

GX League

Ministry of Economy, Trade and Industry

Objectives

- GX League aims for economic and social reform to achieve 2050 carbon neutrality. We will do so through our three initiative and leadership from each of our members.

Actions

GX Promotion through Members' Leadership

① Creation of "The Future Society"

Widespread of "The Future Society" for future business opportunity

- GX League will create and continually update "The Future Society" vision to help private sector realize their business opportunity in achieving 2050 carbon neutrality.
- We will develop a "GX Company Leadership Code of Conduct" for the short term to achieve the desirable future.



Collaboration
(output exchange)



② Market creation and rulemaking

Co-creation of a new market

- We will strategically select areas of a)pan-sectoral, b) international contribution and c)investment facilitation and establish a working group of a related theme with the initiative of GX League **members**.
- These new rules will be labeled as "GX Standard (tentative)" and will aim to transform them into policies and expand these ideas internationally.

③ Carbon credit exchange scheme

GX investment, Action and Disclosure

- Members will actively set a voluntary and ambitious emission reduction target and disclose their results annually and evaluate mid-term progress.
- When their targets are not met for their direct emission, carbon credit will be purchased through voluntary **ETS**.
- Each members' targets and progress will be disclosed by the GX League office.

Appropriate rule making and future vision for investment and emission reduction

FY2022

GX League **Supporters**

- **Supporters will participate in demonstration and discussions for full scale deployment from FY2023 (Examples below)**
 - participate in creating "The Future Vision" , "GX Company Leadership Code of Conduct" (related to ①) and market creation and rule making during FY2022 (related to ②)
 - Rule making for voluntary carbon credit exchange scheme and participation in demonstration



FY2023
ONWARDS

GX League **Members**

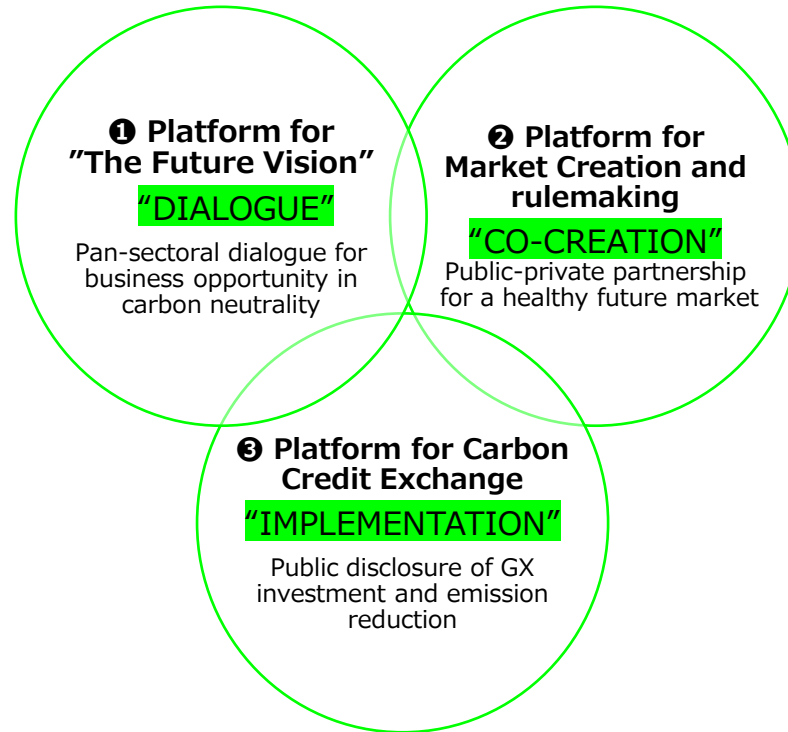
- **Companies will be a member of the GX League by agreeing to the code of conduct and participate in initiatives listed below.**
 - Emission reduction target setting, disclosure of actions and investment related to its targets and voluntary ETS
 - GX promotion in the real economy and supporting other companies in the supply chain
- **We will create GX business opportunity**
 - Participation in all three actions

Functions and Outcome of the 3 Platforms

- Platforms will be created to put all the 3 actions forward. Through each of the 3 platforms, we will create and provide different outcomes and values by unique methods.

1

Function
Create “The Future Society” vision for 2050 and a transitional step through a dialogue.
Methodology
FY2022 <ul style="list-style-type: none"> • Create and identify a)business opportunity in 2050 carbon natural society and b) create leadership code of conduct, through a pan-sectoral open dialogue. FY2023 <ul style="list-style-type: none"> • Expand the dialogue to the society and continually update the vision discussed in FY2022.
Outcome
Share these dialogues to the consume/society and announce the vision GX League aims.



2

Function
Public-private partnership challenge for the co-creation of rules.
Methodology
FY2022 <ul style="list-style-type: none"> • Create and identify a)business opportunity in 2050 carbon natural society and b) create leadership code of conduct, through a pan-sectoral open dialogue. FY2023 <ul style="list-style-type: none"> • Expand the dialogue to the society and continually update the vision discussed in FY2022.
Outcome
Share these dialogues to the consume/society and announce the vision GX League aims.

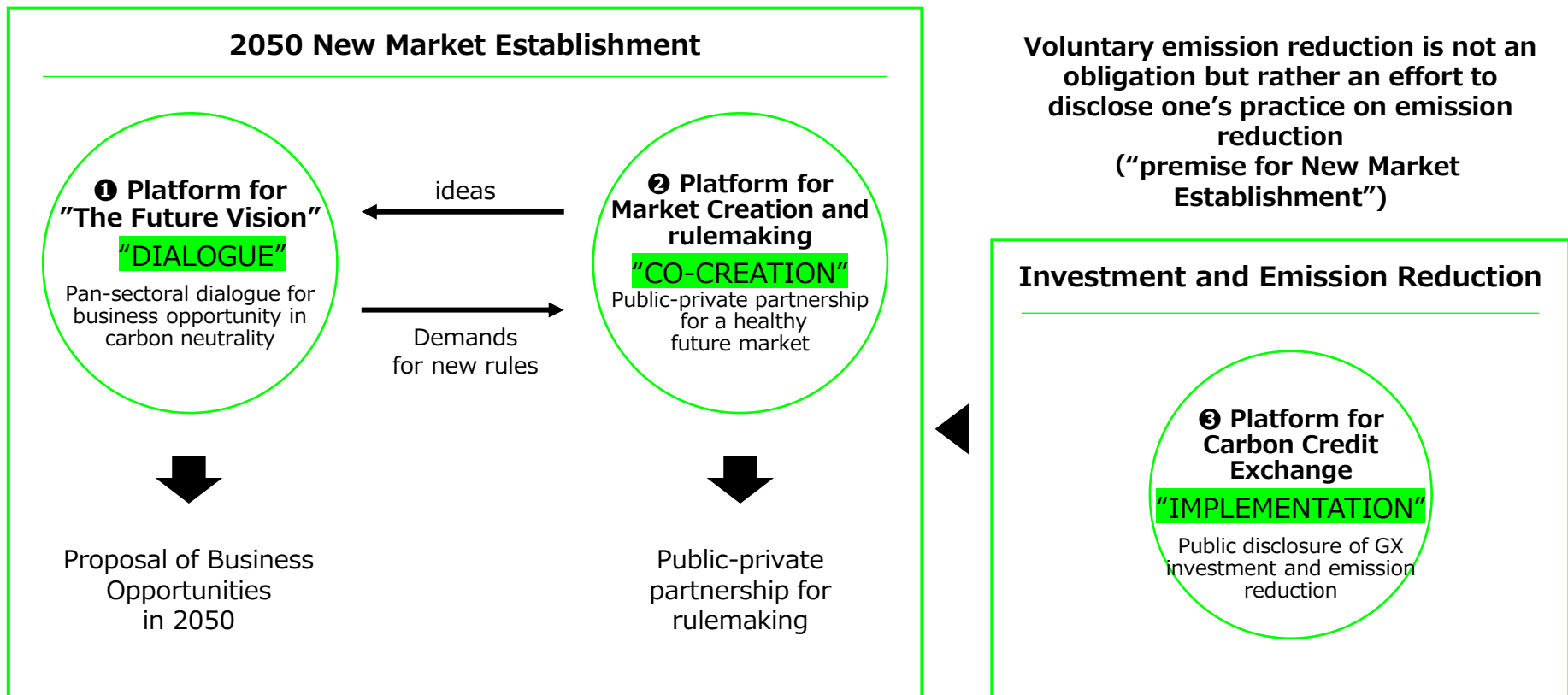
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Function	Methodology	Outcome
Implementation of actions by companies with ambitious 2030 reduction target	FY2022 <ul style="list-style-type: none"> • Create fundamental rules for Voluntary ETS. FY2023 onwards <ul style="list-style-type: none"> • Based on the rules created in FY 2022, platform for data (emission reduction targets, progress and investment) disclosure. 	Establish an environment for companies taking initiative on GX to be appropriately evaluated by capital, labour and consumer markets.

Relationship of 3 Platforms

("New Market Establishment" and "Emission Reduction and Investment")

- "The Future Society" creation dialogue and co-creation of market and rulemaking will be conducted as a **collaborative effort to establish a new market** by share each platforms' thoughts and ideas.
- Voluntary emission reduction will be implemented as **part of the practical activities in response to the discussions on new market establishment**. It will disclose investments and reduction results of the companies working of GX ("GX companies") to gain external recognition necessary for the creation of new markets.



2022 Schedule

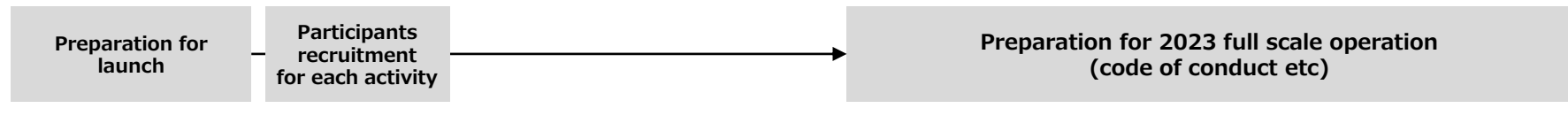
- Launching the platform for "The Future Society" dialogue in June, other platforms will follow from July onwards.

FY2022

FY2023

APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL
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Gx League Operational Demonstration



01.04.2022 DISCLOSED SUPPORTERS

2022 Preparation Period

① Dialogue for the Creation of "The Future Society"

Supporters will join the workshop to identify business opportunities, develop a code of conduct and create and continually "The Future Society" vision to help to achieve 2050 carbon neutrality.⁴



② Preparation of Rulemaking Mechanism for New Market Creation

Establish 2 to 3 working groups with ideas and proposals from supporters and start a discussion and demonstration for rulemaking



③ Preparation of voluntary ETS

Rulemaking for full-scale voluntary ETS from 2023 onwards

TODO's during preparation present a detailed action plan of 2022 by

- Facilitate communication between GX League office and supporters
- Collect ideas opinions of supporters

FULL-SCALE OPERATION

① Creation of “The Future Society”

- GX League will identify business opportunities by portraying the dynamics of society and economy of 2050. The created vision of “The Future Society” will be compiled to be utilized in rulemaking by private-public partnership and mid- and long-term strategy, R&D plans etc. of a company.

STEP 1

RESEARCH & INPUT

Research and input material (by the office)

- fact base predictions
- signs of changes in lifestyle with more uncertainty
- *discussed in STEP 2



Step 2

CREATION OF BUSINESS OPPORTUNITIES

Creation of “The Future Society” (business opportunities) by Future Insight Workshop

- *workshop participants from various sectors
- *3 workshops to be held during June and July



STEP 3

VISUALIZATION & REFINEMENT

Visualization and refinement of the business opportunities created in STEP 2

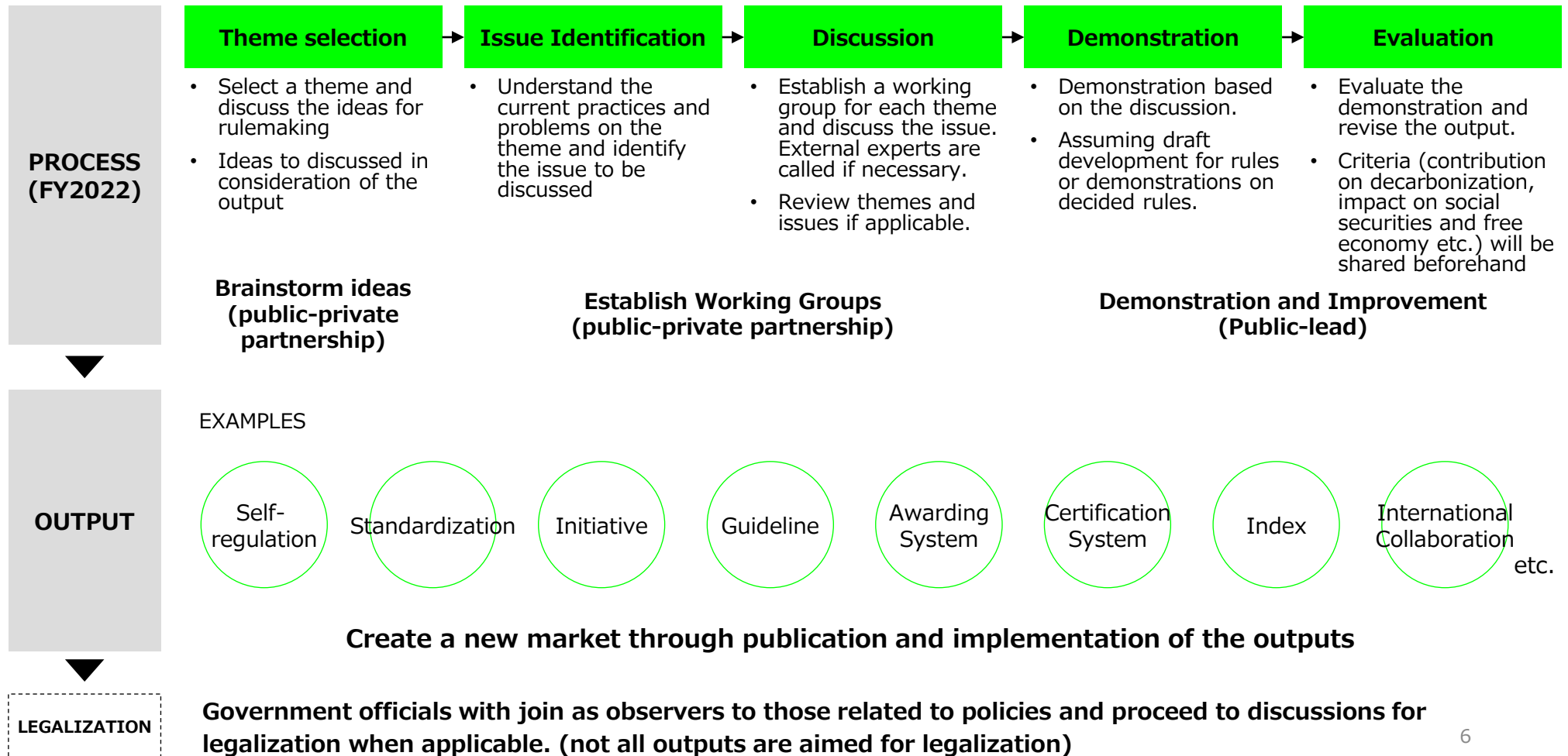
- *planning to compile as a “GX opportunity finding map”, books etc.

Components of the opportunities

- Changes in lifestyle in 2050
- Common Products and services in 2050
- Dominant market player and their role
- Assumed transition of related technologies and systems

② Market Creation and Rulemaking

- Recognizing the business opportunities identified, this platform aims to make rules for new markets through public-private partnership. Working groups established by each theme will participate in various activities including designing rules, demonstration to dispatching information.
- FY 2022 will be dedicated to create a mechanism for rulemaking. The office will establish 2 to 3 working groups based on supporters' demand and participants will engage in activities listed below. Participants are expected to take initiative in rulemaking.



③ Carbon Credit Exchange Scheme

- Considering economic rationality, fairness among sectors and companies, international trends and other trends, GX League sets the basic concepts of GX-ETS. Further details will be discussed.

PLEDGE Participants set their own ambitious reduction targets.

As the targets they set are disclosed to capital markets, GX League participants are expected to raise their ambitions.

- METI will openly publish their targets in a database (the GX Dashboard) to help financial sectors to validate them.
- When participants set and achieve targets over the NDCs, they can sell the excess amounts through the carbon credit market. This rule also motivates companies to set more ambitious targets.

REVIEW If they fail to reach the target, they need to explain the reasons (Comply or Explain).

The disclosure of their status incentivizes firms to make the best effort for their targets.

- The database (the GX Dashboard) grants everyone's access to the status of the GX-ETS including each firms' emissions and progress toward their targets. METI is discussing supportive policy measures for the participants depending on the status of the GX-ETS.

OPENING MARKET METI is planning to open a Carbon Credit Market, in collaboration with the JPX

- Any firms, not limited to members of the GX League, can trade carbon credits through the market. The market will announce carbon prices reflecting the status of trade, to send a strong signal to motivate the whole society to move forward toward a decarbonized society.
- In addition to the excess reduction amounts of GX League participants, the market will treat J-credits which come from domestic SMEs and forestry industries and JCMs which come from foreign projects under the strong engagement of both Japan and foreign governments.

PRICE STABILIZATION METI is planning to introduce measures for long-term price signals by setting a carbon price corridor

- METI will set a carbon price corridor which consists of minimum and maximum carbon prices in each year and raise both prices gradually in order to send a strong price signal for GX investments.