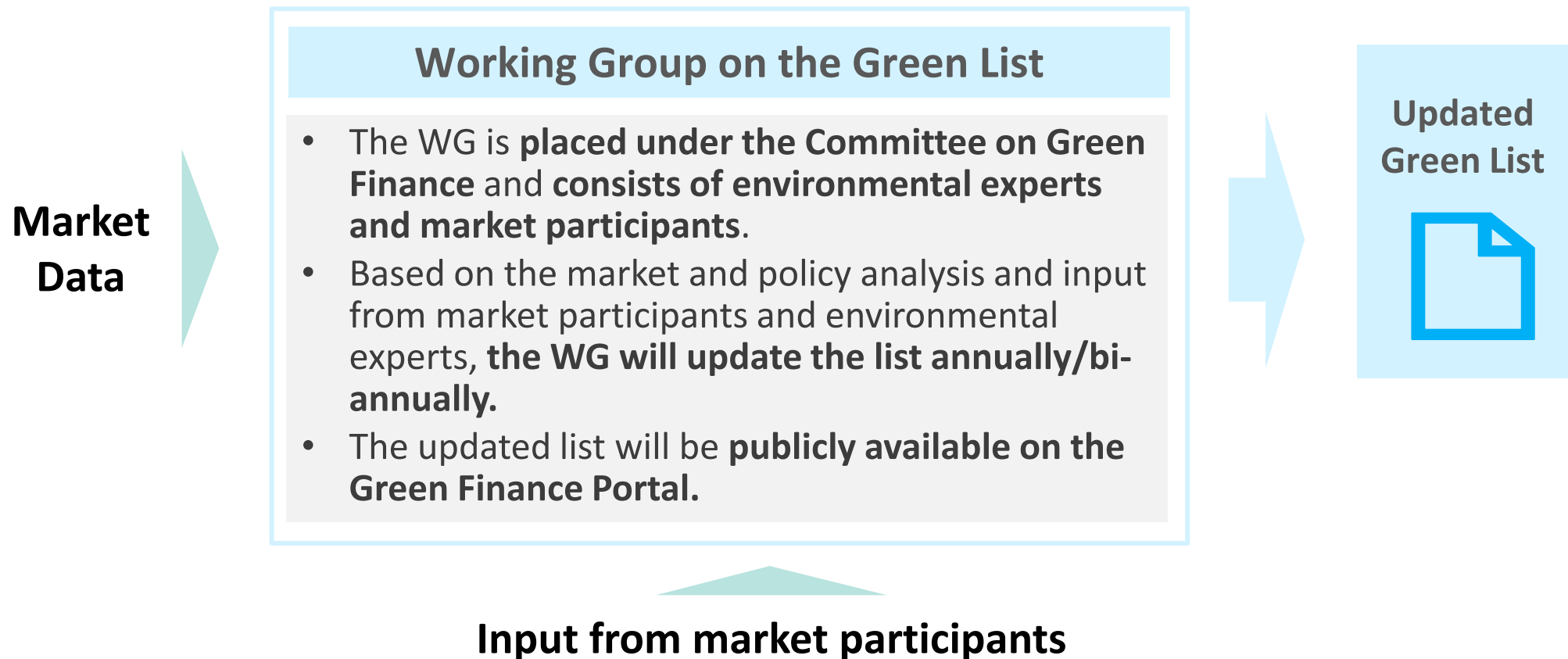

Overview of the 2023 Revision

The Working Group on the Green List

- ◆ Further development of the list of eligible green projects, KPIs, associated negative environmental impact can lead to **scaling up green finance in new areas as well as attracting new market participants**. It can also **enhance market transparency**.
- ◆ MOE **launched the Working Group on the Green List** to continue to updating the list in order to reflect the market development and insights from market participants as well as experts.



Overview: the 2023 Revision of the Green List by category

Green List Category	2023 Revisions
Major Category	<ul style="list-style-type: none"> No major changes as it is fully aligned with the ICMA's green project categories
Minor Category - examples of use of proceeds based on major categories	<ul style="list-style-type: none"> Added and revised items based on international guidance and guidelines as well as national plans and strategies. <p>Examples include <i>"Bonds to Finance the Sustainable Blue Economy"</i> by ADB, ICMA, etc., Japan's <i>National Biodiversity Strategy and Action Plan of Japan 2023-2030</i> and <i>the Specific Guidelines for Formulating a New Basic Plan for Establishing a Sound Material-Cycle Society</i>.</p>
KPIs	<ul style="list-style-type: none"> Ibid. Added and revised items by referring to relevant documents such as the ICMA's <i>Handbook Harmonised Framework for Impact Reporting</i>
Negative Environmental Impacts	<ul style="list-style-type: none"> Added general considerations to the Guidance on Eligibility Criteria for Green Projects with Clear Environmental Benefits Included additional considerations on some major and minor categories

Overview: the 2023 Revision of the Guidance and the Note

Guidance on Eligibility Criteria for Green Projects with Clear Environmental Benefits

- ✓ Emphasized the importance of disclosing the key underlying methodology and/or assumptions used in the quantitative determination, in line with the principles of green bonds and loans
- ✓ Incorporated general considerations to identifying, mitigating, and managing negative environmental impacts, along with references to useful relevant guidelines and policies.
- ✓ Cited the OECD's "Due Diligence Guidance for Responsible Business Conduct" developed by the OECD and the MOE's "Introduction to Environmental Due Diligence in the Value Chain," highlighting the need to address potential negative social impacts in addition to environmental ones.
- ✓ Recommended the Environmental Impact Assessment (EIA) as a comprehensive approach to evaluate environmental impacts, while acknowledging its limitations in varying contexts
- ✓ Stressed the importance of life cycle considerations when evaluating negative impacts.
- ✓ Referenced the MOE's "Guide to Impact Assessment Starting with Green," emphasizing the role of monitoring in managing environmental benefits and negative impacts.
- ✓ Highlighted the synergy between the main environmental objective of the green project and its other environmental objective(s), citing the G7 Hiroshima Summit Leaders' Communiqué.

Note on the Green List

- ✓ Expanded the scope of the Note from covering specific major categories to applying to all major categories.
- ✓ Reflected the revision above in Note 2 that previously applied to several major categories; particularly for minor categories that require life cycle assessment, added the need of conducting such assessment to Negative Environmental Impacts
- ✓ Clarified that when calculating environmental benefits, absolute values should be used as a general principle, but case-by-case judgements may be required depending on confidentiality agreements and competitive considerations.
- ✓ Added the "Guidelines for Emission Reduction Based on Article 25 of the Act on Promotion of Global Warming Countermeasures" to Annex 1, previously mentioned only in Annex 2.
- ✓ Clarified the scope of eligible expenses for green projects, citing the Green Bond Principles and Green Loan Principles.