

## **MUFG Bank, Ltd.**

A member of MUFG, a global financial group

### **Green Climate Fund Approves Project Preparation Financing in which MUFG Acts as Accredited Entity**

**Tokyo, November 4, 2021** --- MUFG Bank today announced that the Green Climate Fund (GCF) has approved Project Preparation Facility (PPF)<sup>[1]</sup> financing for the Green Guarantee Company (GGC) project. The project proposal was submitted to the GCF secretariat by MUFG Bank, which acts as an Accredited Entity<sup>[2]</sup> of the GCF.

The GGC will be established by the Development Guarantee Group to provide guarantees to green bonds issued by private sector and sub-sovereign issuers in developing countries.

Upon its commencement of operations in 2022, the GGC expects to initially guarantee climate bonds to other exchanges in the world's major global debt capital markets. This support is pivotal in enabling issuers from developing countries to have improved access to long-term hard currency debt financing in order to combat the impact of climate change on their populations, particularly the poorest strata.

Besides enhancing the credit rating of these climate bonds to investment grade, the GGC expects to also deliver high quality and consistent reporting of the guaranteed climate bonds' "green" credentials. In this respect the GGC will work with issuers in developing countries on an ongoing basis, helping to build their capacity to deliver quality and consistent reporting standards for climate bonds, which will help to assure global investors and make climate bonds from developing countries an attractive asset class deserving of larger allocations in global climate bond portfolios.

The funding provided by the GCF through the PPF will mainly be allocated to establish the GGC and to develop its climate investment policy to prepare the funding proposal that is to be submitted to the GCF in early 2022. In addition to the GCF, the GGC at its pre-inception stage has received strong interest and support from various parties due to its mission, and they are engaging with the GGC.

- GCF: Considering an equity investment in the GGC upon completion of the PPF.
- Foreign, Commonwealth & Development Office: Selected the GGC as a Competition finalist under its Mobilising Institutional Capital Through Listed Product Structures (MOBILIST) program<sup>[3]</sup>. Through the MOBILIST Infrastructure Competition, support the GGC to commence operations and by doing so, help developing economies better access climate finance from new sources at scale.

- U.S. International Development Finance Corporation: Assisting with the workstreams needed to launch and operate the GGC and also considering an equity investment in the GGC.
- MUFG Bank: Acting as an Accredited Entity for the GGC to access equity funding from the GCF, as well as an Origination Partner together with other financial institutions, issuers from developing countries, and the GGC to support issuance of green bonds.
- BPL Global: Providing credit and political risk insurance guidance.

Mitsubishi UFJ Financial Group (MUFG) defines its purpose as being “Committed to empowering a brighter future.” Our business activities are driven by the determination to make every effort to empower all stakeholders to advance to the next stage. In order to lead the way in bringing solutions for climate change, one of the most serious issues facing the world, MUFG announced its “MUFG Carbon Neutrality Declaration<sup>[4]</sup>” in May 2021. As a financial institution, we want to work alongside our customers to become carbon-free, and are committed to supporting customers’ efforts towards decarbonization, including the development of innovative technologies. MUFG Bank will contribute to the realization of a sustainable environment and society by supporting businesses through the GCF.

<sup>[1]</sup> PPF is a financial and technical assistance available for the preparation of project and program funding proposals by the GCF. PPF funding can be used to such as for feasibility studies, risk assessments, and other project preparation activities. For details on the GCF PPF, please refer to the following link:

<https://www.greenclimate.fund/projects/ppf>

<sup>[2]</sup> Accredited entities are allowed to access GCF funds, develop funding proposals for consideration by the GCF, and oversee, supervise, manage and monitor their respective GCF-approved projects and programs. Accredited entities may also seek financial and technical assistance for the preparation of funding proposal through PPF. To become an accredited entity, certain GCF standards must be met, including in information disclosure, environmental safeguards, and gender.

<sup>[3]</sup> For details on the MOBILIST program, please refer to the following link:

<https://www.gov.uk/government/news/fcdo-competition-launched-to-mobile-investment-in-emerging-and-developing-countries>

<sup>[4]</sup> For details on the MUFG Carbon Neutrality Declaration, please refer to the following link:

[https://www.mufg.jp/dam/pressrelease/2021/pdf/news-20210517-003\\_en.pdf](https://www.mufg.jp/dam/pressrelease/2021/pdf/news-20210517-003_en.pdf)

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## **About MUFG Bank**

MUFG Bank, Ltd. is Japan’s premier bank, with a global network spanning around 50 countries. Outside of Japan, the bank offers an extensive scope of commercial and investment banking products and services to businesses, governments and individuals worldwide.

MUFG Bank’s parent, Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world’s leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,500 locations in more than 50 countries. The Group has about 170,000 employees and offers services including

commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to “be the world’s most trusted financial group” through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG’s shares trade on the Tokyo, Nagoya, and New York stock exchanges. For more information, visit <https://www.mufg.jp/english>.

### **About the Green Climate Fund**

The Green Climate Fund (GCF) is the world’s largest dedicated climate fund. GCF’s mandate is to foster a paradigm shift towards low emission, climate resilient development pathways in developing countries. GCF has a portfolio of USD 10 billion in projects and programs across 127 countries. It also has a readiness support program to build capacity and help countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees Celsius.

GCF-accredited entities in Japan are MUFG Bank, the Japan International Cooperation Agency (JICA), etc. For more information, visit <https://www.greenclimate.fund/home>.

### **About the Development Guarantee Group**

The Development Guarantee Group, established in February 2021, is the world’s first dedicated guarantee platform with the mission to design, develop and operate guarantee solutions and companies that can effectively mobilize private sector capital towards funding development and sustainability challenges. For more information, visit <https://guarantee.dev/>.