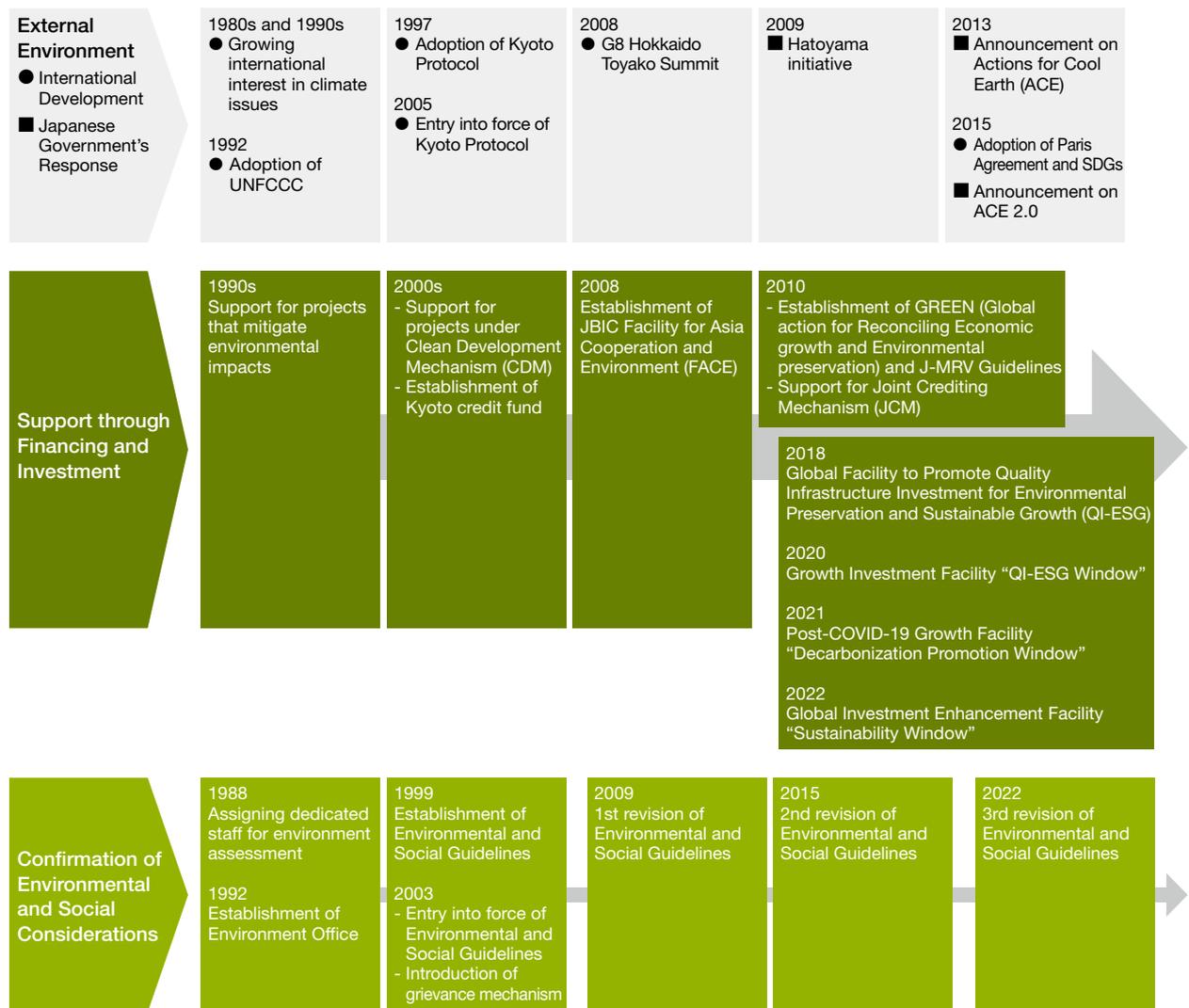
- Since the formulation and publication of the JBIC Guidelines for Confirmation of Environmental and Social Considerations in 1999, JBIC has ensured that the financing of its relevant projects have been subject to the environmental and social impact considerations required under such guidelines. JBIC will be at the forefront of such environmental and social considerations by reviewing, as appropriate, the guidelines and taking into consideration, among other things, the international frameworks that are in place with respect to environmental and social considerations, the discussions taking place at the Organisation for Economic Co-operation and Development (OECD) regarding the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, and a wide public consultation process.

E Environment

JBIC's Journey on Climate Change Issues

In recognition of the importance of global efforts to address environmental issues, and in alignment with Japanese government policy, JBIC has been working since the 1990s to create a new finance menu and develop a governance and management systems.

JBIC continues to be proactive in providing financial support for efforts to tackle climate change, based on the Japanese government policy.



Examples of Business Outcomes Relating to Green Finance

Through green finance and transition finance, we are responding to energy transformation toward the realization of a decarbonized society.

Loan for Solar Photovoltaic (PV) Power Generation Project in State of Queensland, Australia

Point JBIC concluded in December 2021 a loan agreement amounting up to approximately \$36 million (JBIC portion) with Sojitz Corporation (Sojitz). The loan is co-financed with a private financial institution, and the total co-financing amount is approximately \$60 million. This loan will also contribute to the Australian government's policy to transition to renewable energy.

As one of the leading resource-rich countries in the world, Australia has been heavily dependent on coal fired power generation for its power needs. However, in light of environmental burden considerations, it has been promoting the transition to renewable energy in recent years. Investment in solar PV projects has been particularly strong in the country, leveraging its vast land with a lot of sunlight.

Sojitz seeks to utilize its experiences cultivated in developing and operating large-scale solar PV projects in and outside Japan. Through Edenvale Solar Park Pty Ltd., which is an Australian company jointly invested in by Sojitz and ENEOS Corporation, Sojitz will construct, own, and operate a 204MW solar PV plant in Edenvale, located about 300 km west of Brisbane in the State of Queensland, Australia. The electricity generated by the project will be sold to multiple buyers including a local electricity retailer and the electricity wholesale market.

The provision of the loan by JBIC to Sojitz, which will engage in the solar PV project in Australia, will not just contribute toward maintaining and improving the international competitiveness of Japanese industry but also to the energy transition policy of Australia, which is an important resource supplier and a friend of Japan, thereby serving to further strengthen the relationship between the two countries.



Illustration of the completed solar PV plant

Loan for Hydrogen Station Construction and Operation Project in State of California, U.S.

Point JBIC concluded in December 2021 a loan agreement amounting up to approximately \$15 million (JBIC portion) with Iwatani Corporation (Iwatani) for its U.S. subsidiary to construct and operate hydrogen stations. The loan is co-financed with MUFG Bank, Ltd. and Mizuho Bank, Ltd., and the total co-financing amount is approximately \$26 million.

Hydrogen, which does not emit CO₂, is drawing attention as the energy solution of the future. The State of California of the U.S. is leading the world in an effort to socially implement hydrogen fuel cell vehicles.

Iwatani acquired hydrogen stations in California through Iwatani Corporation of America (ICA), its U.S. subsidiary, in March 2019. ICA is the first Japanese operator of hydrogen stations in the U.S., and Iwatani has also decided to promote the installation of hydrogen stations in California as it aims to reinforce its hydrogen business under its Medium-term Management Plan.

The loan will contribute toward maintaining and improving the international competitiveness of Japanese industry in hydrogen-related businesses.



Iwatani's new hydrogen station constructed in California (© Iwatani Corporation)

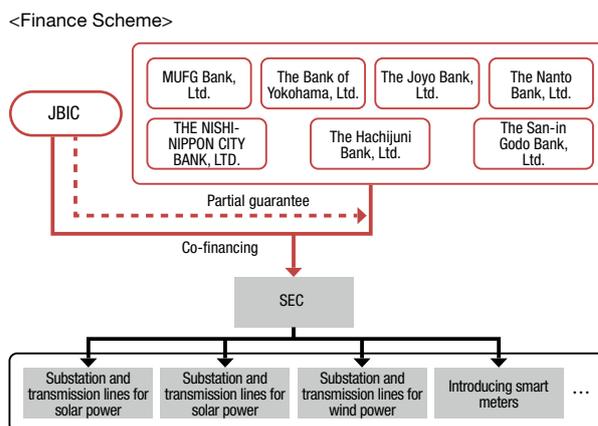
Supporting Low-carbonization in Electricity Transmission and Distribution Sector of Saudi Arabia

Point JBIC concluded in July 2021 a loan agreement amounting up to \$500 million, of which JBIC's portion is \$250 million, with Saudi Electricity Company (SEC) for projects to construct a new substation and transmission lines to integrate renewable energy to the grid networks and to introduce smart meters. The loan is co-financed with seven private financial institutions.

The Government of Saudi Arabia has formulated the Saudi Vision 2030 as its national development strategy and is proceeding with economic reform, including industry diversification, under the vision. As one such effort, Saudi Arabia is promoting projects that contribute toward the growth of renewable energy, energy efficiency, and more.

As a vertically integrated electric utility that generates, transmits, and distributes electricity throughout Saudi Arabia, SEC is enhancing transmission and distribution networks for a stable supply of power sources from renewable energy in line with the government policy to promote renewable energy. In December 2020, JBIC signed a memorandum of understanding (MOU) on strategic partnerships in the power sector with SEC. This loan, which is for a project in the field of electricity transmission and distribution contributing toward the mitigation of environmental impact, is one outcome of the MOU and is provided as part of JBIC's GREEN operations.

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.



Equity Participation in a Fund Investing in Clean Hydrogen-related Projects around the World

Point JBIC signed in March 2022 an agreement for equity participation in the Clean H2 Infra Fund S.L.P. a fund investing in clean hydrogen-related projects worldwide. JBIC plans to invest up to €100 million.

Hydrogen, which does not emit CO₂ when used as a fuel, is drawing attention as the energy solution of the future. Recently, many countries and regions focus on hydrogen as an essential energy source for decarbonization, and the demand for financing for hydrogen-related projects is growing.

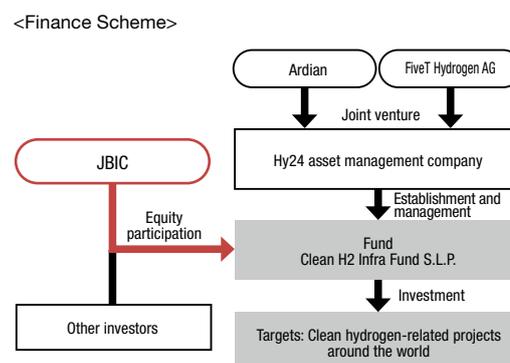
The fund, in which JBIC participates, is the world's largest clean hydrogen infrastructure investment fund and is committed to by a leading group of industrial and financial investors globally active in the clean hydrogen sector such as Air Liquide, TotalEnergies, VINCI Concessions, and Plug Power. The fund is managed by Hy24, which is a joint venture by FiveT Hydrogen AG, an investment manager specializing purely in clean hydrogen investments, and Ardian, a world-leading private investment house in Europe. It invests in clean hydrogen-related projects around the world, from upstream projects like green hydrogen production to downstream projects like captive fleet and refueling stations. JBIC participates in the fund under its GREEN operations.

The policy of the fund is to invest in hydrogen-related projects that conform to one of the six environmental objectives of the EU taxonomy, "Climate change mitigation," and the fund will have sustainable investment as its objective in accordance with Article 9 of the SFDR regulation*.

* The SFDR (Sustainable Finance Disclosure Regulation) was enacted by the European Union with the aim of achieving more transparency of sustainability characteristics of financial products including funds. Funds fall into three taxonomic groups based on Article 6, Article 8, and Article 9 of the SFDR. Article 9 Funds, to whom the applicable disclosure requirements are the most rigorous, have sustainable investment as their objective and measure how much the objective is attained based on a quantitative benchmark.



A project image the fund invests in



Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations

As global concern over the environment and human rights heightens, there are more than a few cases, in which insufficient risk management of possible environmental and social impacts has seriously affected project implementation or undermined its social reputation.

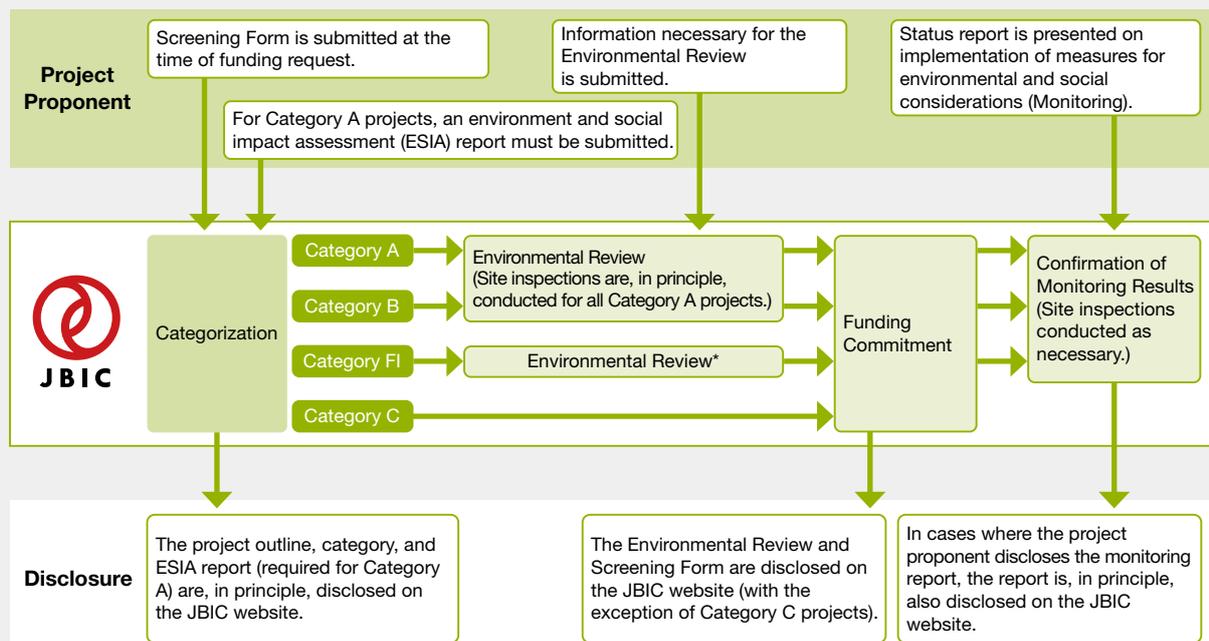
In conducting its operations, JBIC confirms whether appropriate consideration for local communities and the natural environment has been made in all the JBIC-financed projects based on the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (Environmental Guidelines).

The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must meet in confirming environmental and social considerations. When JBIC judges that the project proponents have not made appropriate environmental and social considerations, it will encourage them to take remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding or may request early redemption to the borrower.

As for nuclear sector projects, JBIC also established and made public the “Japan Bank for International

Procedure for Confirmation of Environmental and Social Considerations

Prospective projects are screened prior to funding and classified into categories according to the degree of potential environmental impact. An Environmental Review is then conducted to verify that the environmental and social impacts have been considered in a proper manner. After funding has been approved, projects are monitored to assess the actual impact.



* For Category FI projects, JBIC confirms through the financial intermediary that the proper environmental and social considerations indicated in the Environment Guidelines have been followed for the project.

Projects are classified into one of the following four categories in relation to the degree of environmental impact, based on the information provided by the project proponent during the screening process.

Category A	Project with the potential for a serious and adverse impact on the environment
Category B	Project with the potential for an adverse impact on the environment, but less than that of Category A projects
Category C	Project with the potential for minimal or no adverse impact on the environment
Category FI	Project for which JBIC provides funding to a financial intermediary, and after acceptance of JBIC funding, the financial intermediary selects and conducts screenings for specific subprojects, in cases where subprojects cannot be determined prior to acceptance of JBIC funding, and where such subprojects are anticipated to have an impact on the environment

Cooperation Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects” (Information Disclosure Guidelines) in December 2017. Based on the Information Disclosure Guidelines, JBIC confirms that appropriate measures are carried out by project proponents and other relevant parties to ensure information disclosure and public participation for issues specific to each project.

Also, every five years after the enforcement, the Environmental Guidelines are subject to a comprehensive review based on a verification of the implementation status during the period, in order to make revisions as necessary according to the review result. In 2020, five years after the enforcement, JBIC initiated the revision

process, disseminating it broadly to the public, and revised the Environmental Guidelines in May 2022, which became effective in July 2022. In order to ensure an open and transparent process in making the revision, JBIC held a consultation forum for a total of 10 times between February 2021 to February 2022 and solicited public comments on the draft revision. In keeping with the revision of the Environmental Guidelines, JBIC also revised its “Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations” (Procedures) in May 2022. The current Procedures were also enforced in July 2022.

■ Green Bonds

JBIC aims to contribute to realizing a sustainable society and environment through green finance. To raise the necessary funds for green finance, JBIC issued green bonds for the first time as international bonds guaranteed by the Japanese government in January 2022. The funds raised through the issuance of green bonds will be

allocated to eligible projects, including those related to renewable energy and clean transportation.

The issuance of green bonds in January 2022 has been conducted based on a stringent framework acknowledged by Sustainalytics, a company holding a major share and highly recognized in the market.

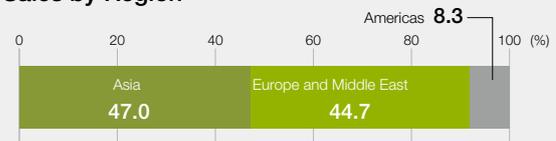
■ Description of Issuance

- **Guarantor** Japanese government
- **Currency** US dollar
- **Maturity** 5 years
- **Coupon rate** 1.625%
- **Amount** USD500 million

■ Eligible Projects

- Renewable energy (e.g. wind power projects in Africa, geothermal power projects in Southeast Asia)
- Clean transportation (e.g. high-speed railway projects in Europe)

■ Sales by Region



■ Sales by Sector



Examples of Business Outcomes Relating to Social Impact Finance

Through social impact finance, we are providing support for projects that assist resolving social issues.

Loan for Health and Hygiene Products Sales Business of Japanese Company in Hong Kong

Point JBIC concluded in September 2021 a loan agreement amounting up to \$7 million (JBIC portion) with a subsidiary of Saraya Co., Ltd. (Saraya) in Hong Kong. The loan is co-financed with MUFG Bank, Ltd., and the total co-financing amount is approximately \$10 million.

Saraya is an SME established in 1952 and is engaged in the manufacturing and sales business of health and hygiene products. In 2003, it established a subsidiary in Hong Kong, Saraya HongKong Co., Limited (SHK), and has been selling health and hygiene products to combat infectious diseases and improve the health and hygiene environment in countries and regions in Asia, including Hong Kong.

In these countries and regions, growth in demand for health and hygiene products, such as liquid soaps, detergents, and disinfectants, is expected due to the spread of COVID-19. JBIC provided the funds necessary for SHK to make additional investment for expanding its sales business.

In March 2021, JBIC also provided a loan to another subsidiary of Saraya in Egypt, Saraya Middle East for Industrial Investment J.S.C. (SMEI), for its manufacturing and sales business of health and hygiene products. This loan to SMEI, which commenced operations in 2022, was JBIC's first direct financing targeting mid-tier enterprises and SMEs in Africa.

As Japan's policy-based financial institution, JBIC will continue to focus on supporting Japanese companies in expanding their businesses, which will lead to the resolution of social issues in countries and regions in Asia, the Middle East, and Africa, including improvement and enhancement of the medical care environment, improvement of the hygiene environment, and establishment of food delivery services.



Laundry and kitchen detergents sold in Hong Kong



Hand disinfectants manufactured and sold in Egypt

Loan for Recycled Asphalt Mixture Manufacturing and Sales Business in Indonesia

Point JBIC concluded in December 2021 a loan agreement amounting up to IDR13 billion with PT. SUGAWARA KOGYO INDONESIA (PSKI), an Indonesian subsidiary of SUGAWARA Industry Co., Ltd. (Sugawara Industry). The loan is co-financed with the 77 Bank, Ltd., and the total co-financing amount is approximately IDR25.5 billion.

Sugawara Industry is an SME engaged in civil engineering and construction work related to piping and water supply facilities, paving work for roads and building sites, and collection and transportation of industrial waste.

Sugawara Industry established PSKI in 2017 in Indonesia, where infrastructural development has been proceeding, and started manufacturing asphalt mixture that recycles asphalt waste as a road paving material. PSKI aims to expand its business by utilizing this pavement recycling technology, and JBIC responded to this need and provided a loan in the local currency to support PSKI's business expansion.

Sugawara Industry's involvement with Indonesia began when it started accepting and training technical interns from Indonesia. PSKI plans to proactively employ these interns, who have gained skills at Sugawara Industry, and also launch asphalt paving and other new businesses.

JBIC will continue to cooperate with regional financial institutions and provide support meticulously matched to the funding needs of Japanese companies, including mid-tier enterprises and SMEs.



Paving works with recycled asphalt in Indonesia

Loan for Medical Device Manufacturing and Sales Business of NIPRO's Vietnamese Subsidiary

Point JBIC concluded in December 2021 a loan agreement amounting up to ¥6 billion (JBIC portion) with NIPRO CORPORATION (NIPRO) for its business of manufacturing and sales of medical devices in Vietnam. The loan is co-financed with Mizuho Bank, Ltd. and MUFG Bank, Ltd., and the total co-financing amount is ¥10 billion.

Since its founding in 1954, NIPRO has achieved significant growth by conducting business in the fields of medical devices, pharmaceuticals, and pharmaceutical packaging. The company was also quick to expand business overseas and has established a global manufacturing, sales, and service network covering Asia, Europe, Africa, and the Americas.

NIPRO established Nipro Vietnam Company Limited (NVC) in 2017 as a manufacturing and sales base of medical devices in Vietnam. NVC manufactures aspiration catheters and dialyzers and supplies its products broadly to Asia and other parts of the world.

NIPRO aims to further expand its business, and JBIC provided the funds necessary for NVC to construct new facilities. The loan to NVC is expected to contribute toward the resolution of social issues by helping to raise the level of health and hygiene in Asia.

As Japan's policy-based financial institution, JBIC will continue to provide support to overseas businesses of Japanese companies in the medical and other fields, which will help resolve social issues, by drawing on its various financial facilities and schemes.



NVC's medical device manufacturing plant in Vietnam

Loan for Biotechnology Startup Aiming to Launch Synthetic Structural Protein Material Manufacturing Business in the U.S.

Point JBIC concluded in October 2021 a loan agreement amounting up to ¥5 billion (JBIC portion) to support the synthetic structural protein material manufacturing business of a U.S. subsidiary of Spiber Inc. (Spiber). The loan is co-financed with MUFG Bank, Ltd., and the total co-financing amount is ¥10 billion.

Spiber is a biotechnology startup established in 2007 by university researchers who succeeded in synthesizing spider thread.

Spiber has established a fermentation process to brew a large quantity of structural protein polymers using plant-derived raw materials and microbes having its original, specially-designed DNA and has developed Brewed Protein™ materials, to which various characteristics can be added. Using these materials, the development is undergoing to create spun yarn with a cashmere- and wool-like texture, filament yarn with silky luster, and leather and fur alternatives. Spiber has tied up with a leading sports goods manufacturer, and an outdoor jacket and T-shirt that use Brewed Protein™ fibers have already been commercialized.

As Brewed Protein™ materials have been verified to be marine biodegradable, they will not remain in the marine environment for a long period as compared to petroleum-based synthetic fibers and plastics. In the future, they are expected to cause less GHG emissions than cashmere and wool, can be used in medical materials and automotive parts, and are drawing attention from the perspective of animal welfare as a fur alternative. They have also attracted attention as next-generation core materials from Japan, which are capable of playing a role in the development of a sustainable society.



Synthetic structural protein, Brewed Protein™ materials



Jacket and sweater made from Brewed Protein™ fibers

Promoting Active Engagement of Diverse Human Resources

Plan for Work Style Reform

JBIC has formulated the Second Plan for Work Style Reform (FY2021–FY2023) based on one of the action plans set out in its Fourth Medium-term Business Plan (FY2021–FY2023): “Promote human resource development and work style reforms to maximize performance and draw out the vitality of diverse employees.”

The Second Plan for Work Style Reform aims to create organizations where all employees can work sustainably and with vitality, in work styles that suit their own values, and strengthen the resilience of organizational foundations under the “new normal.”

Specifically, the second plan focuses on strengthening our organizational foundations to contribute toward the sound development of Japan and the international economy and society by simultaneously enabling work styles more matched to the individual values of employees, while going a step beyond the previous plan and capturing the behavior change resulting from the COVID-19 pandemic, and by turning JBIC into an organization where employees can fully demonstrate their respective capabilities for more active engagement.

In order to allow all employees to show maximum performance and take active roles based on their

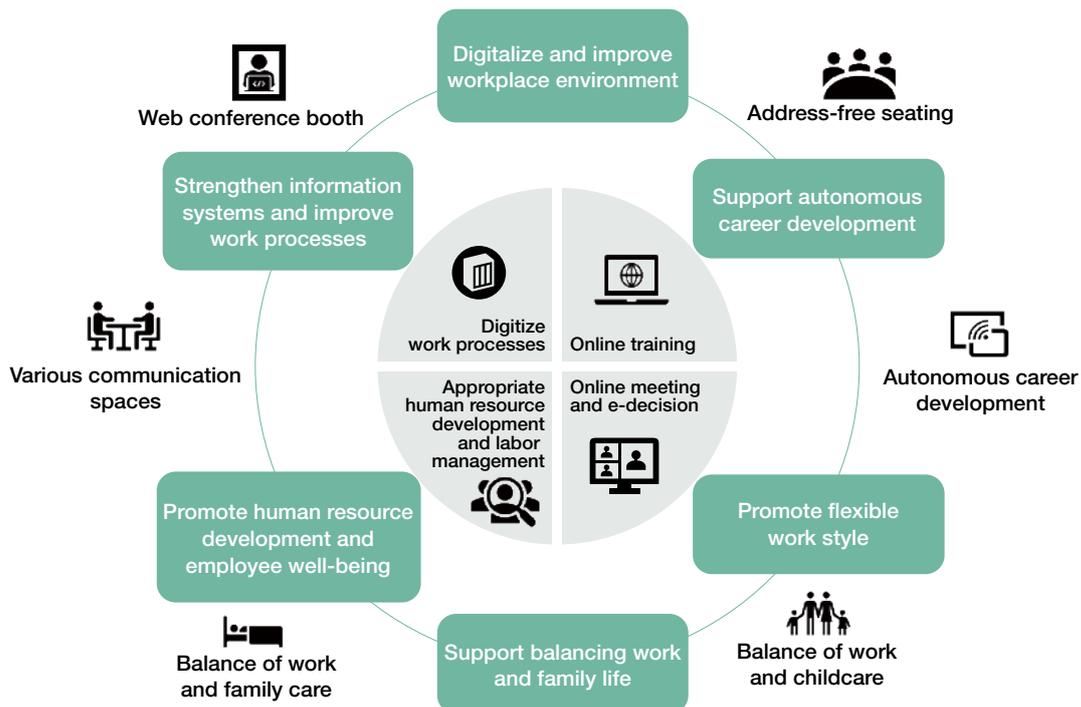
individual values, we are undertaking various measures while continuously encouraging teleworking. These measures include: strengthening information systems and improving work processes mainly through digitalization; digitalizing and improving the workplace environment; promoting the mental and physical health of employees while giving consideration to the teleworking environment; supporting autonomous career development; supporting balancing work and family life; and further promoting a flexible work style.

In FY2021, while working to improve the network environment used by employees for teleworking, we initiated efforts to provide an improved, more comfortable office environment to enable them to demonstrate high productivity in their on-site work and implemented measures to cultivate a sense of unity and foster communication. We have also been undertaking initiatives to develop human resources and support employees’ autonomous career development and enhancing systems to help them balance work and family life.

JBIC continues to promote various measures under its Second Plan for Work Style Reform.

Objectives of the Plan

Creating organizations where all employees can work sustainably and with vitality, in work styles that suit their own values, and strengthening the resilience of organizational foundations under the “new normal”



Initiatives for Developing Human Resources and Supporting Their Active Engagement

The role of JBIC is to realize its corporate philosophy, “Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy,” in the global business context by means of finance. This requires the active engagement of human resources who possess high levels of specialized skills on finance as well as public awareness and an international perspective needed to look ahead for the development of Japan and the

international economy and society amid complex international relations. As such, we have included “Promote human resource development and work style reforms to maximize performance and draw out the vitality of diverse employees” as one of the action plans in our Fourth Medium-term Business Plan and have been conducting initiatives to secure and develop excellent human resources and support their active engagement.

For Supporting Active Engagement of Human Resources

With a view to enabling work styles matched to the diverse values of employees, we have established leave and other personnel systems and a range of support programs to help employees who are engaging in childcare or nursing care to balance work with family life. Our efforts in FY2021 under the Second Plan for Work Style Reform included revising relevant systems to encourage both male and female employees to use childcare leave, enhancing our programs to support employees having children attending school to balance work with childcare, and providing training for managers to support balancing work with family life. In recognition of these and other efforts, JBIC has received “Kurumin” certification as a company supporting child-rearing and

has obtained “Tomonin” certification as a company striving to create a workplace environment that helps employees to balance work with nursing care.

In response to COVID-19, we have been working to ensure the safety of employees working or studying in respective countries by monitoring the local situations. In Japan, we have directed our efforts to preventing the spread of infections among employees while fulfilling responsibilities imposed on JBIC, by encouraging teleworking and staggered working hours to the extent possible.

We continue to accelerate our initiatives to support the active engagement of employees, including enhancing our systems to help balance work and family life.



■ Corporate Governance

JBIC's Fourth Medium-term Business Plan identified "Develop a business structure that can adapt to changes in the external environment" and "Manage the organization efficiently in order to respond to the 'new normal.'" as its key focus areas.

We are developing a business process and structure that takes the external environment into consideration,

such as changes in the business environment and customer needs, response to the SDGs and climate change issues, and global trends related to ESG investments.

For details of JBIC's corporate governance, please refer to Section 1 "Corporate Governance" in Chapter 4 (page 90) of this report.

■ Establishment of the Sustainability Committee and Sustainability Advisory Committee

As part of its efforts toward "strengthening its sustainability governance and management systems" as set out in the ESG Policy, JBIC newly established the Sustainability Advisory Committee and Sustainability Committee in June 2022. (For the overall picture of JBIC's sustainability governance and management systems, please refer to page 33.) We are accelerating sustainability management throughout the entire organization toward the realization of global sustainability, including sustainable development of the global economy and society and resolution of global issues.

Sustainability Advisory Committee

As an advisory body to the Board of Directors, comprising external experts, it provides advice on matters such as JBIC's policies for advancing initiatives toward the realization of sustainability.

Sustainability Committee

This committee deliberates on JBIC's policies for promoting sustainability and other important matters, based on the mandate of the Executive Committee.

■ Establishment of the Sustainability Management Department

As another effort to strengthen our sustainability governance and management systems, we established the Sustainability Management Department under the Corporate Planning Group in June 2022. By centralizing

the knowledge and functions related to sustainability, JBIC further promotes its initiatives toward the realization of sustainability.



■ Participation in International Initiatives

TCFD Consortium

In October 2019, JBIC expressed its support for the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium.



Japan Hydrogen Association

The Japan Hydrogen Association is a forum for various stakeholders in the public and private sectors to discuss the direction of strategies for realizing a hydrogen-based society.



Japan Hydrogen Forum (JH2F)

Established by 15 Japanese companies engaging in hydrogen-related businesses in the U.S., JH2F aims to contribute toward the achievement of the country's decarbonization goal. Among its five sub-committees of Hydrogen Production, Land Transport, Port Decarbonization, Power Generation, and Finance, JBIC is a member of the Finance sub-committee.

Clean Fuel Ammonia Association

The Clean Fuel Ammonia Association was established in April 2019 as a general incorporated association (formerly known as the Green Ammonia Consortium) to establish a value chain from the production to the use of CO₂-free ammonia and for its social implementation, thereby realizing a low-carbon society.

Sustainability Leaders Council

The Sustainability Leaders Council was jointly established by the Eurasia Group, GZERO Media, and Suntory Holdings Limited in October 2021 to advance sustainability agenda in Asia. JBIC is contributing toward the activities of this council as a sponsoring partner.

2X Challenge / 2X Collaborative

JBIC announced in June 2018 at the G7 summit in Charlevoix, Canada, its participation in The G7 2X Challenge: Financing for Women (the 2X Challenge), an initiative to promote women's social empowerment.

JBIC also joined the 2X Collaborative, an extended platform launched in January 2022, for promoting investments that contribute toward gender equality by further collaborating with relevant institutions.



African Clean Cities Platform

In July 2022, JBIC became an associate member of the African Clean Cities Platform, which was established for achieving the SDGs by realizing clean and healthy cities, sharing knowledge on waste management, and promoting relevant investment in African countries.

JBIC's Initiatives Related to Climate Change (Information Disclosures Based on the TCFD Recommendations)

The world's economies are facing the shared challenges of dealing with climate change and pursuing sustainable growth and development while seeking to achieve a balance between the economy, society, and the environment. Even though the world has begun to normalize social and economic activities constrained under the COVID-19 pandemic, the Russian invasion of Ukraine shocked the world, overtly challenging world peace and prosperity and dealing a heavy blow on the global economy. In an era of increasing uncertainty, the pursuit for sustainability, including the SDGs, is the key driving force for the growth of the global economy, countries, and companies. Climate change, in particular, is one of the most urgent challenges facing the international economy and society. Following the adoption of the Paris Agreement in December 2015, the global effort to address climate change has accelerated. In October 2020, the Japanese government made a declaration to aim for carbon neutrality, or in other words, to achieve net zero GHG emissions, by 2050. In order to achieve the objectives of the Paris Agreement, global collective action is urgently required through not only efforts led by developed countries, but also through coordinated action taken by developing and emerging countries to ensure the energy transition toward a decarbonized society.

In line with our corporate philosophy: "Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy," JBIC has been engaged in addressing global issues toward realizing sustainable development for the international economy and society as Japan's policy-based financial institution. In recognition of the urgency to accelerate concerted international efforts to combat climate change, and in alignment with the Japanese

government policy, in October 2021 we formulated the ESG Policy and announced the climate change policy to show our strong commitment to achieving sustainability.

Under the climate change policy, JBIC pursues ambitious and accelerated efforts to reduce GHG emissions from its operations to net zero by 2030 and to achieve net zero GHG emissions in its finance portfolio by 2050. Moreover, through continued engagement with the host countries' governments and authorities, we contribute toward realizing global carbon neutrality by supporting and accelerating the energy transition toward a decarbonized society of emerging and developing countries. Achieving the objectives of the Paris Agreement also requires substantial investment. As such, we strengthen climate change-related finance through our risk-assuming function as a policy-based financial institution and through multinational coordination.

Recognizing the importance of disclosing climate-related financial information, JBIC has declared in its ESG Policy to promote information disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). JBIC made disclosures based on these recommendations for the first time in this report and will continue to make appropriate information disclosures in the future as well.



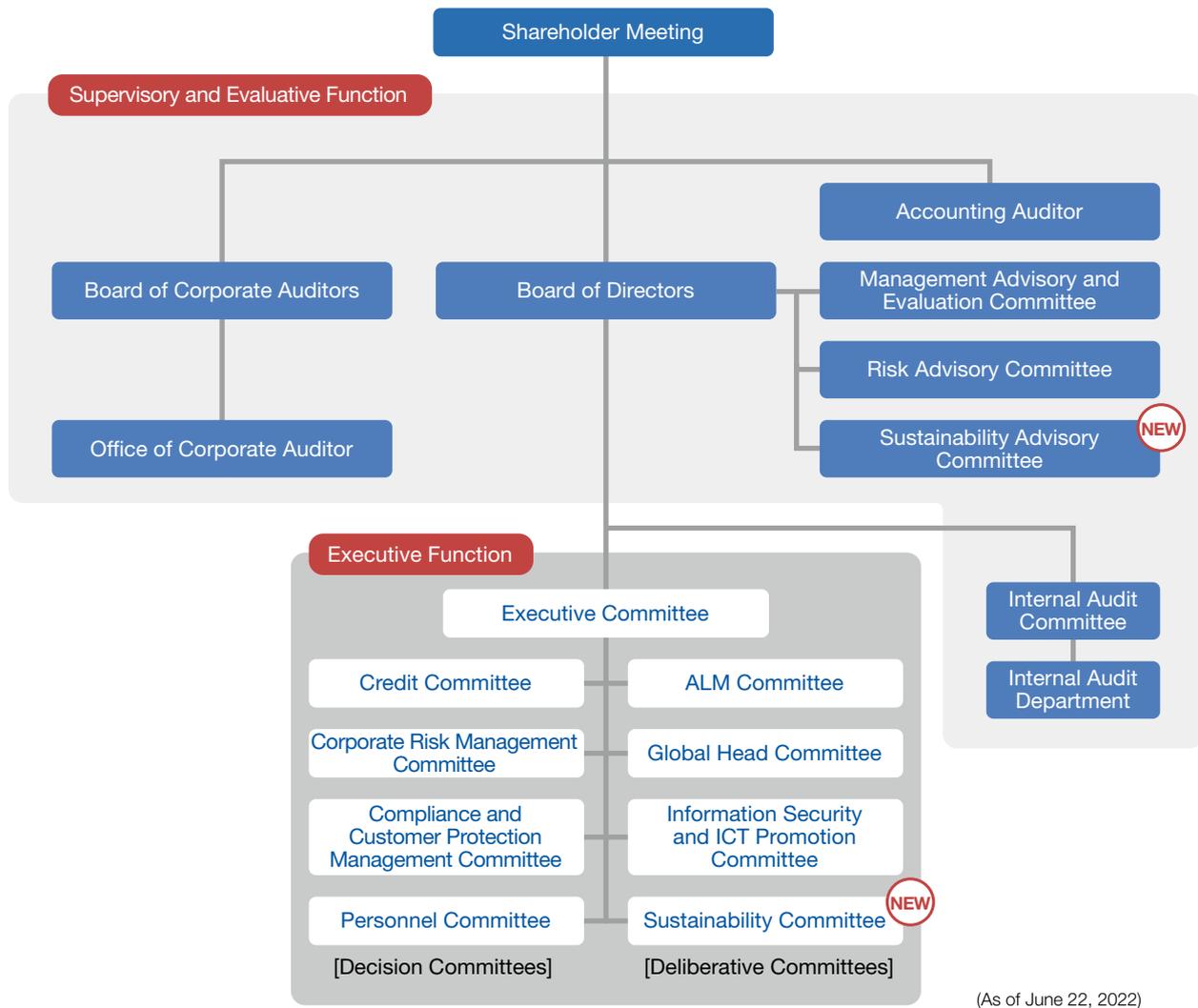
■ Governance

Strengthening Sustainability Governance and Management Systems

In June 2022, JBIC newly established the Sustainability Advisory Committee, Sustainability Committee, and Sustainability Management Department as part of its efforts toward "strengthening its sustainability governance and management systems," as set out in the ESG Policy. Under the supervision of multiple organs including the Board of Directors, important matters related to sustainability, including those concerning climate change, will be discussed at the Executive Committee, Sustainability Committee, and Corporate Risk Management Committee.

Under the new sustainability governance and management systems, JBIC proactively contributes toward fostering global sustainable development and resolving global challenges, to ensure the realization of sustainable societies by actively supporting Japanese companies and the global economy and society in their efforts to achieve decarbonization and the SDGs and appropriately disclosing the outcomes of such support to its stakeholders.

Sustainability Governance and Management Systems



Roles of Each Organ Concerning Sustainability-related Matters, Including Climate Change

Board and Committees		Role
Supervisory and Evaluative Function	Board of Directors	Passes resolutions on basic matters and changes thereof related to policies toward the realization of sustainability, including the ESG Policy
	Sustainability Advisory Committee	Provides advice on matters inquired by the Board of Directors related to policies for advancing initiatives toward the realization of sustainability
Executive Function	Executive Committee	Determines and deliberates on matters of managerial importance that relate to policies for advancing initiatives toward the realization of sustainability, as delegated by the Board of Directors
	Sustainability Committee	Deliberates on policies for advancing initiatives toward the realization of sustainability and other important matters, as delegated by the Executive Committee
	Corporate Risk Management Committee	Determines and deliberates on important matters related to management of corporate risks (including climate change-related risks), as delegated by the Executive Committee

Strategies

In its Fourth Medium-term Business Plan announced in June 2021, JBIC identified the addressing of “global issues toward realizing sustainable development for the global economy and society” as its first key focus area. Accordingly, we regard climate change as an opportunity to accelerate energy transition toward a decarbonized society and actively work to support this global agenda through the proactive provision of green finance, transition finance, and social impact finance, and through reinforcement of its organizational structure.

In addition, as one important role of JBIC as Japan’s policy-based financial institution, we are promoting engagement with the host countries’ governments and authorities and collaboration with overseas governmental organizations and international organizations for achieving global carbon neutrality.

Initiatives Related to Green Finance*

To contribute toward the creation of a new ecosystem, and with a view to reducing Greenhouse gas (GHG) emissions worldwide and realizing decarbonization in Japan, we support efforts to reduce GHG emissions and popularize green innovation by financing projects in fields such as renewable energy and energy savings, smart energy (power storage technology, etc.), green mobility, smart cities, and promotion of the production, transportation, and utilization of hydrogen.

Initiatives Related to Transition Finance*

While working to engage host countries to make the shift toward sustainable energy, we provide support for initiatives toward global energy transition by financing projects in areas such as energy conversion, CCUS/ carbon recycling, and ammonia and hydrogen co-combustion, in order to contribute toward expanding businesses that help to reduce environmental burden.

* For details, please refer to the Fourth Medium-term Business Plan on page 14.

Initiatives Related to Innovative Energy

In addition to its initiatives in the financial field, JBIC has joined various meetings and study groups that contribute toward its support for the development of innovative energy and smooth energy transition toward a decarbonized society.

As specific examples, we have joined the Japan Hydrogen Association, a forum for various stakeholders in the public and private sectors to discuss the direction of strategies for realizing a hydrogen-based society, and the Clean Fuel Ammonia Association, which promotes the establishment of a value chain from the production to the use of CO₂-free ammonia and its social implementation. We have provided opinions from the standpoint of a policy-based financial institution.

On July 1, 2022, we established the Energy Transformation Strategy Office within the Energy Solutions Finance Department of the Energy and Natural Resources Finance Group, thereby strengthening our abilities to collect and disseminate information and conduct studies

for structuring projects related to hydrogen, ammonia, and other forms of innovative energy as well as associated loan, guarantee, and research operations.

Initiatives Related to Engagement

We believe that engagement with stakeholders represents our important responsibility as a policy-based financial institution for accelerating energy transition in emerging and developing countries toward the realization of a decarbonized society and for ultimately achieving global carbon neutrality. Moreover, as achieving the objectives of the Paris Agreement requires substantial investment, it is essential that the flow of funds, including those through the mobilization of private finance, needs to be redirected and applied to pathways toward decarbonization. As Japan’s policy-based financial institution, JBIC continues to be proactive in providing financial support for efforts to tackle climate change through the reinforcement of collaboration with overseas governmental organizations and international organizations.

Engagement with the Host Countries’ Governments and Authorities

Date	Outline
October 2020, January 2022	Australia-Japan-U.S. dialogues with the Central Economic Commission of the Communist Party of the Socialist Republic of Vietnam
November 2021	Dialogue between then JBIC Governor MAEDA Tadashi and Vietnamese Prime Minister Pham Minh Chinh
September 2021	Dialogue with Indonesian state-owned electricity utility PT PLN (Persero)
March 2022	Policy dialogue with the Indonesian government

Reinforcement of Collaboration with Governmental Organizations and International Organizations

Date	Outline
March 2021	Signing of a memorandum of understanding (MOU) with the State of California of the United States
October 2021	Signing of an MOU with the European Investment Bank
November 2021	Signing of an MOU with Emirati oil company Abu Dhabi National Oil Company
November 2021	Signing of an MOU with the Commission for the Management of State Capital at Enterprises of Vietnam
February 2022	Signing of an MOU with the Public Investment Fund of Saudi Arabia

Strengthening Sustainability Governance and Management Systems

In June 2022, JBIC newly established the Sustainability Advisory Committee, Sustainability Committee, and Sustainability Management Department as part of its efforts toward “strengthening its sustainability governance and management systems,” as set out in the ESG Policy. For details, please refer to page 30.

Establishment of the Global Investment Enhancement Facility (Sustainability Window)

In July 2022, JBIC established the Global Investment Enhancement Facility in order to support the overseas businesses of Japanese companies that make use of cutting-edge or unique technologies such as green and

digital technologies. Through the Sustainability Window established under the Facility, we support Japanese companies’ projects* that are expected to contribute toward the preservation of the global environment, including decarbonization.

* Eligible projects: 1) Projects that help reduce GHG and other emissions (renewable energy, energy savings, low-carbon technologies and materials, etc.); and 2) Other projects that contribute toward the preservation of the global environment (prevention of air, water, and marine plastic pollution, etc.)

■ Risk Management

Recognizing the importance of managing risks related to climate change (collectively, “climate-related risks”), JBIC has designated climate-related risks as one of the Top Risks and has been monitoring them. Moreover, we use scenario analysis on transition risks of climate change in order to identify and assess the impact of climate change on our portfolio over time.

We also recognize that JBIC’s engagement-related activities described in the “Strategies” section are important not only from the perspective of realizing a decarbonized society but also in terms of mitigating the climate-related risks in the future.

Top Risk Management

At JBIC, risk events that will significantly impact JBIC when they become apparent and require particular attention are designated as Top Risks. Recognizing the importance of responding to the climate-related risks, we have specified this risk as one of the Top Risks.

Under this framework, we periodically monitor the social and regulatory trends related to climate issues, and at the same time, are advancing the use of scenario analysis to capture the potential impacts of the climate-related risks on JBIC’s portfolio and developing climate-related risk management process.

Scenario Analysis

JBIC conducts scenario analysis on transition risks of climate change, in which the transition to a low-carbon economy will impact corporate business activities. The analysis uses the Net Zero 2050 Scenario assuming the achievement of global carbon neutrality by 2050 (1.5°C scenario) and other scenarios provided by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to identify the medium- to long-term impacts of climate change on JBIC’s portfolio and examine future policies and actions for managing the climate-related risks.

The uncertainties and complexities associated with climate-related risks in general make it difficult to identify specific channels, touchpoints and time frames in which climate change may affect an organization.

Moreover, the use of climate-related risk scenario analysis to assess potential business implication and risks of climate change is still at an early stage throughout the world. There are also challenges on access to data sets and tools for organizations to conduct scenario analysis more effectively. As such, JBIC continues to develop and refine methods to conduct analysis and identify impacts in a way to fit the characteristic of business and portfolio of Japan’s policy-based financial institution, while taking into consideration progress in international practices in scenario analysis and climate-related risk management.

Initiatives Related to Thermal Coal Power Generation Projects

JBIC has discontinued its financing to unabated international thermal coal power generation projects as agreed at the G7 summit in June 2021. The outstanding of project financing to the thermal coal power generation projects as of March 31, 2022 stood at JPY826 billion, and we expect to reduce it to zero in the early 2040s.

Engagement

As described in the “Strategies” section, JBIC is promoting its engagement with the host countries in order to contribute toward realizing global carbon neutrality by supporting and accelerating the energy transition toward a decarbonized society of emerging and developing countries. This engagement is regarded important both in terms of realizing a decarbonized society and mitigating JBIC’s future climate-related risk. For specific examples of our engagement, please refer to page 34.

■ Metrics and Targets

Number of Climate Change-related Finance Projects Committed and Structured

As described in the “Strategies” section, JBIC has set targets for green finance and transition finance under one of the action plans, “Respond to energy transformation toward the realization of a decarbonized society,” of its Fourth Medium-term Business Plan. Using the numbers of projects committed and structured as our metrics, we

have defined three-year targets covering the period of the business plan and targets for each fiscal year and have been monitoring the status of achievement at the Executive Committee.

The table below shows the targets and results concerning the numbers of green finance and transition finance projects committed and structured.

Evaluation Metrics	Three-year* Targets	FY2021 Targets	FY2021 Results	FY2022 Targets
Number of green finance projects committed	64	20	12	23
Number of green finance projects structured	66	23	31	23
Number of transition finance projects committed	19	4	4	10
Number of transition finance projects structured	45	19	22	12

* From FY2021 to FY2023

Climate Finance

At the G7 Cornwall Summit, the Japanese government declared that it provides climate finance, both public and private, totaling JPY6.5 trillion over the next five years, from 2021 to 2025. At the World Leaders Summit held during COP26, Japan again declared its additional assistance on public and private finance of up to USD10 billion over the same five-year period. JBIC plays a role in these support measures of the Japanese government.

Greenhouse Gas (GHG) Emissions

JBIC is conducting analysis and examination on the measurement of its GHG emissions as a metric to evaluate and manage climate-related risks and opportunities.

We are committed to pursuing such efforts as climate change-related finance and engagement to reduce GHG emissions from our operations to net zero by 2030 and to achieve net zero GHG emissions in our finance portfolio by 2050, toward the global implementation of the Paris Agreement.

7. Outline of Operations in FY2021

Operational Highlights

The total amount of commitments JBIC made during FY2021 in loans, equity participations, and guarantees was approximately ¥2,065.5 billion, which is a decrease of 20.5% from FY2020. As of March 31, 2022, the outstanding amount of loans and equity participations was approximately ¥15,146.4 billion and the outstanding amount of guarantees was approximately ¥1,724.8 billion, for total of approximately ¥16,871.3 billion.

Until December 31, 2021, JBIC supported Japanese companies affected by COVID-19 in their overseas business through the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window), which was established under the Growth Investment Facility in April 2020 in order to address COVID-19.

Also, with the purpose of transforming the economic structure and realizing a virtuous circle for the post-

COVID-19 era, JBIC supported Japanese companies in the overseas expansion of high-quality infrastructure toward a decarbonized society and the enhancement of supply chain resilience, through the Post-COVID-19 Growth Facility established in January 2021.

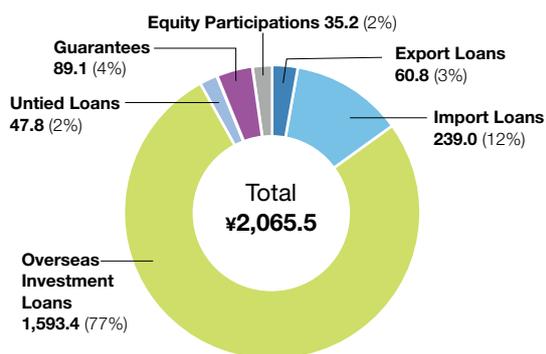
The following is a report on JBIC's major operations in each sector during FY2021.

Efforts in the Energy and Natural Resources Sector

As Japan depends on imports from overseas for most of its resources, it is an important challenge that the country secures a stable supply of energy and mineral resources in the medium to long term by increasing its self-development ratio of those resources. JBIC contributes toward securing a long-term stable supply of resources through financial

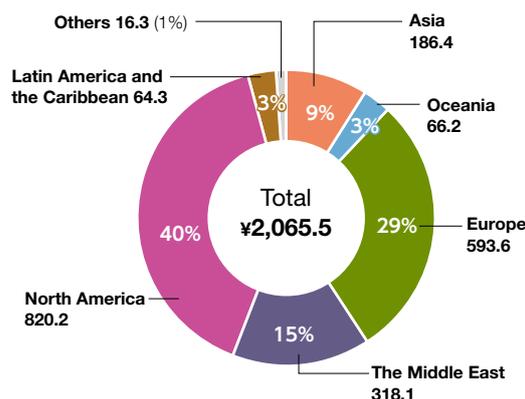
Commitments by Purpose of Financing

(FY2021; unit: billions of yen)



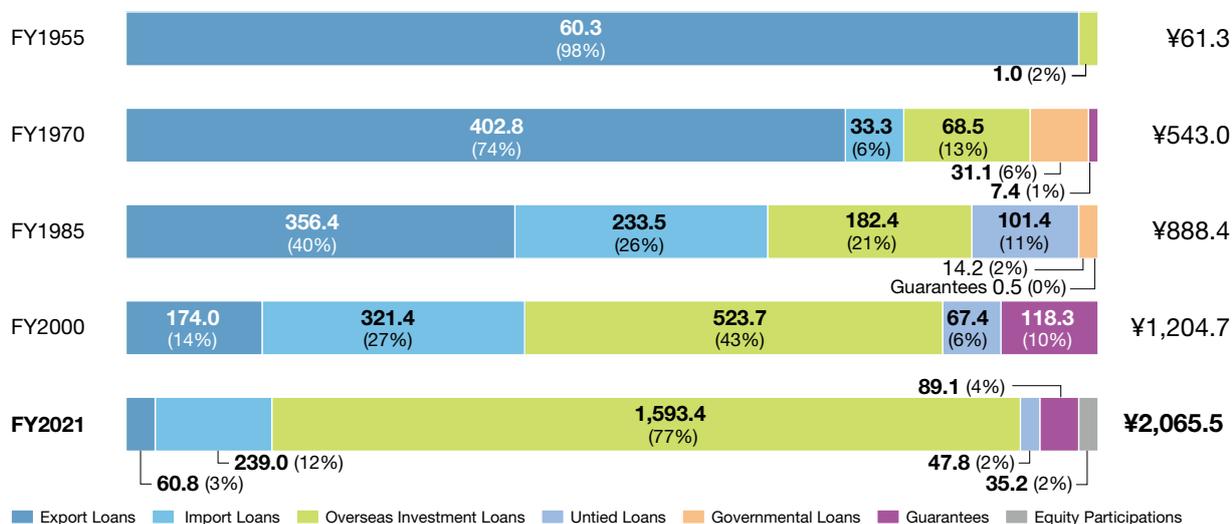
Commitments by Region

(FY2021; unit: billions of yen)



Changing Composition of Loans, Equity Participations, and Guarantees (Commitments)

(Unit: billions of yen)



support for acquisition of upstream interests in resources development, diversification of supply sources and strengthening of relationships with resource-rich countries. In FY2021, JBIC made a total of nine financial commitments in the resources sector, amounting to approximately ¥653.5 billion in loans.

Supporting Strategic Overseas Business Activities by Japanese Companies

To support the overseas business deployment of Japanese companies, JBIC supports Japanese companies, through its various financial instruments, in implementing their overseas business as well as maintaining and strengthening their global supply chains, thereby contributing toward maintaining and increasing the international competitiveness of Japanese industries.

JBIC supported M&A transactions by Japanese companies through providing loans for the acquisition of an analog semiconductor company in the U.K. and a convenience store business in the U.S. JBIC also provided loans for businesses in which Japanese companies participate, including a medical device manufacturing and sales business in Vietnam and a synthetic structural protein material manufacturing business in the U.S. In addition, JBIC made a joint investment with Japanese companies in a fund that invests in advanced technology companies mainly in Silicon Valley, the U.S.

Supporting Overseas Business Deployment of Japanese Mid-tier Enterprises and SMEs

To assist Japanese mid-tier enterprises and small- and medium-sized enterprises (SMEs) in expanding overseas, JBIC made a total of 116 financial commitments, aggregating approximately JPY16.6 billion in loans and guarantees in co-financing with Japanese regional financial institutions. The support includes loans for an automotive parts manufacturing and sales business in Mexico and a recycled asphalt mixture manufacturing and sales business in Indonesia. In addition, JBIC, in cooperation with Japanese regional financial institutions, hosted various

seminars and events to provide information that might help Japanese companies expand overseas.

Efforts in the Environment-related Sector

Under its GREEN Operations (for details refer to page 73), JBIC provided a loan to support low-carbonization in the electricity transmission and distribution sector of Saudi Arabia and invested in a fund that invests in climate infrastructure in developing countries and another fund that invests in clean hydrogen-related projects around the world. JBIC made a total of six financial commitments amounting to approximately ¥95.4 billion in loans, equity participations and guarantees in FY2021 under this framework.

To support the overseas expansion of high-quality infrastructure and overseas business activities toward a decarbonized society, JBIC provided loans for multiple businesses including a hydrogen station construction and operation business in the U.S. invested in by a Japanese company.

Supporting Japanese Companies with Local Currency Loans

JBIC made 47 local currency¹ financial commitments totaling to the equivalent of approximately ¥109.9 billion in loans and equity participations. The loans include an Indian rupee loan for a steel distribution and processing center operation business and a Thai baht loan for a dry warehouse business, both invested in by Japanese companies.

Supporting through facilities

In FY2021, JBIC made a total of 174 financial commitments under the Growth Investment Facility, amounting to approximately ¥1,365.1 billion in loans and guarantees, and 22 financial commitments under the Post-COVID-19 Growth Facility, amounting to approximately ¥563.4 billion in loans, equity participations and guarantees.

1. Currencies other than JPY, USD and EUR.

■ Examples of Business Outcomes Relating to Studies and Collaboration with Overseas Governmental Organizations and International Organizations

JBIC conducts research and surveys related to overseas investment and international finance. These efforts include collection and analysis of a wide range of information, as well as knowledge sharing, while interacting with overseas government organizations, foreign and domestic research institutes, and experts in various fields.

Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC conducted the 33rd Survey Report on Overseas Business Operations by Japanese Manufacturing Companies. Conducted since 1989, this survey attempts to identify the strategies and challenges of Japanese manufacturing companies expanding overseas, and appeals to a broad audience for its originality and

continuity.

The FY2021 survey shows that a recovery to the pre-COVID-19 pandemic level seems to be postponed in overseas business as a whole due to the prolonged impact of COVID-19 and uncertainties about the pandemic's aftereffects. In the ranking of promising countries/regions, China remains at the top following last year's survey and the U.S. rises to third. In terms of external shocks supply chain, there is a recognition that "disruption and pressure on logistics" is an even bigger risk than COVID-19 and that the semiconductor shortage affects all industries. Regarding digital transformation (DX), half of the companies are advancing their adoption and the other half has not yet to be started. In particular, advanced companies are more likely to collaborate with foreign companies in DX.

The survey shows that about 80% of companies expect decarbonization to have an impact on their businesses and that many companies are enthusiastic about reducing emissions in supply chains, which are called Scope 3 emissions.

JBIC publishes its survey results and widely announces related information, such as by holding online seminars in FY2021. JBIC also hosts explanatory meetings for Japanese chambers of commerce located overseas as well as for foreign governments, and the survey's results have been effectively utilized in policy recommendations to foreign governments.



Collaboration with Overseas Governmental Organizations and International Organizations

In FY2021, MAEDA Tadashi, Governor of JBIC (at that time), participated in the Sustainability Leaders Summit, a virtual event held by the Sustainability Leaders Council in October 2021 to discuss climate change and other issues toward the realization of sustainability. At this event, participants discussed topics such as plastic waste and climate change in Asia. The Sustainability Leaders Council was jointly established by Eurasia Group, GZERO Media, and Suntory Holdings Limited to advance sustainability agendas in Asia. JBIC participates as a sponsoring partner of the Council.

In November 2021, JBIC participated in the 2021 French-Japanese Business Summit hosted by French Chamber of Commerce and Industry in Japan. HAYASHI Nobumitsu, JBIC Deputy Governor (at that time), delivered a presentation at the panel discussion about “Financing the Future: Finance as a Key Pillar to Enable Sustainable Transformations.” His presentation introduced (1) JBIC’s Medium-term Business Plan that includes JBIC’s action plan of green finance and transition finance, (2) JBIC’s ESG Policy, in which JBIC declares that it is committed to pursuing efforts to reduce its operational greenhouse gas emissions to net zero by 2030, and to achieve net zero emissions in its finance portfolio by 2050, and (3) financial commitments JBIC had made in loans and equity participation for green projects collaborating with French and Japanese companies. Following the presentation, the panelists and the moderator exchanged their views on financing for realizing a sustainable society.

Also, the Australia-Japan-United States Trilateral Infrastructure Partnership (TIP) held a virtual conference with the Deputy Chair of the Communist Party of Vietnam (CPV) Central Economic Commission (CEC) and senior officials of the Ministry of Industry and Trade (MOIT) of Vietnam in January 2022. The TIP is an initiative to drive

economic growth in the Indo-Pacific and promote sustainable infrastructure investment in the region through cooperation among countries that share values toward the realization of a free and open Indo-Pacific. From TIP, the conference was attended by top executives from JBIC, the United States International Development Finance Corporation (DFC), the Department of Foreign Affairs and Trade (DFAT) of Australia, and Export Finance Australia (EFA) and agreed to promote financial cooperation for addressing the growing demand for power in Vietnam, with a focus on energy transition.

Furthermore, in February 2022 JBIC held an online meeting titled “JBIC-IFC Deep Dive” with the International Finance Corporation (IFC). The meeting consisted of several sessions to discuss the potential of the two organizations’ cooperation in key areas of focus and specific approaches for structuring cooperative projects in some regions. The attendees exchanged their views on climate change measures and cooperation in the environmental and infrastructure sectors in developing regions such as Asia and Africa in a lively and open manner. JBIC and IFC agreed to continue to further cooperate in structuring specific projects.



2021 French-Japanese Business Summit

■ Operation Results

JBIC made total disbursements of ¥2,075.7 billion in FY2021

Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2018		FY2019		FY2020		FY2021	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Export Loans	352.9	100.0	345.3	174.1	308.0	71.2	308.0	71.2
Import Loans and Overseas Investment Loans	1,730.0	1,269.6	1,681.3	1,490.0	1,900.0	1,699.5	1,700.0	1,898.5
Untied Loans	50.0	39.2	80.0	9.7	87.0	76.6	587.0	68.6
Equity Participations	124.0	42.4	115.0	30.2	105.0	12.7	105.0	37.3
Total	2,256.9	1,451.3	2,221.6	1,704.1	2,400.0	1,860.2	2,700.0	2,075.7

■ Financial Results

Principles of Accounting

(1) Separate Accounting

Pursuant to Article 26-2 of the Japan Bank for International Cooperation Act, JBIC shall apply separate accounting to Operations other than the Special Operations (Ordinary Operations) and Special Operations.

(2) Preparation of Financial Statements

Pursuant to the Companies Act and Article 26 of the Japan Bank for International Cooperation Act, JBIC prepares financial statements and submits them to the Minister of Finance. The report on the final settlement of accounts is submitted to the government of Japan, together with the financial statements and, after examination by the Board of Audit of Japan, to the Diet.

Pursuant to the Companies Act, JBIC prepares consolidated financial statements and pursuant to Article 5 of the Ordinance of the Ministry of Finance regarding Japan Bank for International Cooperation, JBIC submits the consolidated balance sheet and the consolidated statement of operations to the Minister of Finance.

Ordinary Operations

(1) Statement of Operations

In FY2021, JBIC recorded ¥226.2 billion in Interest Income and ¥309.4 billion in Ordinary Income. This was for various reasons including support for promoting the acquisition of interest, and the development of natural resources, and the overseas operations of Japanese companies such as infrastructure projects and efforts to facilitate business overseas to preserve the global environment. On the other hand, JBIC recorded ¥294.8 billion in Ordinary Expenses as a result of posting ¥135.3 billion in Interest Expenses, such as Interest on bonds. As a result, Ordinary Profit and Net Income both amounted to ¥14.6 billion.

(2) Balance Sheet

Total Assets amounted to ¥18,103.7 billion. This was due primarily to an increase in Loans and Bills Discounted (increased by ¥1,197.8 billion to ¥14,723.0 billion compared with FY2020). Total Liabilities amounted to ¥15,520.1 billion. This was mainly due to an increase in Bonds Payable owing to the issuance of new bonds (increased by ¥670.0 billion to ¥5,634.9 billion from the end of FY 2020). Total Net Assets was ¥2,583.6 billion. This was due mainly to the capital increase and Net Income of ¥14.6 billion, despite the payment to national treasury through appropriation of retained earnings in FY2020.

Special Operations

(1) Statement of Operations

In FY2021, Ordinary Income was ¥1.8 billion. This was due mainly to Interest Income of ¥1.8 billion. On the other hand, JBIC recorded ¥1.7 billion in Ordinary Expenses as a result of posting ¥0.5 billion in Interest Expenses, such as Interest on Interest Swaps. As a result, Ordinary Profit and Net Income both amounted to ¥0.1 billion.

(2) Balance Sheet

Total Assets amounted to ¥320.0 billion. This was due mainly to an increase in Loans and Bills Discounted (increased by ¥4.4 billion to ¥36.0 billion compared with the end of FY2020) and an increase in Securities due to new investments (increased by ¥13.2 billion to ¥15.8 billion compared with the end of FY2020). Total Liabilities was ¥6.2 billion. Total Net Assets was ¥313.7 billion. This was due mainly to a Net Income of ¥0.1 billion.

The Tenth Term for JBIC (FY2021)

[Consolidated Financial Statements]
Consolidated Statement of Operations

(April 1, 2021–March 31, 2022; unit: millions of yen)

Accounts	Amounts
Ordinary Income	313,480
Interest Income	227,973
Fees and Commissions	26,100
Other Ordinary Income	31,416
Other Income	27,989
Ordinary Expenses	296,089
Interest Expenses	135,363
Fees and Commissions Payments	3,492
Other Ordinary Expenses	1,988
General and Administrative Expenses	21,713
Other Expenses	133,531
Ordinary Profit	17,391
Extraordinary Income	4
Extraordinary Loss	0
Net Income Before Income Taxes	17,394
Income Taxes – Current	48
Total Income Taxes	48
Net Income	17,345
Net Income Attributable to Non-controlling Interests	46
Net Income Attributable to Owner of Parent	17,299

[Non-consolidated (JBIC only)]
Statement of Operations

(April 1, 2021–March 31, 2022; unit: millions of yen)

Accounts	Amounts
Ordinary Income	309,943
Interest Income	227,537
Fees and Commissions	25,770
Other Ordinary Income	31,394
Other Income	25,240
Ordinary Expenses	295,171
Interest Expenses	135,363
Fees and Commissions Payments	2,829
Other Ordinary Expenses	1,988
General and Administrative Expenses	21,458
Other Expenses	133,531
Ordinary Profit	14,771
Extraordinary Income	4
Extraordinary Loss	0
Net Income	14,774

Consolidated Balance Sheet

(As of March 31, 2022; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,451,153	Borrowed Money	7,554,208
Securities Note 7	328,053	Bonds Payable Note 9	5,634,984
Loans and Bills Discounted Note 8	14,759,174	Other Liabilities	609,336
Other Assets Note 8.9	602,264	Provision for Bonuses	597
Property, Plant and Equipment Note 10	29,229	Provision for Directors' Bonuses	9
Intangible Assets	9,170	Net Defined Benefit Liability	6,056
Customers' Liabilities for Acceptances and Guarantees Note 8	1,721,217	Provision for Directors' Retirement Benefits	51
Allowance for Loan Losses	(470,834)	Acceptances and Guarantees	1,721,217
		Total Liabilities	15,526,462
		Capital Stock	2,023,800
		Retained Earnings	976,953
		Total Shareholder's Equity	3,000,753
		Valuation Difference on Available-for-sale Securities	16,084
		Deferred Gains or Losses on Hedges	(116,730)
		Foreign Currency Translation Adjustment	2,508
		Total Accumulated Other Comprehensive Income (Loss)	(98,136)
		Non-controlling Interests	350
		Total Net Assets	2,902,967
Total Assets	18,429,429	Total Liabilities and Net Assets	18,429,429

Note: See Notes 7 to 10 on pages 30 to 31 of Appendix for details.

Balance Sheet

(As of March 31, 2022; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,450,470	Borrowed Money	7,554,208
Securities	323,829	Bonds Payable	5,634,984
Loans and Bills Discounted	14,759,174	Other Liabilities	609,212
Other Assets	601,519	Provision for Bonuses	597
Property, Plant and Equipment	29,206	Provision for Directors' Bonuses	9
Intangible Assets	9,169	Provision for Retirement Benefits	6,056
Customers' Liabilities for Acceptances and Guarantees	1,721,217	Provision for Directors' Retirement Benefits	51
Allowance for Loan Losses	(470,834)	Acceptances and Guarantees	1,721,217
		Total Liabilities	15,526,338
		Capital Stock	2,023,800
		Retained Earnings	974,259
		Total Shareholder's Equity	2,998,059
		Valuation Difference on Available-for-sale Securities	16,084
		Deferred Gains or Losses on Hedges	(116,730)
		Total Valuation and Translation Adjustments	(100,645)
		Total Net Assets	2,897,414
Total Assets	18,423,753	Total Liabilities and Net Assets	18,423,753

[Ordinary Operations Account]

Statement of Operations

(April 1, 2021–March 31, 2022; unit: millions of yen)

Accounts	Amounts
Ordinary Income	309,480
Interest Income	226,273
Fees and Commissions	25,770
Other Ordinary Income	32,146
Other Income	25,289
Ordinary Expenses	294,854
Interest Expenses	135,362
Fees and Commissions Payments	2,752
Other Ordinary Expenses	1,988
General and Administrative Expenses	21,136
Other Expenses	133,614
Ordinary Profit	14,625
Extraordinary Income	4
Extraordinary Loss	0
Net Income	14,629

Balance Sheet

(As of March 31, 2022; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,185,333	Borrowed Money	7,550,008
Securities	307,946	Bonds Payable	5,634,984
Loans and Bills Discounted	14,723,082	Other Liabilities	607,234
Other Assets	598,283	Provision for Bonuses	587
Property, Plant and Equipment	29,206	Provision for Directors' Bonuses	9
Intangible Assets	9,169	Provision for Retirement Benefits	6,023
Customers' Liabilities for Acceptances and Guarantees	1,721,217	Provision for Directors' Retirement Benefits	51
Allowance for Loan Losses	(470,492)	Acceptances and Guarantees	1,721,217
		Total Liabilities	15,520,116
		Capital Stock	1,710,500
		Retained Earnings	974,230
		Total Shareholder's Equity	2,684,730
		Valuation Difference on Available-for-sale Securities	15,748
		Deferred Gains or Losses on Hedges	(116,848)
		Total Valuation and Translation Adjustments	(101,100)
		Total Net Assets	2,583,630
Total Assets	18,103,746	Total Liabilities and Net Assets	18,103,746

[Special Operations Account]

Statement of Operations

(April 1, 2021–March 31, 2022; unit: millions of yen)

Accounts	Amounts
Ordinary Income	1,896
Interest Income	1,809
Other Income	86
Ordinary Expenses	1,750
Interest Expenses	545
Fees and Commissions Payments	77
Other Ordinary Expenses	752
General and Administrative Expenses	374
Other Expenses	0
Ordinary Profit	145
Net Income	145

Balance Sheet

(As of March 31, 2022; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	265,137	Borrowed Money	4,200
Securities	15,882	Other Liabilities	2,018
Loans and Bills Discounted	36,092	Provision for Bonuses	10
Other Assets	3,276	Provision for Directors' Bonuses	0
Allowance for Loan Losses	(342)	Provision for Retirement Benefits	32
		Provision for Directors' Retirement Benefits	0
		Total Liabilities	6,262
		Capital Stock	313,300
		Retained Earnings	28
		Total Shareholder's Equity	313,328
		Valuation Difference on Available-for-sale Securities	336
		Deferred Gains or Losses on Hedges	118
		Total Valuation and Translation Adjustments	454
		Total Net Assets	313,783
Total Assets	320,046	Total Liabilities and Net Assets	320,046

Funding Sources

JBIC finances its operations through various sources, including borrowings from the Fiscal Investment and Loan Program (FILP) Fiscal Loan, Government-guaranteed Foreign Bond issuance, Government-guaranteed Long-term Loans in Foreign Currency, FILP Agency Bond issuance, Capital Contributions from FILP Industrial Investment, and borrowings from the Foreign Exchange Fund Special Account.

As JBIC provides long-term financing, its operations are financed by long-term funds to match maturities between funding and lending instruments.

Borrowings from FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, Government-guaranteed Long-term Loans in Foreign Currency, and Capital Contributions from FILP Industrial Investment, etc., are included in the national budget (either as an item in the General Account budget or the Special Account budget), and requests for them are submitted to the Diet for approval along the operating budget of JBIC. Recent funding results and plans for FY2022 are shown in the table below.

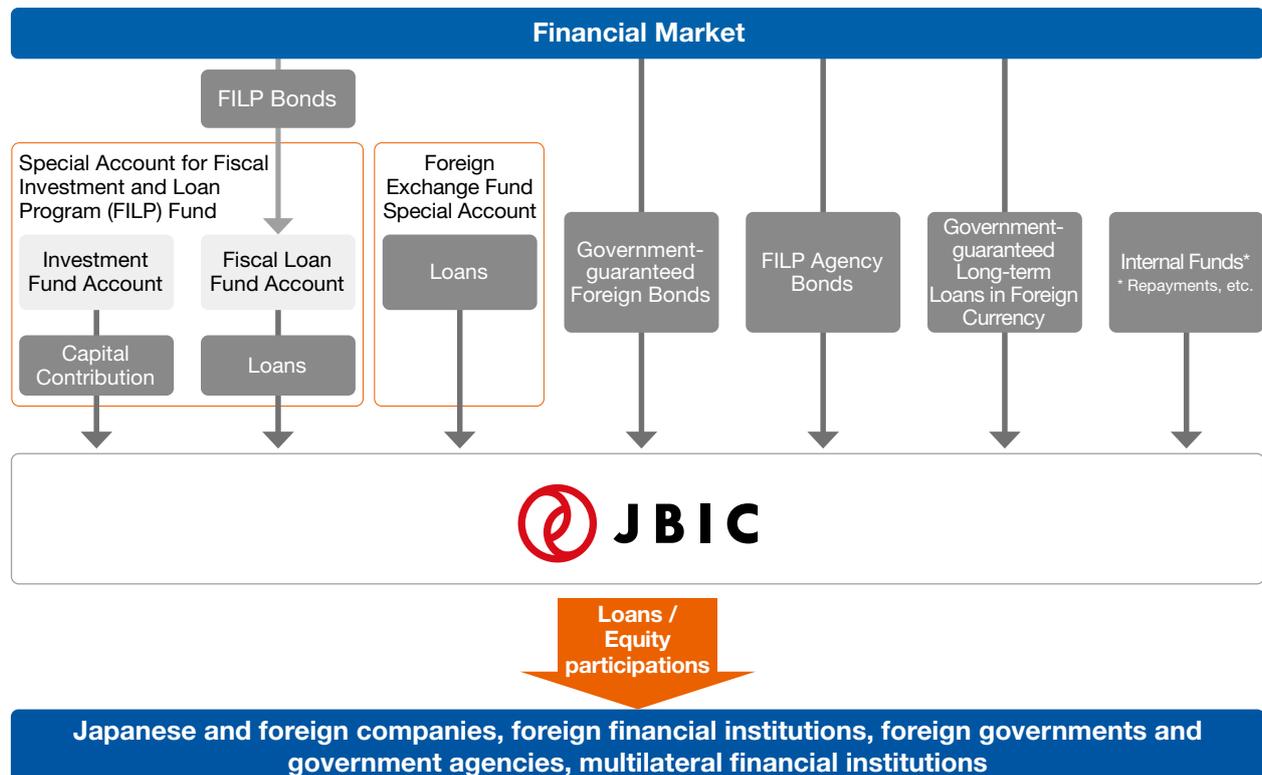
Funding Sources: Actual and Planned

(Unit: billions of yen)

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Planned
Capital Contribution from FILP Industrial Investment	20.1	98.5	80.0	60.0	85.0
Borrowing from FILP Fiscal Loan	109.6	43.7	14.9	11.5	401.0
Borrowing from Foreign Exchange Fund Special Account	654.9	422.9	2,051.1	1,299.1	—
Government-guaranteed Long-term Loans in Foreign Currency	—	—	—	—	40.0
Government-guaranteed Foreign Bonds*	724.2	849.4	833.4	642.3	1,836.0
FILP Agency Bonds*	—	—	—	—	20.0
Other Sources of Funds, Including Repayments	(57.4)	289.5	(1,119.2)	62.7	(82.0)
Total	1,451.3	1,704.1	1,860.2	2,075.7	2,300.0

* Figures for bonds are indicated at face value.

Funding Sources



Government-guaranteed Foreign Bonds

JBIC raises part of its funds by issuing Government-guaranteed foreign bonds in international capital markets. Outstanding Government-guaranteed foreign bonds at the end of FY2021 amounted to ¥5,584.4 billion at face value, which accounts for 42.31% of the total outstanding borrowings and bonds. JBIC provides foreign currency loans when necessary to effectively implement policy, and funds raised by issuing Government-guaranteed foreign bonds are used as a source of those loans.

In October 2021, JBIC developed the JBIC Green Bond Framework aligned with the Green Bond Principles 2021 published by the International Capital Market Association (ICMA) and in January 2022 JBIC issued its first Green Bond. This Green Bond is also the first initiative for a Government-guaranteed foreign green bond. The proceeds from the issuance of this Green Bond will be used as funds needed for renewable energy projects toward a decarbonized society and green finance toward green mobility.

In the FY2022 budget, JBIC plans to issue in the total amount of up to ¥1,836.0 billion in Government-guaranteed foreign bonds.

JBIC's Government-guaranteed foreign bonds receive the same ratings as the Government of Japan from the rating agencies (A1 from Moody's Japan K.K. (Moody's) and A+ from S&P Global Ratings Japan Inc.

(S&P) as of September 1, 2022). Since they are treated as assets for which the Bank for International Settlements (BIS) assigns zero risk weight in calculating the capital adequacy ratio for depository institutions, these bonds provide a quality investment opportunity for investors in international capital markets.

FILP Agency Bonds

In compliance with the government policy to reform FILP, JBIC has issued bonds without government guarantees (FILP agency bonds) in the Japan's capital market since FY2001, thereby raising funds based on its own creditworthiness. JBIC plans to issue up to ¥20.0 billion in FY2022.

FILP agency bonds that JBIC has already issued received the same ratings as the Government of Japan (as of September 1, 2022) as shown below. They are treated as assets for which BIS assigns 10% risk weight in calculating the capital adequacy ratio for depository financial institutions.

Rating & Investment Information, Inc. (R&I)	AA+
Japan Credit Rating Agency, Ltd. (JCR)	AAA
Moody's	A1
S&P	A+

2.

The Environment Surrounding JBIC and Its Challenges

1. Energy and Natural Resources Finance Group	46
2. Infrastructure and Environment Finance Group	52
3. Industry Finance Group	58
4. Equity Finance Group	64

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

1

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).

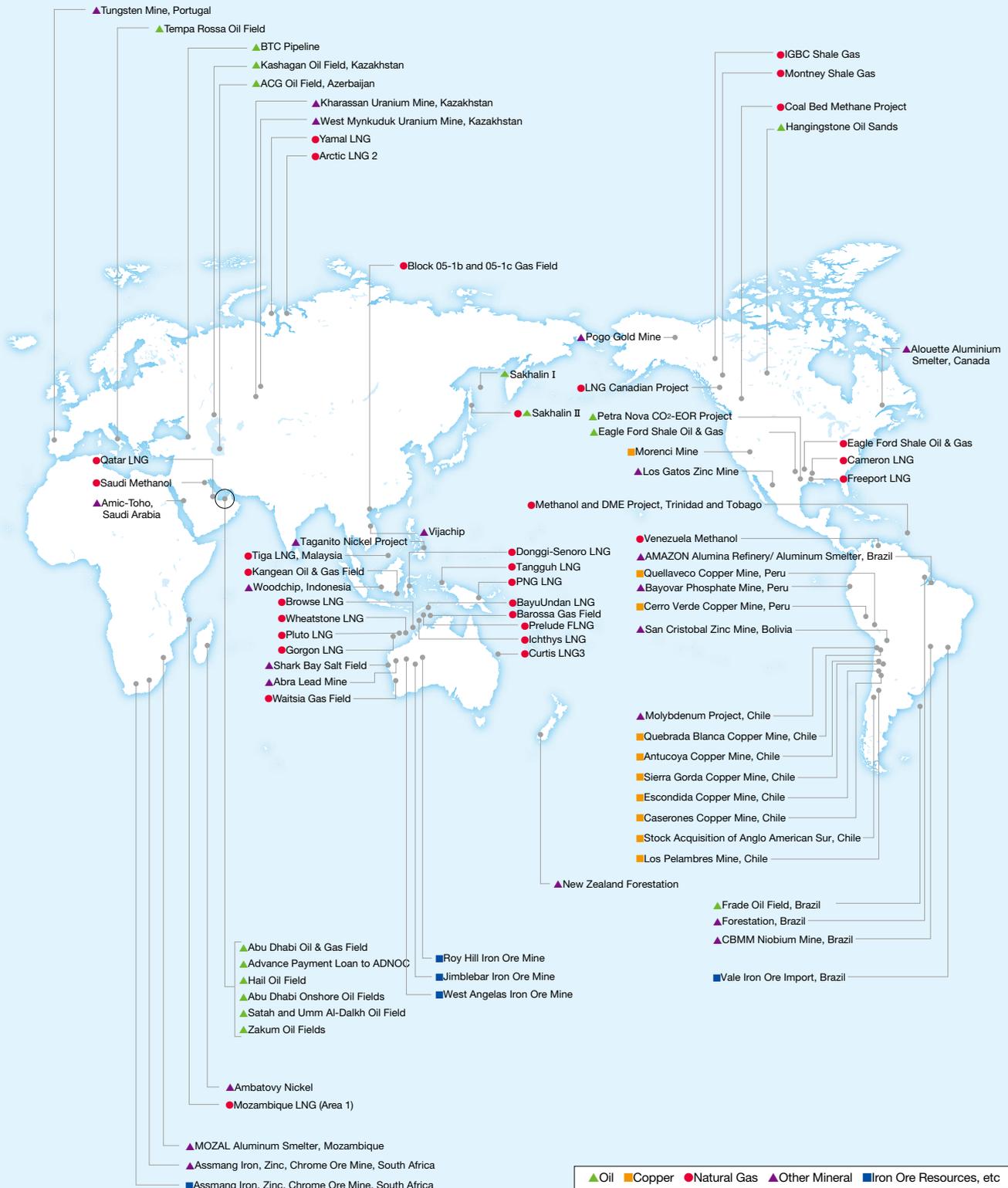
Also, JBIC will actively support projects that contribute toward solving such social issues as access to basic infrastructure, including medical services and food supplies, in such emerging countries as African and South American nations for sustainable growth of host countries (social impact finance).

(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

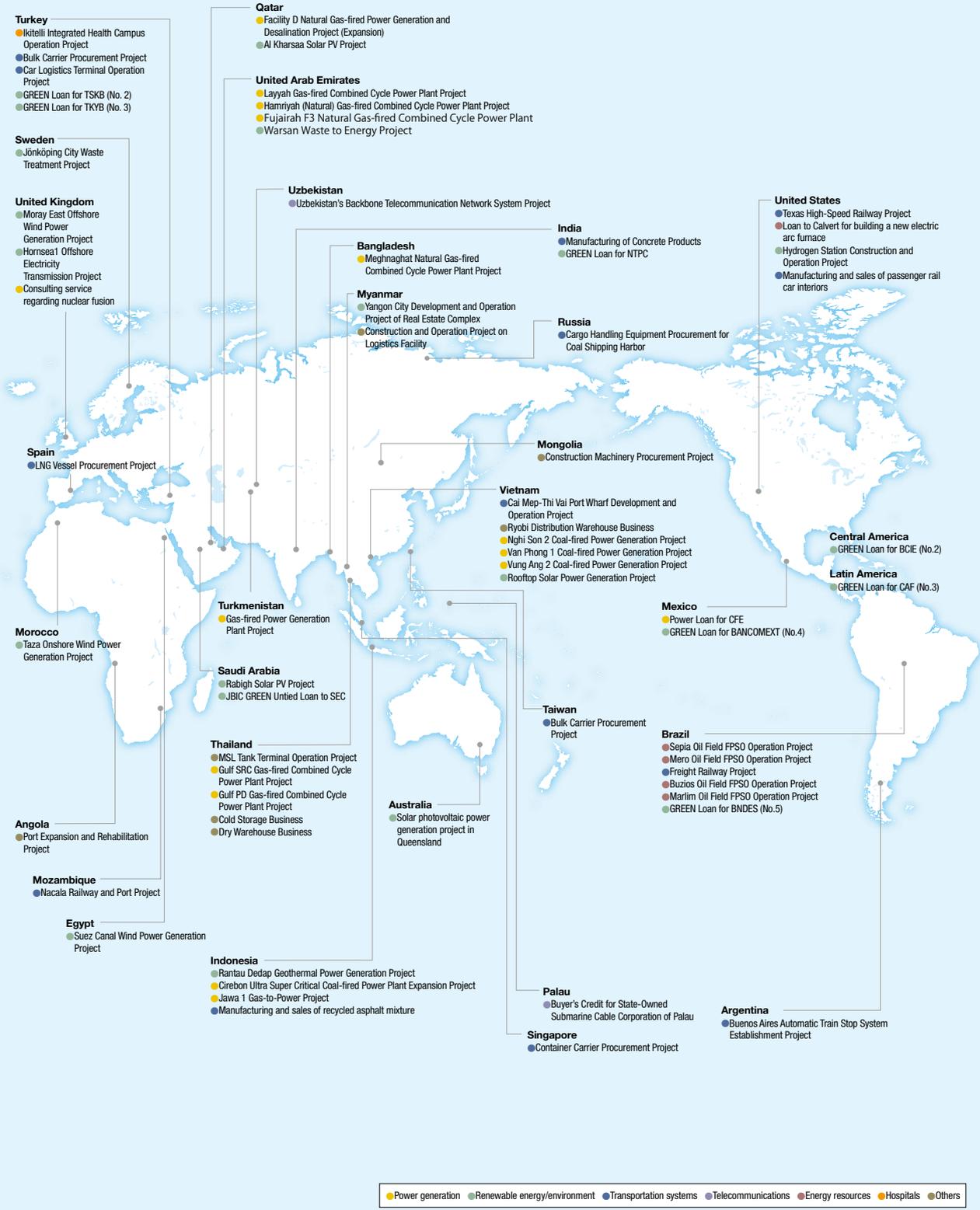
Supporting Overseas Business Expansion of Japanese Company

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

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.

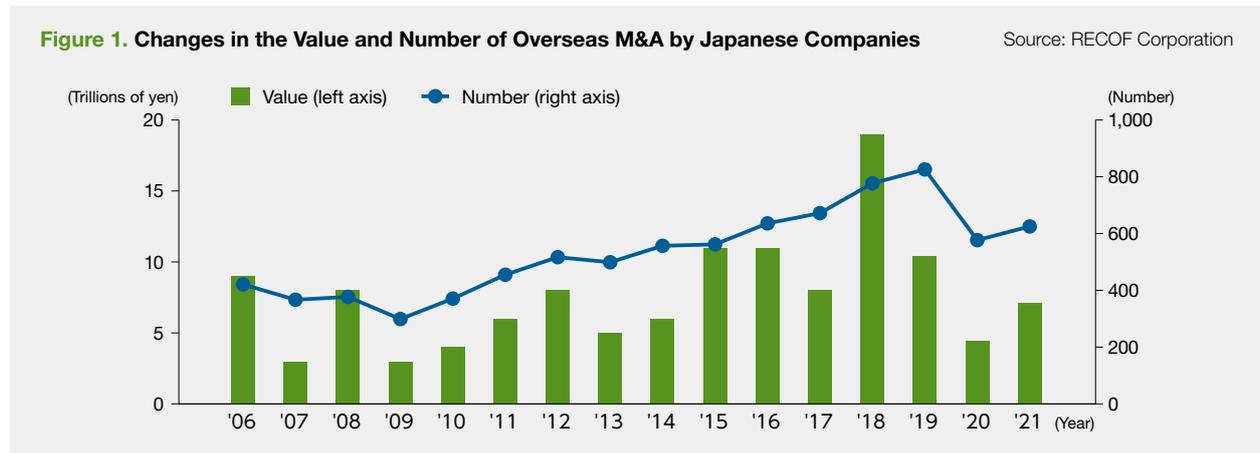
Under these conditions, Japanese companies are striving to enhance and rebuild the resilience of supply chains, and create overseas business opportunities. In addition to making capital investment overseas, centralizing or dispersing production bases, and

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

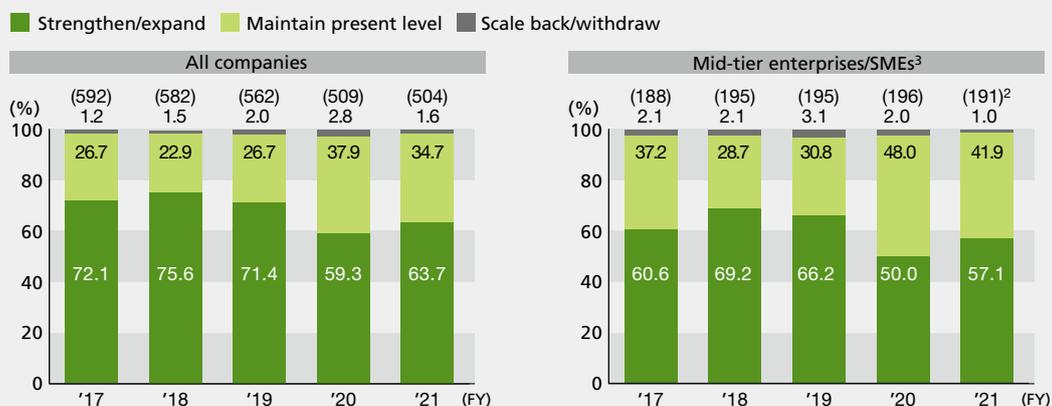


Overseas Business Deployment of Mid-tier Enterprises and SMEs

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.



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.

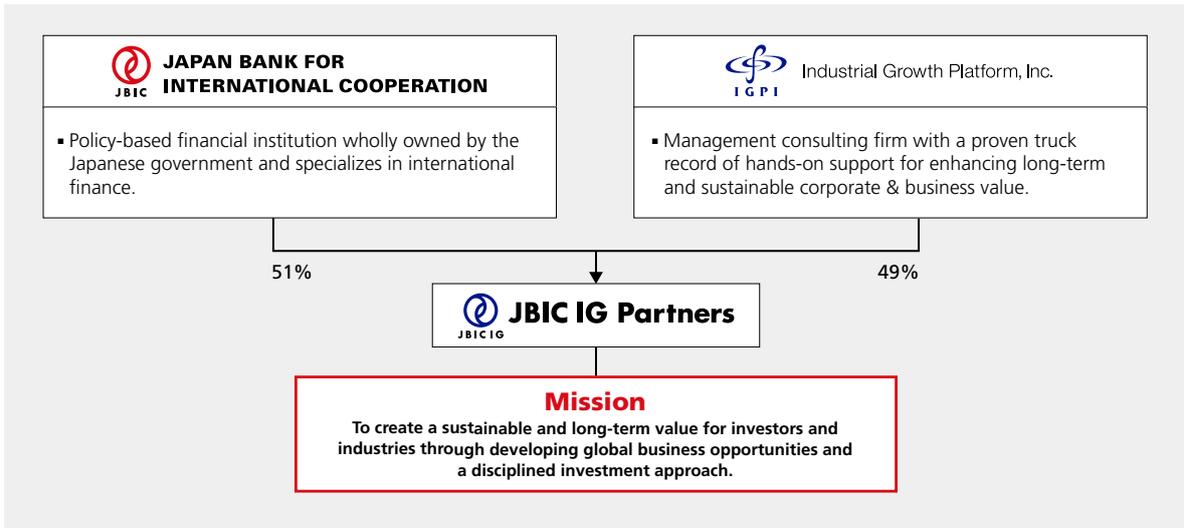
Overview of JBIC IG Partners (JBIC IG)

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

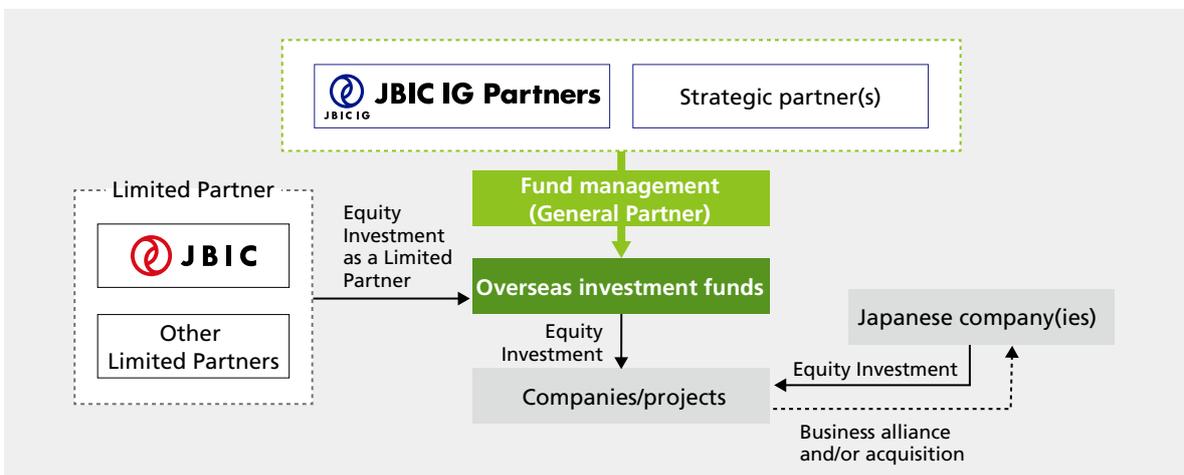
JBIC IG composes overseas funds by partnering with foreign sovereign wealth funds and international investors, through investment advisory services to overseas funds.

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 TANIOBIS 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

3.

Financial Instruments

1. Financial Instruments	70
2. Prominent Initiatives in Recent Years	79
3. Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SMEs	81

1. Financial Instruments

Export Loans

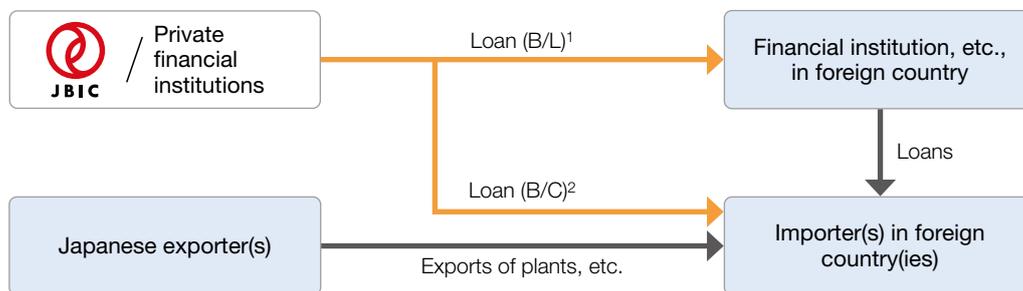
Export loans are provided to overseas importers and financial institutions to support finance exports of Japanese machinery, equipment, and technology mainly to developing countries. In particular, products such as marine vessels, power generation facilities, etc., incorporate a significant amount of advanced technology, and their export is instrumental in enhancing the technological base of Japanese industries. Furthermore, Japanese shipbuilding and plant facilities industries have a broad range of supporting industries, including mid-tier enterprises and SMEs producing parts and components, and thus the loans are expected to positively contribute to the business of these Japanese companies. Export loans in specific sectors are also available to developed countries (see note).

Terms and conditions of export loans are determined based on the Arrangement on Officially Supported Export Credits (OECD Arrangement). In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes the down payment. Local costs may be covered provided that

the amount is within the scope prescribed by the OECD Arrangement.

Note: Eligible Sectors for Export Loans in Developed Countries (as of August 31, 2022)

Ships, satellites, aircraft, medical equipment, equipments that contribute to reducing greenhouse gas (GHG) emissions, railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, fuel ammonia, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, smart grid, electricity storage, development of telecommunications network, biopharmaceuticals, manufacture of chemicals that use organic substances derived from animals and plants, electric vehicles, semiconductors, waste incineration and waste to energy, development of goods and technologies irreplaceable for a stable supply of raw materials of products, etc., business using new technology, business models, etc.



1. Loan to foreign financial institutions (bank-to-bank loan or "B/L")
2. Loan to foreign importers (buyer's credit or "B/C")

■ Import Loans

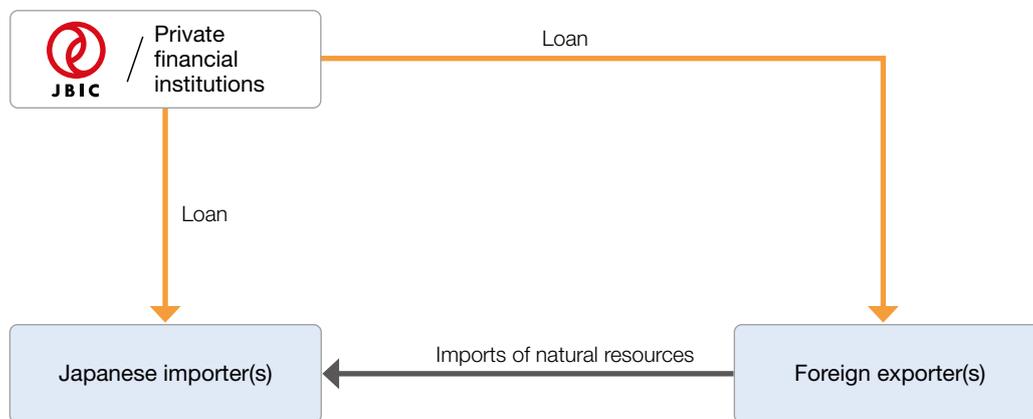
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. Since Japan is poorly endowed with natural resources, stable imports of these over the long term are one of the key factors underpinning domestic economic activity. Import loans finance the development and import of energy resources, including oil and LNG, and mineral resources, including iron ore, copper, and other rare materials.

In addition to natural resources, JBIC provides a guarantee facility for goods and services essential to the

sound development of the Japanese economy, such as import of aircraft. (See page 75 for the guarantee schemes for importing manufactured products.)

Products Eligible for Import Loans (Natural Resources)

Oil, petroleum gas, LNG, coal, uranium, metallic ore, metals, mineral phosphate, fluorite, biomass fuel, hydrogen, ammonia used as fuel, salt, lumber, wood chips, pulp, and other materials



Securing Long-term Supply of Crude Oil and Strengthening Strategic Partnership with a Focus on Energy Transition



JBIC concluded a facility agreement and memorandum of understanding (MOU) with Abu Dhabi National Oil Company (ADNOC) in the Emirate of Abu Dhabi in the UAE to provide necessary support to ADNOC in ensuring long-term, stable imports of crude oil by Japanese companies.

Abu Dhabi has been a stable and important supply source of crude oil to Japan for more than 40 years, and at the same time, has high potential in the decarbonization sector as it has terrain suitable for capturing and storing GHGs

with its weather being a good source of renewable energy. This MOU focuses on sectors including decarbonization, energy transition, and energy efficiency to address global challenges. It aims to promote collaboration between ADNOC and Japanese companies in these sectors.

JBIC will continue to further strengthen its close relationship with ADNOC and contribute to stable energy supply for Japan by supporting Japanese companies in developing and acquiring energy resources.

Overseas Investment Loans

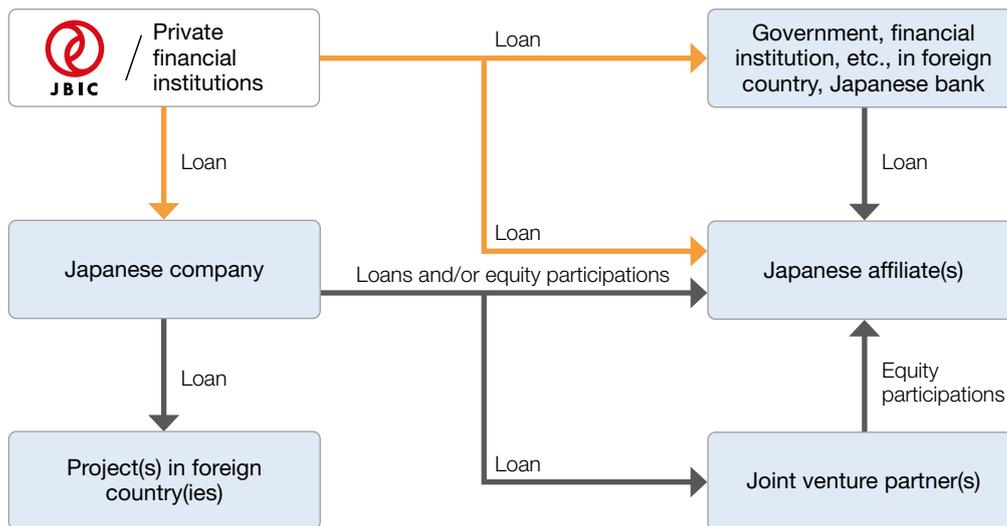
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas affiliates.

Direct loans to Japanese companies are intended for mid-tier enterprises and SMEs, as well as for projects aimed at developing or securing interests in overseas resources that are strategically important to Japan, and projects that support merger and acquisition (M&A) activities (these projects include those of large companies). Moreover, JBIC provides two-step loans (TSL) to support the overseas business of Japanese companies, including mid-tier enterprises and SMEs, as well as TSL intended to support M&A activities by Japanese companies. JBIC is also able to provide short-term loans for overseas business operations when bridge loans are required to

fill the financing gaps before it offers long-term loans. Moreover, JBIC is empowered to provide investment loans for projects in developed countries for specific sectors¹.

1: Eligible Sectors for Overseas Investment Loans in Developed Countries (as of August 31, 2022).

Railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, fuel ammonia, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, CCS, highly efficient gas-fired power generation, smart grid, electricity storage, development of telecommunications network, shipbuilding and marine transportation, satellite launching and operation, aircraft maintenance and sales, medical business, biopharmaceuticals, manufacture of chemicals that use organic substances derived from animals and plants, electric vehicles, semiconductors, waste incineration and waste to energy, development of goods and technologies irreplaceable for a stable supply of raw materials of products, etc., businesses using new technology, business models, etc., businesses that contribute to reducing GHG emissions, M&A activities, etc.



Supporting Overseas Business Expansion of Japanese Company to Realize Decarbonized Society



JBIC set up an investment credit line and concluded a loan agreement based on the credit line with Thang Long Industrial Park II Corporation (TLIP2), a Vietnamese subsidiary of Sumitomo Corporation. The loan is intended to finance the funds necessary for TLIP2 to install and operate rooftop solar power generation systems in Thang Long Industrial Park II, which is in the Hung Yen province in the north of Vietnam, and sell the generated electricity to the park's 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. Sumitomo Corporation has been supporting Japanese manufacturers to start operating in the industrial park it has opened in Vietnam for 25 years. This project aims to contribute to the Vietnamese government's efforts toward decarbonization by introducing solar power generation systems and selling the resulting electricity.

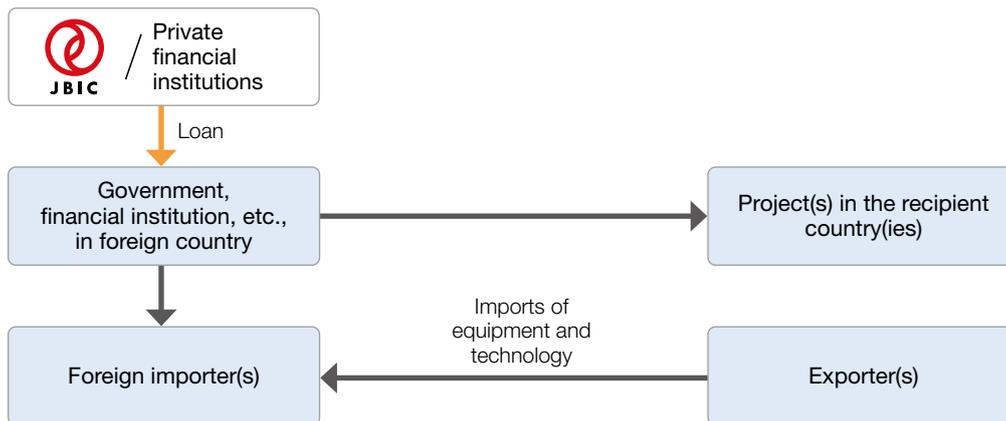
The loan will support the overseas business, in which the Japanese company has made investment and is participating, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry and realizing a decarbonized society globally.

Untied Loans

Untied loans are intended to finance projects and the import of goods by foreign countries, or for such countries to achieve equilibrium in their international balance of payments, or to stabilize their currencies. Loans are not conditional on investments or procurement of equipment and materials from Japan.

Capital procured from untied loans is used to: secure

stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade with and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international financing.

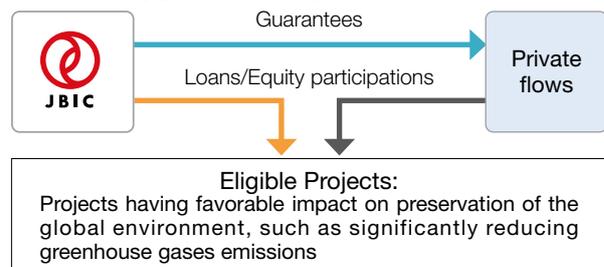


GREEN Operations

JBIC conducts environmental operations under Global action for Reconciling Economic growth and ENvironmental preservation ("GREEN"). Under GREEN operations, JBIC provides support for projects that have a high global environmental conservation effect in the form of loans, guarantees and equity participations, while mobilizing private sector funds. Such projects include a project to construct a solar power generation plant or a power plant with high energy efficiency and a project to introduce energy-saving equipment, each utilizing advanced environmental technologies. GREEN's main focus has been providing support for preserving the global environment, mainly for projects that are expected to significantly reduce greenhouse gases emissions, while paying attention to potential use of Japanese advanced technologies that are highly regarded around the world.

JBIC will promote overseas infrastructure development that contributes to preserving the global environment while widely utilizing the know-how and technologies of Japanese companies.

Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming



Supporting Renewable Energy and Energy Efficiency Projects in Türkiye



JBIC set up a credit line with Türkiye Sinai Kalkınma Bankası A.Ş. (TSKB), the Industrial Development Bank of Türkiye. This credit line is extended as part of JBIC's GREEN operations and is intended to provide funding through TSKB for renewable energy projects and energy efficiency projects in Türkiye .

The Government of Türkiye has set forth improvement of the energy self-sufficiency rate as an important policy issue and ratified the Paris Agreement, which is an international framework of

measures against global warming, in October 2021. TSKB is performing the role of policy-based financing that aims for the sustainable development of Türkiye, and it has been actively supporting the energy efficiency improvement in the industrial sector and the promotion of adopting renewable energy.

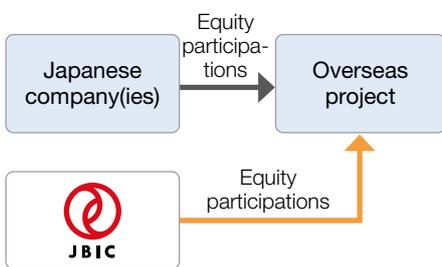
This credit line is in line with the energy policy of the Government of Türkiye and is expected to help disseminate Japan's advanced environmental technologies.

Equity Participations

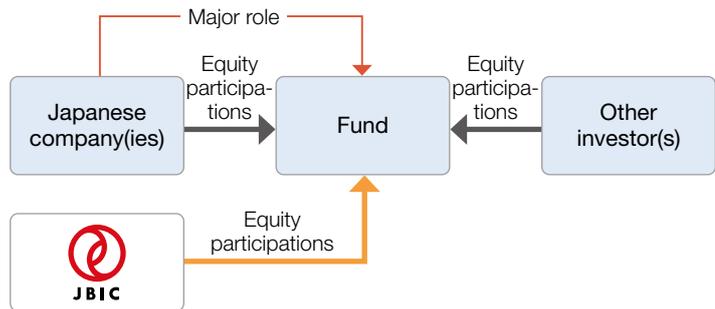
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds

where Japanese companies perform significant roles. In principle, equity participations take the following forms.

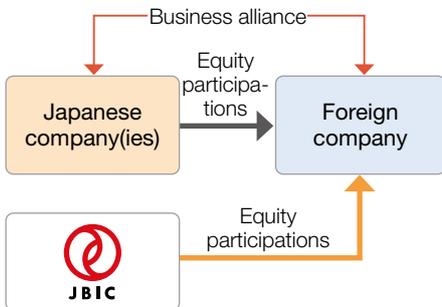
Japanese companies make equity participations in an overseas project



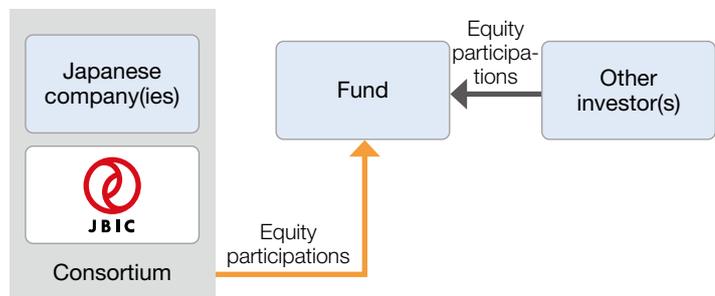
Japanese companies participate in a fund (and perform such a major roles as that of a general partner in their management and investment decisions)



Japanese companies acquire equity interests in a foreign company to form a business alliance



Japanese companies form a consortium and participate in an international fund



Equity Participation in Venture Capital Fund that Helps to Promote Open Innovation



JBIC made equity participation jointly with Sompo Holdings, Inc. and other Japanese companies in the Geodesic Capital Fund II, L.P. (the Fund), a venture capital fund managed by Geodesic Capital Partners II, L.P., established in the Cayman Islands. The Fund invests in advanced technology companies mainly in Silicon Valley, in the U.S., and is also intended to provide Japanese investors with strategic services, such as offering opportunities to form businesses and capital alliances with those companies.

Due to the COVID-19 pandemic, Japanese companies are promoting open innovation to increase the efficiency of existing businesses and to create new added value by combining their internal and external resources, and as part of the effort, are also promoting digital transformation (DX). The participation of JBIC in the Fund is expected to contribute toward maintaining and strengthening the international competitiveness of Japanese companies.

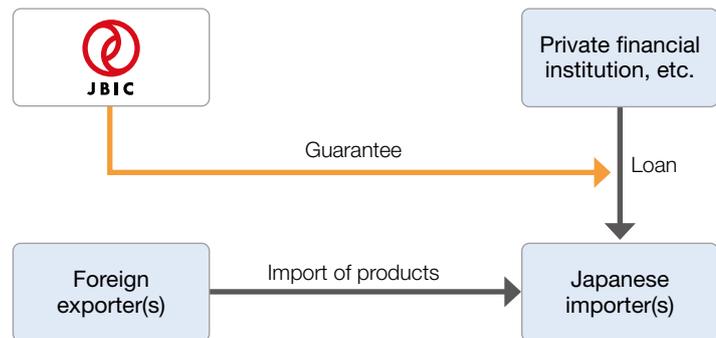
Guarantees

In addition to loans and equity participations, JBIC provides support through its guarantee facility. Guarantees are provided for loans extended by private financial institutions, bonds issued by governments of developing countries or overseas Japanese companies, as well as for

currency swap transactions. JBIC also issues reinsurance for guarantees from export credit agencies in other countries.

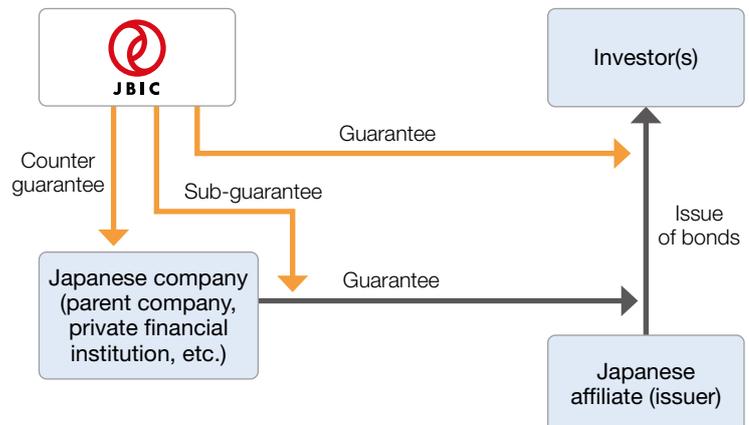
Guarantees for Imports of Manufactured Products

JBIC has a guarantee facility for borrowings by Japanese companies to finance the import of aircraft and other manufactured products that are vital to Japan.



Guarantees for Corporate Bonds Issued by Japanese Affiliates

JBIC supports Japanese affiliates operating overseas by providing guarantees for the bonds they issue in local capital markets.



Contributing to Stable Aircraft Import

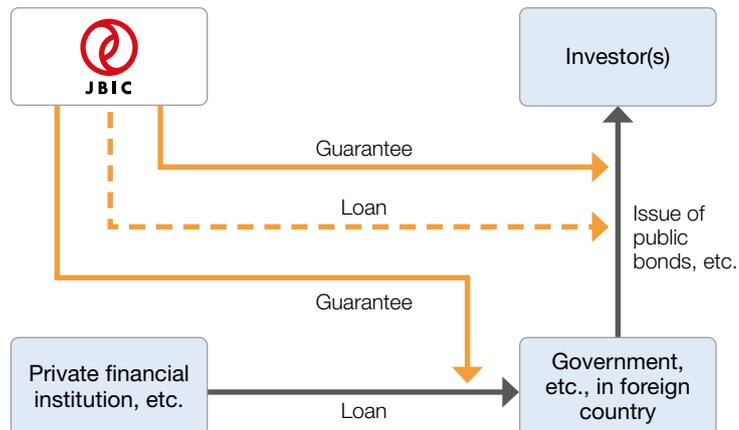


JBIC concluded a guarantee agreement with private financial institutions for the principal and interest of their loans to Japan Airlines Co., Ltd. (JAL). This guarantee is intended to support JAL in obtaining financing from private financial institutions to import aircraft from The Boeing Company in the U.S. and Airbus S.A.S. in France.

JBIC will continue to contribute to maintaining and improving the international competitiveness of the Japanese aviation industry and provide financial support for the import of aircraft that are indispensable for the lives of people in Japan.

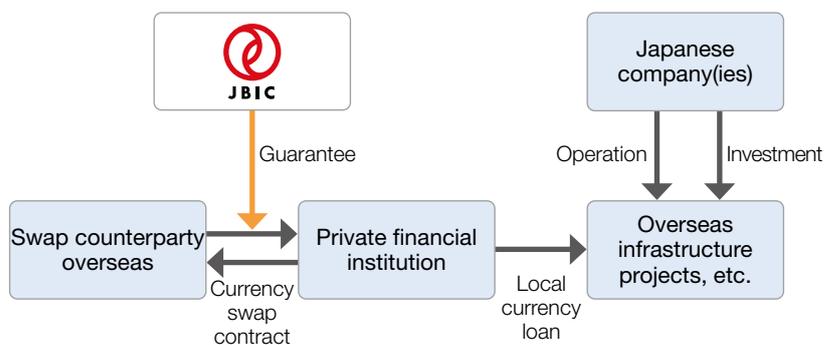
Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

Loans to developing countries involve, among others, currency conversion and transfer risks, as well as country risks. Guarantees that JBIC issues to cover such risks enable Japanese private financial institutions to provide medium- and long-term financing for developing countries, and contribute to developing countries to bringing in private capital and facilitating private companies to expand international business activities.



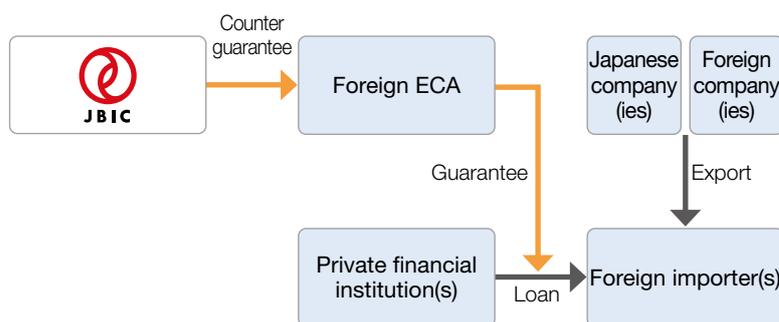
Guarantees for Currency Swaps

JBIC provides guarantees for swap transactions to support the local currency financing of overseas infrastructure projects and other projects undertaken by Japanese companies.



Counter Guarantees for Export Credits

In cases where Japanese companies export machinery and equipment jointly with companies of another country, JBIC provides a counter guarantee for the guarantee provided by that country's export credit agency (ECA). This function enables JBIC to flexibly support export projects by Japanese companies collaborating with foreign companies through multilateral mutual guarantee schemes.

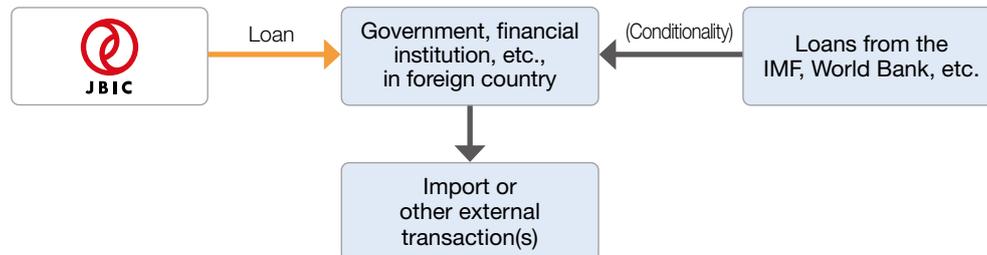


Bridge Loans

JBIC provides short-term financing for governments of developing countries to meet their foreign currency needs for external transactions when they face balance-of-payment difficulties.

JBIC provided bridge loans (short-term bridging loans)

for Myanmar in January 2013 to support the clearance of arrears of past loans from the Asian Development Bank (ADB) and the International Development Association (IDA), a member of the World Bank Group.



Acquisition of Loan Assets and Public and Corporate Bonds

When JBIC provides export loans, import loans, overseas investment loans, and untied loans, JBIC can also provide credits, in addition to providing loans and guarantees, by purchasing loan assets and acquiring public and corporate bonds¹ issued by borrowers for funding. The objective of such operations is to promote private financial institutions'

loans in international finance and Japanese companies' funding in international capital markets.

1. The scope of assets and securities acquired includes public bonds, corporate bonds, debt securities, and trust beneficiary rights.

Research and Studies

JBIC conducts research and studies on individual projects during their initial stage, as well as those focused on specific regions or industry sectors that may be conducive to specific projects. This is an effective means of identifying potentially quality projects, and is expected to lead to increasing exports of materials and services from Japan, as well as expand opportunities to participate in projects by Japanese companies. Research and studies are conducted at each stage necessary for realization of the project, including preparation of a master plan for an individual project, conducting of prefeasibility and feasibility studies (Pre-F/S, F/S), front-end engineering design (FEED), and studies of regions and industry sectors

conductive to specific projects. After the research and studies are completed, follow-up reviews are conducted at least once each year to confirm the progress of the project.

Research and studies are conducted in the following sequence.

1. Selection of a research and study subject
2. Selection of a contractor to conduct research and studies
3. Conduct of a research and studies
4. Completion of a research and study report
5. Follow-up

■ Securitization and Other Financial Instruments

JBIC provides support for securitization and an increase in liquidity in order to complement and encourage the activities of private financial institutions.

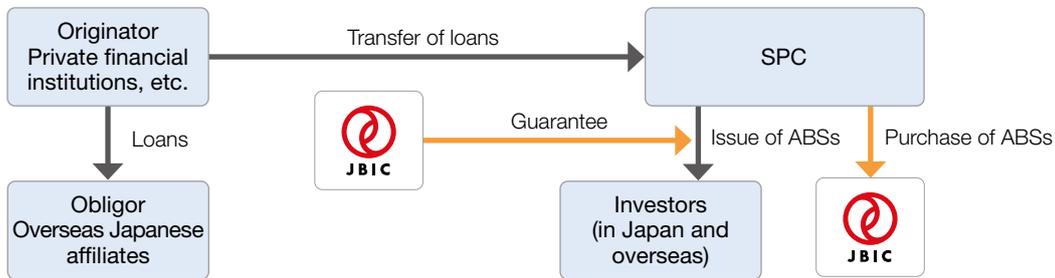
1. Securitization (Guarantees)

In cases where special purpose companies (SPC) or trust companies issue asset-backed securities (ABS) or other financial products with loans or other assets as collateral, JBIC guarantees the payment of such ABSs to reduce country and structure risks, thereby supporting the issuance of bonds in the emerging capital markets.

2. Securitization (Acquisition of Securities)

JBIC supports bond issues by acquiring a portion of the ABS issued by SPC or trust companies with loans or other assets as collateral. JBIC's acquisition supports the securitization needs of the originators¹ and is expected to help invigorate the bond market by circulating the acquired bonds back into the market when market conditions allow.

1. An originator is the original owner of assets to be securitized and obtain funding through securitization.

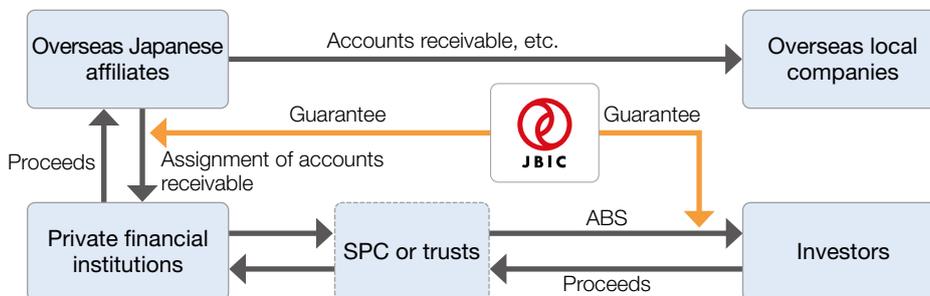


* The above diagram depicts a scheme where SPCs are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

3. Securitization and Liquidation of Receivables

JBIC provides guarantees for the receivables and other monetary claims held by overseas subsidiaries of Japanese companies in order to facilitate the purchase of

such receivables by banks (an increase in their liquidity). JBIC is also able to provide guarantees for securities issued by SPC or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.



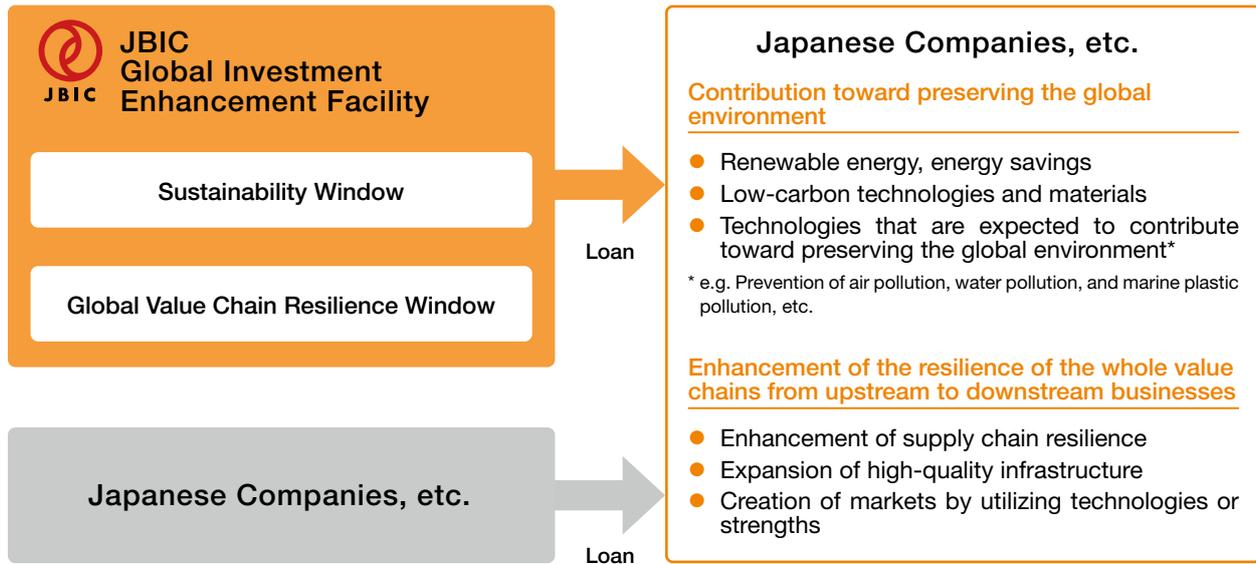
2. Prominent Initiatives in Recent Years

■ Global Investment Enhancement Facility

In July 2022, JBIC established the Global Investment Enhancement Facility in order to support and accelerate overseas expansion of Japanese companies with their cutting-edge technologies for the environment or digitalization or with their unique competitiveness.

The Global Investment Enhancement Facility consists of the Sustainability Window and the Global Value Chain Resilience Window

Resilience Window, is intended to support Japanese companies in: (1) the contribution toward preserving the global environment, including decarbonization and (2) the enhancement of supply chain resilience, the expansion of high-quality infrastructure, and the creation of new overseas markets.



■ Expansion of the Eligible Sectors of JBIC's Support for Developed Countries

The Cabinet Order for Partial Revision to the Enforcement Order of the Japan Bank for International Cooperation Act came into effect in June 2022. This revision has expanded the eligible sectors for JBIC to provide: (1) export loans for

the export of Japanese products to developed countries; and (2) overseas investment loans for projects in developed countries. Sectors newly added to the scope of the Act due to this expansion are shown below.

- Businesses with new technology, business model, etc.
- Businesses that contribute to reducing greenhouse gas emissions
- Development of goods and technologies irreplaceable for a stable supply of raw materials of products, etc.
- Medical equipment (e.g., endoscopes, MRI equipment)
- Biopharmaceuticals
- Fuel ammonia
- Electric vehicles
- Semiconductors

Organizational Changes toward the Realization of a Decarbonized Society

In July 2022, JBIC changed the name of the Oil and Gas Finance Department to the Energy Solutions Finance Department and established the Energy Transformation Strategy Office, with a view to strengthening its support for the development of innovative energy and smooth energy transition toward a decarbonized society.

The new establishment of the Energy Transformation Strategy Office aims at centralizing JBIC's response to matters concerning hydrogen, ammonia, and other forms of innovative energy, which are important for the green transformation process, and the realization of a decarbonized society.

Establishment of Representative Office in Sydney

In March 2022, JBIC opened a Representative Office in Sydney, Australia.

Australia is an important partner for Japan to realize a "Free and Open Indo-Pacific." Under the trilateral partnership among Japan, the U.S., and Australia established in November 2018, JBIC is promoting formation of cooperative projects in the Indo-Pacific region including South Pacific countries jointly with Australia's Department of Foreign Affairs and Trade (DFAT), Export Finance Australia (EFA), and the United States International Development Finance Corporation (USDFC).

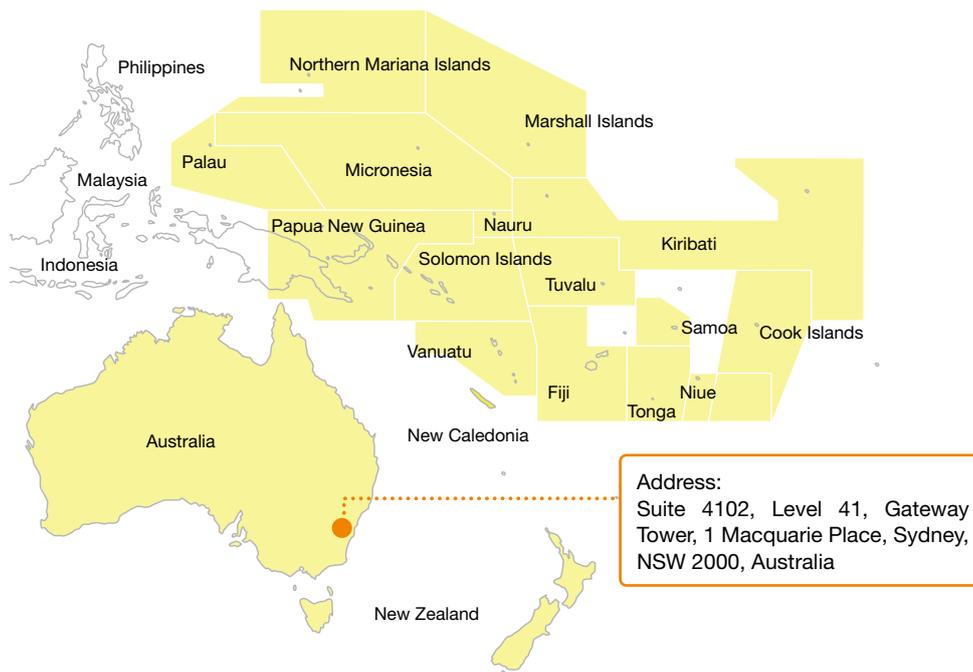
Australia has great business potential for Japanese companies in multiple sectors such as hydrogen, renewable energy, critical minerals, and social infrastructure in addition to its well-known important sectors including iron ore and natural gas.

Through the opening of this office, JBIC will strengthen

its activities in Australia and Pacific island countries, and thus make further contributions to the sound development of Japan and the international economy and society.



Countries and Regions Covered by Representative Office in Sydney



3. Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SMEs

As economies in emerging market countries, especially in Asia, continue to develop, an increasing number of mid-tier enterprises and SMEs seek to expand their business in emerging markets in addition to responding to the overseas advancement of their business partners. As mid-tier enterprises and SMEs have a variety of overseas business, their funding needs have grown more diverse.

Utilizing the know-how and experience of overseas financing that it has accumulated over the years, JBIC

provides the long-term financing to Japanese companies, including mid-tier enterprises and SMEs, that is necessary for overseas investment, the export of products, and M&As of foreign companies that have unique technology or a distinctive customer base.

To respond to financial needs of mid-tier enterprises and SMEs for their overseas expansion, JBIC has further enhanced cooperation not just with major financial institutions but also with private financial institutions,

Characteristics of Support to Overseas Business of Mid-tier Enterprises and SMEs

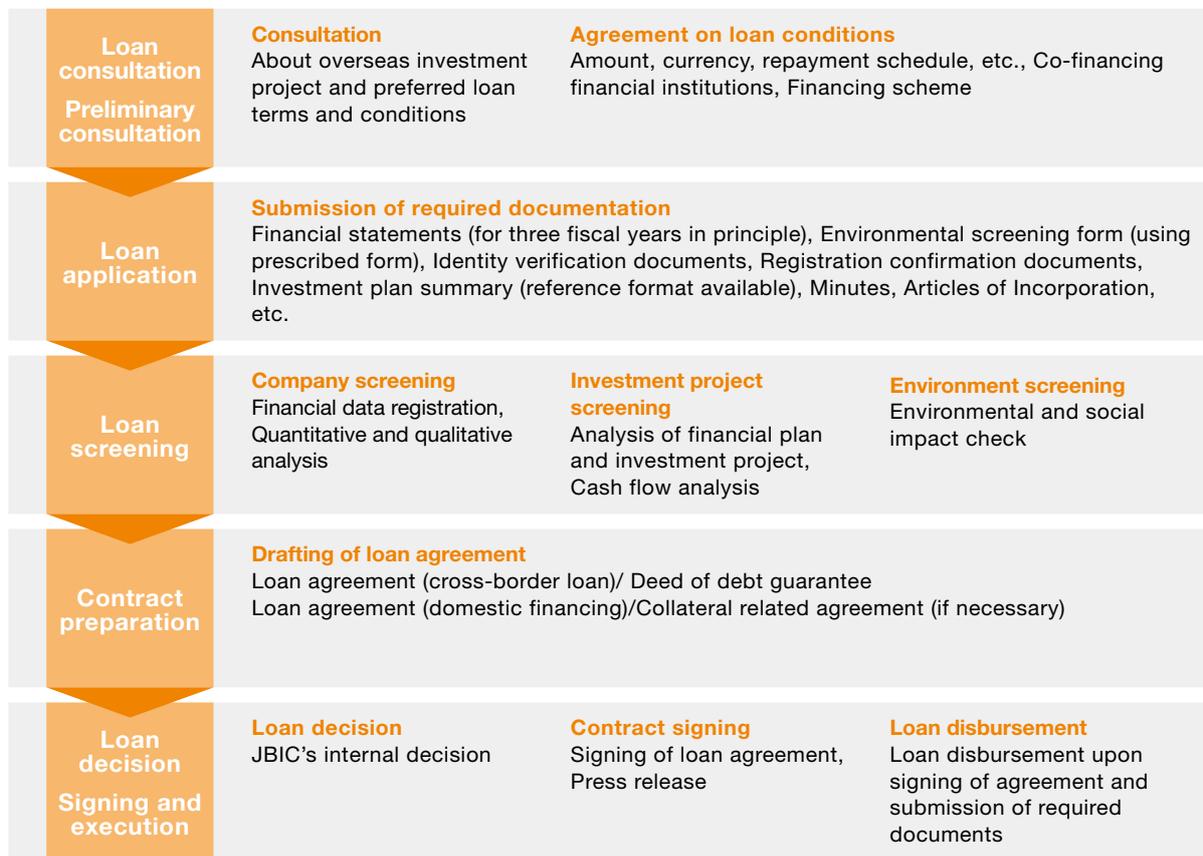
- (1) Prompt and flexible support to respond to funding needs of mid-tier enterprises and SMEs (including loans of a relatively small amount)
- (2) Reducing currency exchange risk through local currency-denominated loans in addition to loans in Japanese Yen, U.S. dollars, and Euro
- (3) Responding to diverse funding needs by utilizing variety of financing tools, including loans for M&As, export loans, and equity participations
- (4) Collaborating with private financial institutions (mega banks, regional banks, Shinkin banks, and local financial institutions) to respond to and support overseas business of mid-tier enterprises and SMEs in Japan
- (5) Utilizing networks of JBIC overseas offices in 18 cities to provide information services on overseas investment environment and assist solving issues with foreign governments

Process leading to loan disbursement

First, JBIC interviews the borrower to gain an overall picture of its overseas project and to understand its preferred loan conditions. JBIC then consults with the private-sector financial institutions with which JBIC will conduct co-financing (generally the financial institutions with which the borrower company regularly does business). The specific steps leading to disbursement of the loan are as follows:

It usually takes around two months until the decision on the loan is made and two to three weeks until the loan is disbursed after that decision.

(*It may take longer depending on the loan processes of the partnering financial institutions and local registration procedures.)



including regional banks and Shinkin (credit) banks, and local financial institutions in countries where they are expanding their business. In addition to individual loan schemes based on co-financing with private financial institutions, JBIC also provides two-step loans (including finance leases) through organizations such as private financial institutions enabling more prompt and flexible response to the diversifying funding needs. Additionally, JBIC is actively providing local currency-denominated loans along with conventional loans in Japanese Yen, U.S. dollars, and Euro.

As the COVID-19 pandemic started to wind down in some parts of the world, there has been a rise in funding needs among overseas affiliates of Japanese mid-tier enterprises and SMEs to meet the recovering demand and respond to the transformation of the economic structure. Strengthened efforts to tackle climate change and for sustainability are expected to boost investment for the

purpose of these affiliates' decarbonization efforts and supply chain resilience. JBIC also supports such funding needs while complementing the roles of private financial institutions.

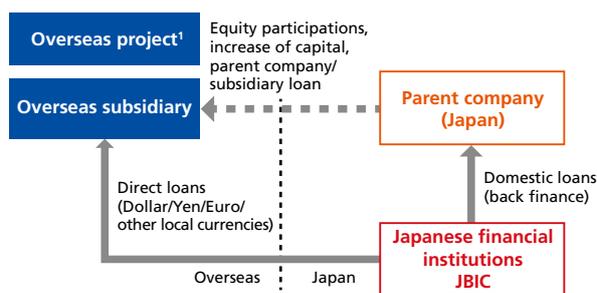
Cooperation with Japanese Private Financial Institutions

Private financial institutions with mid-tier enterprises and SMEs as their client base, play an important role when they seek to develop their business expand overseas. Among private financial institutions, regional banks and Shinkin (credit) banks have especially close ties to mid-tier enterprises and SMEs. In cooperation with such private financial institutions, JBIC broadly supports the overseas expansion of local Japanese companies by not just providing financial services but also co-hosting seminars focused on overseas business development etc.

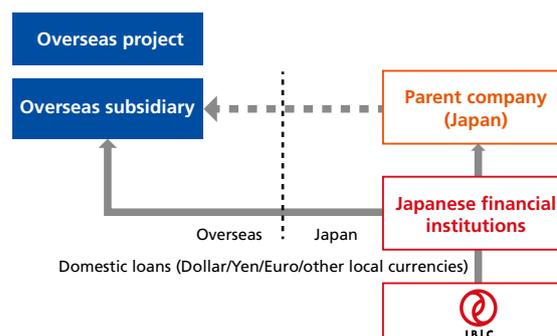
In addition, JBIC has general agreements with a

Example of Mid-tier Enterprises and SMEs Support Schemes

1) Individual loan scheme



2) Two-step loan scheme (via Japanese financial institution)



1. In principle, intended to developing countries

* Definition of mid-tier enterprises and SMEs: Companies capitalized at less than ¥1 billion or with not more than 300 employees. Consolidated subsidiaries of large companies are excluded.

Financial Institutions with an Established Credit Line for Supporting Mid-tier Enterprises and SMEs

Signing date of Agreement	Financial Institutions	Signing date of Agreement	Financial Institutions
October 2015	SUMITOMO MITSUI TRUST LEASING (SINGAPORE) PTE. LTD.	February 2019	The Hokkoku Bank, Ltd.
March 2016	PT. BUMIPUTERA-BOT FINANCE	February 2019	The Chiba Bank, Ltd.
November 2017	PT. SMFL Leasing Indonesia	February 2019	The Nanto Bank, Ltd.
February 2018	P.T. Bank Resona Perdania	March 2019	The Hiroshima Bank, Ltd.
September 2018	PT. RESONA INDONESIA FINANCE	March 2019	The Aichi Bank, Ltd.
December 2018	The Shizuoka Bank, Ltd.	May 2019	The Chugoku Bank, LTD.
December 2018	The Bank of Yokohama, Ltd.	July 2019	The Hokuriku Bank, Ltd.
December 2018	Bangkok Mitsubishi UFJ Lease Co., Ltd.	November 2019	The Bank of Yokohama, Ltd.
December 2018	Saitama Resona Bank, Limited	January 2020	PT. Mitsubishi UFJ Lease & Finance Indonesia
December 2018	The Joyo Bank, Ltd.	January 2020	THE BANK OF NAGOYA, Ltd.
December 2018	The Hachijuni Bank, Ltd.	March 2020	SMFL Leasing (Thailand) Co., Ltd.
January 2019	THE NISHI-NIPPON CITY BANK, LTD.	March 2020	THE SHIGA BANK, LTD.
February 2019	The Toho Bank, Ltd.	March 2022	The 77 Bank, Ltd.

Note: This list is of financial institutions for which the credit line is valid as at the end of March 2022.

number of private financial institutions to establish credit lines as a means to promptly finance the funds necessary for the overseas business development by mid-tier enterprises and SMEs in emerging market countries (see the list on the previous page).

The number of regional financial institutions, with which JBIC partnered to engage in co-financing and other collaborative activities¹ was 27 in FY2021.

1. Besides co-financing, collaboration includes two-step loans and guarantees.

Cooperation with Local Financial Institutions in Emerging Countries

It is essential for mid-tier enterprises and SMEs to obtain support from local financial institutions in countries where they are expanding their business, which are well acquainted with the local area.

Besides supporting Japanese affiliates overseas, JBIC has also strengthened its relationships with local financial institutions in emerging countries, for example, providing two-step loans to them with the objective of fostering and supporting local companies that supply raw materials and parts to Japanese affiliates overseas.

In addition, JBIC has concluded MOUs with local financial institutions in Thailand, Indonesia, India, the Philippines, Vietnam, and Mexico to set up a system to support overseas business expansion of mid-tier enterprises and SMEs. Under these MOUs, JBIC has opened or expanded single contact point for overseas affiliates of Japanese companies ("Japan desk") in these local financial institutions and has established a framework to discuss cooperation and collaboration that involve Japanese private financial institutions. A total of 535 Japanese regional financial institutions have joined the framework and dispatched personnel to the local financial institutions.

Providing Local Currency-Denominated Loans

JBIC provides loans in various local currencies, including the Thai baht, Indonesian rupiah, and Chinese yuan. Especially for mid-tier enterprises and SMEs running domestic demand-based businesses in respective countries, stable financing of local currency funds is an important issue in their business strategy from the viewpoint of avoiding currency exchange risk. JBIC prepares long-term fixed-rate local currency loans alongside with finance from private financial institutions to their Japanese clients' affiliates overseas.

In China, there exists a continued need for long-term Chinese yuan-denominated loans from Japanese mid-tier enterprises and SMEs operating in the country to increase production capacities or for other purposes. The country, however, restricts funds raised from outside China. In order to ensure prompt and flexible response to clients' financial needs under these restrictions, JBIC has signed a general agreement with Japanese regional banks having a branch in China to establish credit lines for yuan-denominated two-step loans.

Information Services and Seminars

In addition to individual consulting services for mid-tier enterprises and SMEs' overseas expansion of their business, JBIC provides advisory services to business

partners and cooperating regional financial institutions through experts concerning the legal, accounting, and currency regulations related to tax affairs, employment and labor issues, contracts, company establishment, and other issues for China, India, ASEAN, North America, Latin America, Europe, and the Middle East.

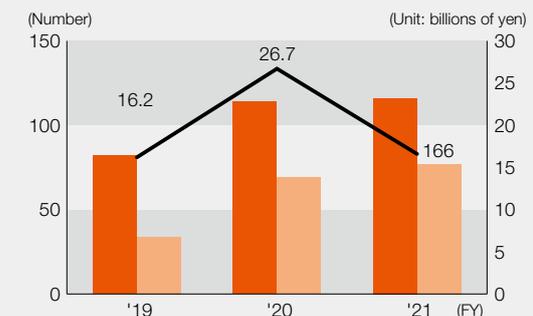
JBIC also organizes seminars and consultations on overseas business deployment in cooperation with organizations such as private financial institutions, prefectural and municipal governments, and local chambers of commerce and industry. In addition, it conducts field studies to assess investment climates in countries where Japanese companies are actively expanding their business. The findings of these studies are compiled into guidebooks, which are available in book form and on JBIC's website.

In FY2021, JBIC is holding a number of overseas investment and other seminars, including those held online, for mid-tier enterprises and SMEs.

Additionally, JBIC has set up a loan consulting desk in Sendai, Ota (Gunma Prefecture), Tokyo, and Nagoya in collaboration with local governments, chambers of commerce, and other organizations supporting overseas business expansion of local companies and has been providing consultation services on such topics as overseas investment climates and various forms of financing.

Loan Commitments to Mid-tier Enterprises and SMEs

■ Number of loans committed
 ■ Of which, co-financed with regional banks and Shinkin (credit) banks
 — Amount of commitments



Investment environment guidebook published in FY2021

Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SMEs

JBIC supports mid-tier enterprises and SMEs in a wide range of industries with their overseas business deployment.

China

Mitani Shoji Co., Ltd. (Kyoto Prefecture)

Wholesale, Sale and Processing of Nonferrous Metal Materials

Mitani Shoji engages in the wholesaling of nonferrous metal materials such as copper and aluminum. To respond to requests from business partners that advanced into China, Mitani Shoji established Mitani Shoji Electronic Materials (Shanghai) Co., Ltd. (MSEM) in 2006 and is promoting business expansion in China. JBIC provided a loan to MSEM for its nonferrous metal materials sales business in Shanghai. The loan is co-financed with The Bank of Kyoto, Ltd.



Indonesia

Yagiharu Sangyo Co., Ltd. (Osaka Prefecture)

Real Estate Rental Business and Electrolyzed Water Generator Sales Business

Yagiharu Sangyo engages in the real estate rental business and sells electrolyzed water generators. With Indonesian company PT. Harmoni Asri (HAR) serving as its base, Yagiharu Sangyo aims to further expand its facility support integrated service activities that include its laundry business and hygiene management operations within facilities that use electrolyzed water. JBIC provided a loan to HAR for its laundry business. The loan is co-financed with Resona Bank, Limited



Malaysia Thailand

Future Spirits Co., Ltd. (Kyoto Prefecture)

Building, Maintenance and Operation of Servers and Websites as Well as Systems Development Business

Future Spirits engages in building, maintenance, and operation of servers and websites and is also involved in system development. To support the building and operation of IT infrastructure for local Japanese-affiliated companies, Future Spirits established Future Spirits Malaysia Sdn. Bhd. (FSMY) in Malaysia in 2011 and Future Spirits Thailand Co., Ltd. in Thailand in 2013 and is working to expand its business in both countries. JBIC provided loans for the server hosting and so forth business undertaken by FSMY and FSTH. These loans are co-financed with THE SHIGA BANK, LTD.



Thailand**Whitemax Co., Ltd. (Osaka Prefecture)****Manufacture and Sale of Hygiene Products**

Whitemax engages in the manufacture and sale of hygiene products such as gloves and masks. Whitemax established Whitemax (Thailand) Co., Ltd. (WTH) as a sales base in Thailand and is working to expand sales channels to principal customers in Thailand. JBIC provided a Thai baht-denominated loan to WTH for its sanitary product sales business to support Whitemax's overseas business development in Thailand, which is a growing market.

**Thailand****Nissen Chemitec Corporation (Ehime Prefecture)****Manufacture and Sale of Plastic Component**

Nissen Chemical engages in the manufacture and sale of plastic components such as automotive interior materials. In 1994, Nissen Chemical established Nissen Chemitec (Thailand) Limited (NCT) as a Thai subsidiary in response to the advancement into and expansion of production in Thailand by main customers. Subsequently, NCT has been selling high-quality plastic products for use in interior and exterior materials to Japanese companies operating in Thailand. JBIC provided a Thai baht-denominated loan to NCT for its manufacturing and sales business of plastic components such as automotive interior materials in Thailand. The loan is co-financed with The Iyo Bank, Ltd.

**Vietnam****HOLUS Co., Ltd. (Tokyo)****Frozen Vegetable Wholesale Business**

HOLUS mainly engages in the wholesaling of frozen vegetables. HOLUS established AGRIEX CO., LTD (AGRIEX) in 2020 as its first overseas manufacturing base amid the ongoing shift away from dining out to ready-made meals and eating at home due to the spread of COVID-19. The company is working to strengthen its system for producing and supplying high-quality processed foods in Vietnam. JBIC provided a loan to AGRIEX for its frozen food manufacturing and sales business. The loan is co-financing with the Bank of Fukuoka, and the Shoko Chukin Bank.



Vietnam

Yuwa Co., Ltd. (Nagano Prefecture)

Manufacture and Sale of Precision Plastic Molded Products

Yuwa engages in the manufacture and sale of precision plastic molded products such as smartphone connectors and medical devices. Yuwa established YUWA VIETNAM CO., LTD (YVL) as a manufacturing base in Vietnam with the aim of maintaining and expanding its overseas production. Based on a credit line with THE HACHIJUNI BANK, LTD., JBIC provided a loan to YVL for its business of manufacturing and selling micro precision plastic molded products and molds.



Australia

I'rom Group Co., Ltd. (Tokyo)

Pharmaceuticals and Medical Device Development Support Business

The I'rom Group engages mainly in the pharmaceuticals and medical device development support business. It made CMAX CLINICAL RESEARCH PTY LTD (CMAX), an Australian company, part of the Group and aims to expand its clinical trial business through CMAX. JBIC provided an Australian dollar-denominated loan to CMAX for its pharmaceuticals and medical device development support business in Adelaide, South Australia. The loan is co-financed by Kansai Mirai Bank, Limited.

United Kingdom

Asahi Glassplant Inc. (Kumamoto Prefecture)

Manufacture and Sale of Scientific Glassware and Glass-engineered Systems

Asahi Glassplant engages in manufacturing and selling scientific glassware and glass-engineered systems such as reactors and various types of distillation equipment mainly for pharmaceutical and chemical industries. In 2019, Asahi Glassplant established Asahi Glassplant UK Ltd. (AGI UK), a UK subsidiary, to maintain and increase production in Europe to expand its business in the European market. JBIC provided a British pound denominated loan to AGI UK for manufacturing and selling scientific glassware and glass-engineered systems. The loan is co-financed with The Shikoku Bank, Ltd.



Germany**Nasa Corporation (Tokyo)****Sale of Packaging Materials and Packaging Machines for Overseas Markets**

Nasa engages in the sale of packaging materials and packaging machines such as tea bags and coffee filters for overseas markets. Nasa established Nasa Deutschland GmbH (NDGH) in Germany as its first European base and is promoting sales of packaging materials and packaging machines to European drinking water manufacturers and container manufacturers. JBIC provided euro-denominated loan to NDGH for its business of selling packaging materials and machines in Europe. The loan is co-financed with Resona Bank, Ltd.

**Mexico****Nissin Kakou Co., Ltd. (Saitama Prefecture)****Manufacture and Sale of Plastic Molds and Injection Molding Products**

Nissin Kakou engages in the manufacture and sale of plastic molds and injection molding products used for automobile components. Nissin Kakou established NISSINKAKOU MEXICANA, S.A. DE C.V. (NKM) in 2014 with the aim of expanding sales channels for automotive components, mainly for Japanese companies in Mexico. NKM aims to expand its business in the automobile-related market in Mexico. JBIC provided a loan to NKM for its automobile components manufacturing and sales business in Mexico. The loan is co-financed with Saitama Resona Bank, Limited.

**Brazil****SUN ACE Corporation (Kanagawa Prefecture)****Manufacture and Sale of Industrial Chemical Products Such as Polyvinyl Chloride (PVC) Stabilizers**

SUN ACE engages in the manufacture and sale of industrial chemical products, including polyvinyl chloride stabilizer. In 2013, SUN ACE established SUN ACE BRASIL INDUSTRIA QUIMICA E COMERCIO LTDA. (SABI) as a manufacturing and sales base for Brazil and neighboring countries and is working to maintain and expand overseas production. Based on a credit line with The Bank of Yokohama, Ltd., JBIC provided a loan to SABI for its industrial chemical products manufacturing and sales business in Brazil.



4.

Operational and Administrative Policies

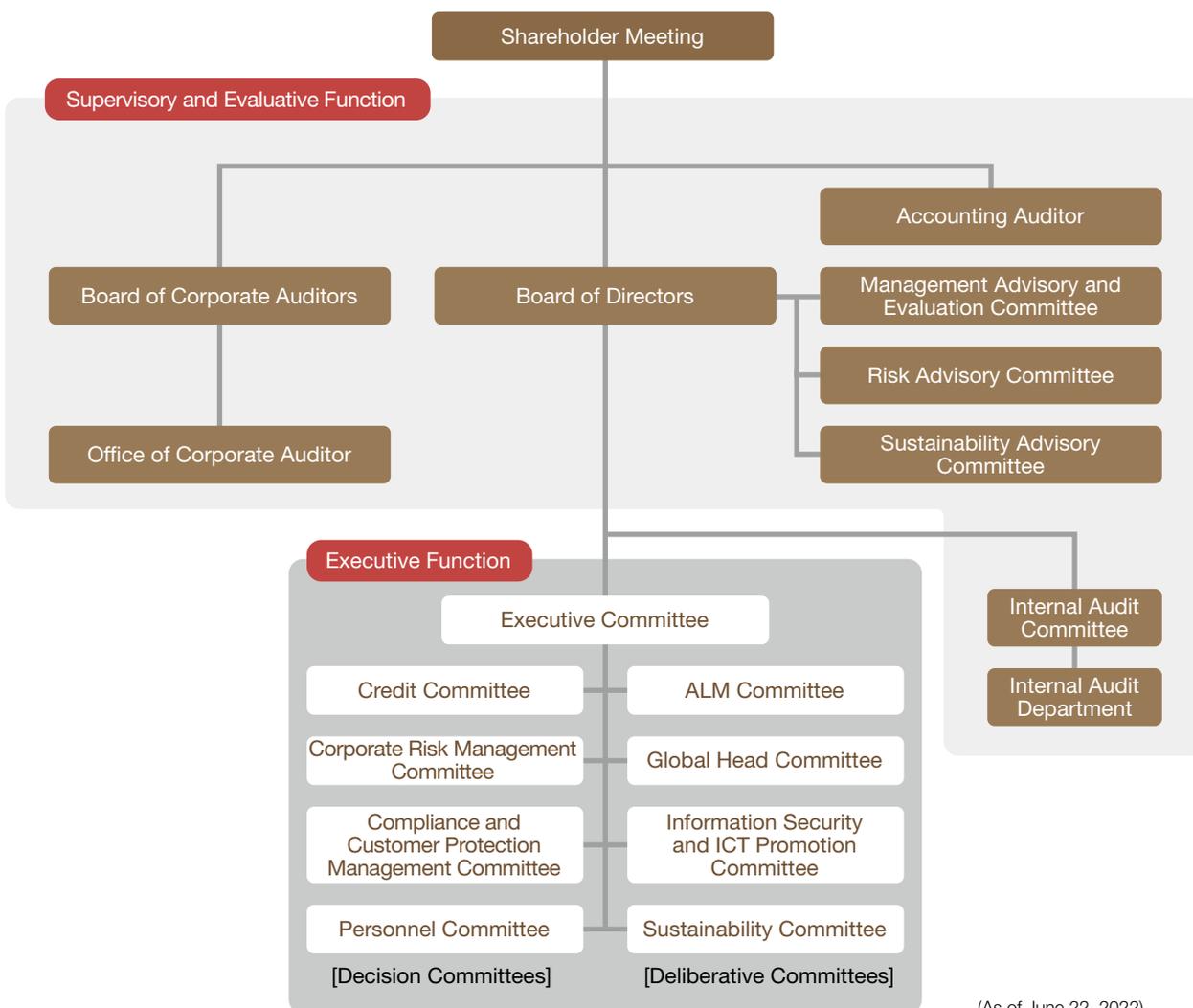
1. Corporate Governance.....	90
2. Risk Management	94
3. Public Information and Disclosure	98

1. Corporate Governance

Fundamental Approach to Corporate Governance

JBIC is making efforts to build corporate governance structure in conducting operations with particular attention

to integrity and efficiency, as it seeks to fulfill the mission set out under the JBIC Act (Law No. 39, 2011) and realize its corporate philosophy.



(As of June 22, 2022)

Involvement of Japanese Government

As JBIC has its shares wholly owned by the Government of Japan, it is subject to the control of the Japanese government, its sole shareholder. Additionally, it is subject to the budget passed in the Diet, inspections by the Board of Audit of Japan, by the Competent Minister, and by the Financial Services Agency whose inspection is delegated by the Competent Minister.

Supervisory and Evaluation Function and the Conduct of JBIC Operations

To strengthen the supervisory and evaluative function of the Board of Directors as well as conduct speedy and flexible operations, JBIC has established, in addition to the Board of Directors, the Board of Corporate Auditors and other organs required by the Companies Act, the Management Advisory and Evaluation Committee, the Risk Advisory Committee, the Sustainability Advisory Committee, the

Internal Audit Committee, and the Executive Committee. Furthermore, a variety of committees were set up by the Executive Committee that delegates specific tasks to them.

(1) Board of Directors

The Board of Directors consists of nine members, of which three members are non-executive directors, including two outside directors as set forth in the Companies Act. The non-executive directors supervise the conduct of representative directors and executive directors in JBIC's operations, thereby making a contribution to improving its governance.

(2) Board of Corporate Auditors

The Board of Corporate Auditors consists of three auditors, of which two are outside corporate auditors, as set forth in the Companies Act. Outside corporate auditors contribute

to improving the governance structure of JBIC, as they cooperate with the full-time auditor in auditing the conduct of its operations. As a section helping them execute their responsibilities, there is the Office of Corporate Auditor.

(3) Management Advisory and Evaluation Committee

The Management Advisory and Evaluation Committee consists of external experts, including the outside director. They make assessment and offer advice on the matters referred to them by the Board of Directors pertaining to the business operations and management of JBIC.

(4) Risk Advisory Committee

The Risk Advisory Committee consists of external experts, including the outside director. They offer advice on the matters referred to them by the Board of Directors pertaining to risk management and assessment framework associated with large-lot obligors and risk exposure to large-scale projects.

(5) Sustainability Advisory Committee

Decision was made to newly establish the Sustainability Advisory Committee, offering advice on the matters consulted by the Board of Directors regarding JBIC's policy to enhance its contributions in achieving sustainability.

(6) Internal Audit Committee

The Internal Audit Committee consists of representative directors and the outside director. They make decisions and deliberations concerning important matters pertaining to internal audit, as delegated by the Board of Directors.

(7) Executive Committee

The Executive Committee consists of representative directors, executive directors, and all the managing executive officers. They make decisions and deliberations concerning important managerial matters, thereby taking responsibility for conducting flexible JBIC operations, as delegated by the Board of Directors. The committees below have been established as advisory bodies to the

Executive Committee or as decision-making bodies on certain matters as delegated by the Executive Committee.

(i) Credit Committee

The Credit Committee makes decisions and deliberations concerning important matters on loans, equity participations, and guarantees by JBIC, as delegated by the Executive Committee.

(ii) Corporate Risk Management Committee

The Corporate Risk Management Committee makes decisions and deliberations concerning important matters pertaining to the corporate risk management of JBIC, as delegated by the Executive Committee.

(iii) Compliance and Customer Protection Management Committee

The Compliance and Customer Protection Management Committee makes decisions and deliberations concerning important matters pertaining to the compliance and customer protection management of JBIC, as delegated by the Executive Committee.

(iv) Personnel Committee

The Personnel Committee makes decisions and deliberations concerning important matters pertaining to the personnel of JBIC, as delegated by the Executive Committee.

(v) ALM Committee

The ALM Committee makes deliberations concerning important matters pertaining to the asset-liability management (ALM) of JBIC, as delegated by the Executive Committee and the Corporate Risk Management Committee.

(vi) Global Head Committee

The Global Head Committee makes deliberations concerning cross-cutting matters among internal groups, including operational policy for each country or region, as delegated by the Executive Committee.

■ List of Members of the Management Advisory and Evaluation Committee

(As of August 1, 2022)

Name	Occupation
URATA Shujiro	Professor Emeritus, Waseda University
ENDO Noriko	Project Professor, Research Centers and Institutes, Keio University Global Research Institute
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SATO Yasuhiro	Senior Advisor, Mizuho Financial Group, Inc.
TAKAGI Yuzo	Certified Public Accountant
NIINAMI Takeshi	President & Chief Executive Officer, Member of the Board, Representative Director, Suntory Holdings Limited

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

■ List of Members of the Risk Advisory Committee

(As of August 1, 2022)

Name	Occupation
ABE Shuhei	President, CEO of SPARX Group Co., Ltd.
EHARA Nobuyoshi	Co-founder, Unison Capital, Inc.
OGAWA Eiji	Professor, Faculty of Economics, Tokyo Keizai University
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SOGO Hiromi	Editorial Director of Luxury Media Group, Head of Editorial Content of RICHESSE & ESQUIRE THE BBB, and Editor in Chief of RICHESSE Content Division, Hearst Digital Japan Co., Ltd.
MATSUDA Chieko	Professor of Management, Graduate School of Management, Tokyo Metropolitan University
YOKOO Keisuke	President, Member of the Board, Chief Executive Officer, Japan Investment Corporation

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

(vii) Information Security and ICT Promotion Committee

The Information Security and ICT Promotion Committee makes deliberations concerning the use and management of JBIC’s information assets, as well as important matters on information security, and cross-divisional matters on ICT such as measures required for the ICT plans and policies which had been determined by the Board of Directors and Executive Committee, as delegated by the Executive Committee.

(viii) Sustainability Committee

The sustainability Committee makes deliberations concerning sustainability promotion, by discussing JBIC’s policies, and other important measures in the field of sustainability.

Mission/Sector-Specific Group Structure

JBIC reconstituted its organization and adopted a mission/sector-specific group structure. Its objective is to strengthen the capacity to formulate projects by bringing together knowhow and expertise in each sector and area, thereby facilitating JBIC to perform the functions in its mission more flexibly and strategically.

Specifically, the Corporate Planning Group; Credit, Assessment and Risk Management Group; Treasury and Systems Group; Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group were set up, with each Group having departments with special expertise.

For each Group, the responsible board member is appointed, and a managing executive officer serves as the Global Head of each Group. Each Group is managed in an integral manner under the Global Head of the Group in an effort to conduct rapid, flexible and efficient operations.

Members of Board of Directors

(As of June 22, 2022)

Managing Director, Chairman of the Board of Directors	MAEDA Tadashi
Governor	HAYASHI Nobumitsu
Deputy Governor	AMAKAWA Kazuhiko
Executive Managing Director	HASHIYAMA Shigeto
Senior Managing Director	OISHI Ichiro
Senior Managing Director	TANAKA Kazuhiko
Senior Managing Director	TANIMOTO Masayuki
Managing Director (Outside Director)	KOIZUMI Shinichi
Managing Director (Outside Director)	KAWAMURA Yoshinori

Global Heads of the Groups

(As of June 22, 2022)

Global Head of Corporate Planning Group	KIKUCHI Yo (Managing Executive Officer)	Corporate Planning Group
Global Head of Credit, Assessment and Risk Management Group	SASAKI Satoshi (Managing Executive Officer)	Credit, Assessment and Risk Management Group
Global Head of Treasury and Systems Group	OGAWA Kazunori (Managing Executive Officer)	Treasury and Systems Group
Global Head of Energy and Natural Resources Finance Group	INABA Yutaka (Managing Executive Officer)	Energy and Natural Resources Finance Group
Global Head of Infrastructure and Environment Finance Group	UCHIDA Makoto (Managing Executive Officer)	Infrastructure and Environment Finance Group
Global Head of Industry Finance Group	ASO Kenichi (Managing Executive Officer)	Industry Finance Group
Global Head of Equity Finance Group	MORITA Kentaro (Managing Executive Officer)	Equity Finance Group

Member of Board of Directors Member of Internal Audit Committee Member of Executive Committee

Fundamental Policy on Internal Control

Pursuant to the Companies Act, JBIC has put in place an institutional structure, including internal regulations, to ensure the proper conduct of its operations and activities, based on the Basic Policy for the Internal Control System decided by the Board of Directors.

Compliance

JBIC has set forth in its Code of Conduct to “Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.” In accordance with this Code of Conduct JBIC has formulated internal regulations concerning compliance and its implementation status under the Basic Policy for the Internal Control System. In addition, the Basic Principles of Compliance is formulated as follows.

- Recognizing JBIC’s role as a policy-based financial institution that undertakes international operations, directors and employees are keenly aware of the public missions and social responsibilities called for in the international community and in civil society. It is also well recognized that any act in violation of laws, regulations, or rules by its directors and employees will lead to denigrating confidence in JBIC as a whole and have a materially adverse effect on its operations. Attentive to these needs, JBIC is constantly pursuing toward compliance and operational integrity.
- Directors and employees recognize that JBIC has accountability to the general public regarding its operations and that it must make efforts to ensure the trust of the general public through appropriate information disclosure.
- JBIC shall not have any connections whatsoever with antisocial forces. It shall adopt an uncompromising attitude throughout its organization toward antisocial forces, and decisively reject all improper demands from such forces. This is essential for maintaining public trust in JBIC as well as for assuring the appropriateness and soundness of JBIC’s operations and it makes appropriate responses in collaboration with police and other relevant authorities.

Compliance System

In accordance with the above Basic Principles, JBIC thoroughly engages in compliance as detailed below. JBIC makes efforts to improve compliance, primarily through the Compliance and Customer Protection Management Committee and has established the Legal Affairs and Compliance Office as an integrated compliance management unit.

Each Group and Overseas Representative Office serving as a regional headquarter has an Integrated Compliance Officer, while each department and overseas representative office has a Compliance Officer for making efforts in compliance, such as fostering such awareness among JBIC employees.

To foster an in-depth understanding of compliance, JBIC makes good use of its Compliance Manual and provides training sessions for its management and staff members. It also develops a compliance program every fiscal year as a basis for making necessary compliance arrangements and providing relevant training, and follows

up on the progress and completion.

In addition to the reporting procedures in its ordinary line of business, JBIC has put in place and is properly operating an internal reporting system such that it is capable of finding significant compliance issues at an early stage and taking appropriate remedial action.

Internal Audit

As an internal control system for overall operations, JBIC has appropriate internal audit procedures to review as well as evaluate their appropriateness and effectiveness and make recommendations to improve them. For these purposes, JBIC has the Internal Audit Committee, which includes the outside director, as a decision-making body independent of the Executive Committee that is responsible for conducting operations. There is also the Internal Audit Department, independent of the line departments and directly reporting to the Governor.

The Internal Audit Department exchanges relevant information and cooperates with the Corporate Auditors and an Accounting Auditor for executing efficient internal audit.

2. Risk Management

In general, the operations of financial institutions involve various risks, including credit risk, market risk (such as interest rate and exchange rate risks), liquidity risk, and operational risk. As a policy-based financial institution, JBIC conducts financial operations to achieve policy objectives. Thus, JBIC differs from private financial institutions in its nature as well as the extent of risks involved in its operations and ways to deal with them. Nonetheless, recognizing the importance of appropriate risk management as a financial institution, JBIC has put in place an institutional system for risk management commensurate with different types of risks and for addressing integrated risk management.

More specifically, JBIC defines the objective of risk management as identifying, measuring, and monitoring various risks JBIC is exposed to in the process of conducting operations to ensure the soundness and integrity of operations and increase transparency. For this purpose, JBIC has designated the staff responsible for managing various risks and has a department working on the overall

risk management. In addition, there are the Corporate Risk Management Committee and the ALM Committee which hold discussions and make considerations for the effective functioning of risk management. JBIC has also set up the Risk Advisory Committee, which consists of external experts, to provide the JBIC Board of Directors with advice on the risk management and assessment system with respect to large-lot debtors and on issues referred to by the JBIC Board of Directors with respect to risks associated with large-scale projects.

JBIC has conducted risk management separated into the Ordinary Operations Account and Special Operations Account. The following sections describe how JBIC manages the various risks it faces in conducting operations as a policy-based financial institution.

(Note) Please refer to JBIC's Initiatives Related to Climate Change (Information Disclosure Based on TCFD Recommendations) on page 32.

2

■ Enterprise Risk Management

To ensure the soundness and appropriateness of its operations as a policy-based financial institution, JBIC undertakes enterprise risk management that comprehensively ascertains the risks to which JBIC is exposed and utilizes Top Risk management and stress tests as its main methods.

Top Risk Management

JBIC defines Top Risks as risk events that will significantly impact JBIC when they become apparent and require particular attention. Top Risks are designated based on risk factors that are assumed in view of current international circumstances and the characteristics of JBIC's portfolio, and JBIC regularly and continuously monitors these risks.

Through Top Risk management, JBIC has established a risk management framework that enables timely and

appropriate ascertaining of risks that are emerging along with changes in the environment as well as the impact of these risks on JBIC's credit portfolio and fund procurement and allows for flexible responses.

Stress Tests

JBIC regularly implements stress tests as a forward-looking risk management tool to identify JBIC's financial conditions including capital adequacy and to formulate its business operation plans. Stress scenarios are developed that are suited to the characteristics of JBIC's portfolio. In developing the scenarios, JBIC analyzes historical events and hypothetical future events that take into account macroeconomic changes and emerging risks in the present and the foreseeable future.

■ Credit Risk

Credit risk refers to the potential loss from a decline or loss of the value of credit assets due to deterioration in the financial conditions of a debtor. This risk is inherent in JBIC's operations as it primarily engages in lending activities. Credit risk exposure to JBIC may be classified into: sovereign risk, which involves financing foreign governments; corporate risk, which involves financing business firms; project risk, which occurs when a project financed in project financing—a financing structure in which a loan is primarily secured on the cash flow generated from the project—fails to generate the planned cash flow; and country risk, which involves financing foreign firms as well as projects located in foreign countries (collateral risk arising from political and economic situations of countries where debtor companies are located or projects are under way). Given the very nature of financial support JBIC provides for promotion of overseas development and securement of strategically important resources to Japan, for maintaining and

improving the international competitiveness of Japanese industries, and for promoting the overseas business for preserving the global environment, such as preventing global warming, JBIC frequently extends loans to foreign governments, government agencies, and companies. Therefore, sovereign and country risks account for a considerable share of the credit risks accompanying JBIC's operations. For credit risk, JBIC performs credit risk management for individual borrowers during each credit provision process and undertakes portfolio credit risk management by quantifying credit risks.

Managing Credit Risk

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in the process leading to credit approval. When a new loan application is being processed, the relevant finance department and the Credit Department collect and analyze

information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and companies. It is based on this information and its analysis that credit appraisal takes place, with checks and balances at work between these different departments throughout this process, leading to the final decision by management.

In providing credit for foreign governments and companies, JBIC makes the most of its unique position as an official financier, as it exchanges views and information with the governments and relevant authorities in the recipient countries, multilateral institutions such as the International Monetary Fund (IMF) and the World Bank, other official export credit agencies and, furthermore, with private financial institutions in developed countries. Using all these channels, JBIC evaluates sovereign and country risks based on a broad range of information collected on borrowing governments, government agencies, and political and economic conditions in their countries.

In providing credit for domestic and foreign companies, there is a need to evaluate their creditworthiness and the appropriateness of the collateral they offer. In particular, for credit provision related to overseas projects, credit evaluation involves checking and examining the certainty of conducting transactions to be financed, feasibility studies of the projects, and the industry in which the borrower operates.

Internal Credit Rating

JBIC has established an internal credit rating system which covers, in principle, all the borrowers. Internal credit ratings are the cornerstone of credit risk management, being used for conducting individual credit appraisals and quantifying credit risks.

Internal Assessment of Asset Portfolio

JBIC is undertaking the internal assessment of its loan portfolio so that the characteristics of its loan assets will be accurately reflected on its assessment. In this process, the first-stage assessment is conducted by the relevant financing departments, while the second-stage assessment is conducted by the Credit Department and

the Country Credit Department, which is then inspected by the Audit Department. The results of internal assessment conducted on the portfolio are not only used internally for the continuous reviews of the loan portfolio but are also reflected in the disclosure of asset quality to enhance the transparency of JBIC's financial position.

Quantifying Credit Risk

In addition to individual credit risk management, JBIC is working on quantifying credit risks with a view to evaluating the risk of the overall loan portfolio.

JBIC quantifies credit risk utilizing its own proprietary credit risk quantification model that takes into account the characteristics of JBIC's loan portfolio, which holds a significant proportion of long-term loans and loans involving sovereign and country risks and mechanisms for securing assets, such as the Paris Club¹, a unique international support framework for debt management by official creditor countries. JBIC uses this quantified credit risk for credit portfolio analysis encompassing the degree of credit concentration and also for internal control.

1. The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Since the first meeting took place in 1956 to resolve the debt problem of Argentina, the meeting has been held in Paris, with the French Treasury acting as its secretariat. Hence, it has come to be called the Paris Club.

Market Risk

Market risk refers to the potential loss from changes in the value of assets and liabilities as a result of fluctuations in interest rates and foreign exchange rates. JBIC manages specific market risks as follows.

Exchange Rate Risk

Foreign currency-denominated loans involve the risk associated with exchange rate fluctuations. JBIC has a consistent policy of hedging the full amount of such exposure through currency swaps and forward exchange transactions.

Interest Rate Risk

Funding for yen-denominated loans is mainly managed at fixed-rate interest. Interest rate risk for yen-denominated loans, however, is limited since derivative transactions

such as interest rate swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuation risk. Interest rate risks associated with foreign currency-denominated loan operations and relevant fundings are generally hedged by managing the funds with floating interest rates with the use of interest rate swap transactions. In addition, JBIC carefully calculates and analyzes projections of its future asset/liability structure and profits and losses.

Derivatives Transactions

(1) Basic Policy for Derivatives Transactions

JBIC engages in derivatives transactions exclusively for the purpose of hedging exchange rate and interest rate risks.

(2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions as of March 31, 2021.

Credit Risk of Derivatives, etc.

(As of March 31, 2022; unit: 100 million yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	62,315	837	(893)
Currency Swaps	41,943	2,646	(3,735)
Forward Exchange Contracts	367	8	5
Credit Risk Reductions through Netting		(2,195)	
Total	104,626	1,297	(4,622)

"The credit risk amounts" are calculated under Uniform International Standards in accordance with the Banking Act of Japan and the related regulations.

(3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

◆ Counterparty Credit Risk

The potential loss from the failure of a counterparty to perform its obligations in accordance with the terms and

conditions of the contract governing transactions due to bankruptcy or its deteriorating business performance.

◆ Market Risk

The potential loss from changes in the market value of financial products due to fluctuations in interest rates or exchange rates in the market.

(4) Measures to Address These Risks

◆ Counterparty Credit Risk

JBIC constantly monitors the fair value of a derivative in conducting a transaction with each counterparty, credit risk exposure to it, and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

Regarding the fair value of a derivative in conducting a transaction and credit risk exposure, JBIC performs detailed management by taking into account collateral transfer based on a collateral contract with the counterparty.

◆ Market Risk

JBIC utilizes derivatives transactions exclusively for the purpose of hedging. Therefore, the market risk on derivatives transactions and the risk on hedged (lending or funding) transactions, in principle, offset each other.

■ Liquidity Risk

Liquidity risk refers to the potential loss resulting from difficulties in funding due to a maturity mismatch between financing and funding caused by unexpected cash-outs or from being forced to fund at an interest rate significantly higher than in normal circumstances, as well as the potential loss resulting from a failure to make transactions in the market due to market turmoil or from being forced to make transactions at a significantly disadvantageous price

compared to normal circumstances.

JBIC is minimizing liquidity risk through effective cash flow management and the diversification of its funding sources, including borrowings under the Fiscal Investment and Loan Program (FILP), government-guaranteed bond issues in international capital markets, and FILP agency bond issues in the domestic capital market.

■ Operational Risk

Operational risk refers to the potential loss resulting from inadequate or failed internal processes, people, and systems or from external events. Apart from administrative, computer system, and information security risks, JBIC recognizes that its operations involve various direct and indirect risks. JBIC will proactively identify, assess, and manage such risks.

operations through scrupulous checks on work processes, creating operational manuals, improving training programs, and streamlining and adopting systematic procedures.

Administrative Risk

Administrative risk refers to the potential loss resulting from the neglect by officers and employees to conduct administrative work properly, accidents caused by them, and violation of laws and regulations caused by them, etc., conducted in the course of the administrative work process.

JBIC has been minimizing this risk by ensuring sound

Computer System Risk

Computer system risk refers to the potential loss from a breakdown or malfunction in computer systems as well as from their misuse. JBIC has been minimizing computer system risk by increasing its readiness to respond effectively to emergency situations. Specifically, (a) measures have been taken to prevent system malfunctions and leakage of client information; and (b) contingency plans have been prepared to respond to system malfunctions caused by accidents and other causes, and disaster-response drills have been conducted.

Information Security Risk

Information security risk refers to the potential loss due to threats to the confidentiality, integrity, and availability of information assets. JBIC has taken all possible measures to maintain information security by establishing information security regulations and a structure encompassing information management as well as by providing comprehensive education to management and staff members.

3. Public Information and Disclosure

JBIC is providing and disseminating information to a broad range of the domestic and overseas public in an effort to promote further understanding of its operations and activities.

The JBIC Information Center at the Head Office and the Osaka Branch produce various brochures, annual reports, public relations magazines, and other materials available to the general public. In addition, a variety of information about JBIC is provided publicly in Japan and overseas through the JBIC website (<https://www.jbic.go.jp/en/>).

Publications

JBIC publishes its annual operations and activities as well as its financial conditions in various disclosure materials, including annual reports, business reports, financial statements, and Form 18-K, which is submitted to the U.S. Securities and Exchange Commission.

Other publications available to the public include *JBIC Today*, a public information magazine that reports on JBIC's latest activities and topics on its operations and other relevant issues; *JBIC Profile: Role and Function*, a brochure describing JBIC operations.



JBIC Today

Website

The website provides access to JBIC information, including its financial instruments, press releases, invitations to seminars, reports on various studies, annual reports, various brochures, IR information for investors, and various other types of information.



Social Media Networks (SNS)

JBIC has established Facebook as its official SNS. We ask for your “likes” and “follow.”



@JBIC.Japan

URL:<https://www.facebook.com/JBIC.Japan/>

Information Dissemination for the Media

Aside from information disseminated through various publications, the website, and other means, JBIC informs the news media about its operations and activities through press conferences, meetings, etc.

Disseminating Information from Overseas Representative Offices

JBIC's overseas representative offices are actively contributing reports and articles to the news media to provide information, such as political, economic, and business trends in overseas development, etc.

Disclosure

JBIC discloses to the public its operational and financial information to promote further understanding of its current activities, as follows.

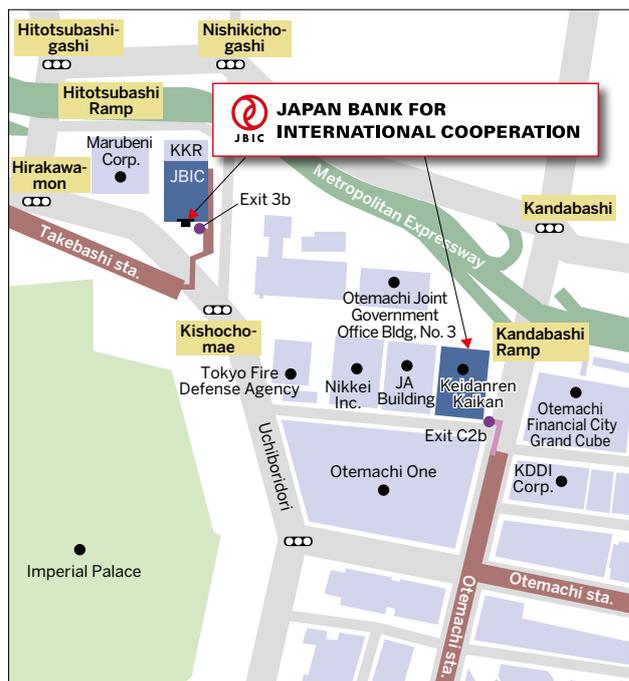
Source of Information	Access
Report on Settlement of Accounts	<ul style="list-style-type: none"> Available at the Head Office and the Osaka Branch Distributed to the National Diet Library and economic organizations, etc.
Annual Report, Public Relations Magazine, etc.	<ul style="list-style-type: none"> Available at the Head Office, the Osaka Branch, and Representative Offices Distributed to interested persons/institutions
Website: <ul style="list-style-type: none"> Type of Business Operations, Operational Results, Overview of Organization, Financial Composition, etc. 	<ul style="list-style-type: none"> On the internet Address: https://www.jbic.go.jp/en/

Access to JBIC Head Office and Osaka Branch

JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan

(Legal Affairs and Compliance Office and IT Planning and
Operations Administration Department: 14th floor,
Keidanren Kaikan 3-2 Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-0004, Japan)



JBIC Osaka Branch

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2-22, Umeda 2-chome, Kita-ku, Osaka-city,
Osaka 530-0001, Japan



JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

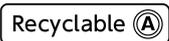
For further information, please contact

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Annual reports, news releases, and bulletins, etc., are available on the JBIC website.

Website (URL) <https://www.jbic.go.jp/en/>



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This publication has been printed using eco-friendly vegetable oil ink.

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