

Act on Promotion of Global Warming Countermeasures

(Act No. 117 of October 9, 1998)

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Chapter I General Provisions

(Purpose)

Article 1 In view of the fact that global warming could have a serious impact on the environment of the entire planet, and that it is a challenge common to humankind to prevent global warming by stabilizing greenhouse gas concentrations in the atmosphere at levels that do not constitute dangerous

anthropogenic interference to climate systems, and that it is important for all human beings to autonomously and actively address this challenge, the purpose of this Act is to promote global warming countermeasures by formulating a Plan for Global Warming Countermeasures and taking measures to promote the reduction, etc. of the amount of greenhouse gas emissions arising from socioeconomic and other activities concerning global warming countermeasures, thereby help ensure healthy and cultured lives for the present and future generations of the citizens, as well as contribute to the welfare of humankind.

(Definitions)

- Article 2 (1) The term "global warming" as used in this Act means the phenomenon in which the temperature of the earth's surface, atmosphere, and seawater rises incrementally, affecting the planet as a whole, as a result of the concentration of greenhouse gas in the atmosphere being increased by greenhouse gas generated from human activities.
- (2) The term "global warming countermeasures" as used in this Act means measures to reduce the amount of greenhouse gas emissions and maintain and intensify the absorption of greenhouse gas (hereinafter referred to as "reduction, etc. of the amount of greenhouse gas emissions") and other measures taken in international cooperation for the prevention of global warming.
- (3) The term "greenhouse gas" as used in this Act means the following substances:
- (i) carbon dioxide (CO₂);
 - (ii) methane (CH₄);
 - (iii) nitrous oxide (N₂O);
 - (iv) hydrofluorocarbons specified by Cabinet Order;
 - (v) perfluorocarbons specified by Cabinet Order;
 - (vi) sulfur hexafluoride (SF₆); and
 - (vii) nitrogen trifluoride
- (4) The term "greenhouse gas emissions" as used in this Act means the discharge, release, or leakage into the atmosphere of greenhouse gas generated in conjunction with human activities, or the use of electric power or heat (limited to those derived from fuel or electricity) that is supplied by others.
- (5) The term "total greenhouse gas emissions" as used in this Act means the sum of all values obtained by multiplying the global warming potential of each substance constituting a greenhouse gas by the emissions of that substance as calculated by methods specified by Cabinet Order (global warming potential means a coefficient for each substance constituting a greenhouse gas which indicate that substance's effect on global warming as a ratio to that of carbon

dioxide, specified by Cabinet Order on the basis of internationally recognized knowledge; the same applies hereinafter).

(6) The term "regional decarbonization promotion project" as used in this Act means a project in which the development of facilities specified by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism as those for regional decarbonization through the use of solar energy, wind energy, and other renewable energy sources that are suitable for the natural and social conditions of the region (hereinafter referred to as "facilities for the promotion of regional decarbonization") and other initiatives for regional decarbonization are conducted in an integrated manner, in combination with efforts for conservation of regional environment and efforts that contribute to the sustainable development of the regional economy and society ("regional decarbonization" means making a reduction, etc. of the amount of greenhouse gas emissions resulting from socioeconomic and other activities in a region, in accordance with the natural and social conditions of the region, with the aim of contributing to the realization of a decarbonized society as prescribed in the following Article; the same applies hereinafter).

(7) The term "calculated assigned amounts" as used in this Act means the following quantities, expressed in unit equivalent to one ton of carbon dioxide:

- (i) assigned amounts as prescribed in Article 3.7 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (hereinafter referred to as "Kyoto Protocol");
- (ii) emission reduction units as prescribed in Article 6.1 of the Kyoto Protocol; and
- (iii) certified emission reductions as prescribed in Article 12.3 (b) of the Kyoto Protocol.

(Basic Principles)

Article 2-2 Taking into account that Article 2, paragraph 1 (a) of the Paris Agreement stipulates that holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, the promotion of global warming countermeasures must be carried out in close coordination with the citizens, the national government, local governments, businesses, and private organizations, etc., while promoting environmental conservation and economic and social development in an integrated manner, with the aim of realizing a decarbonized society in Japan by 2050 (meaning a society in which a balance is maintained between the amount of greenhouse gas emitted as a result of human activities and the amount of greenhouse gas

absorbed through conservation and enhancement of absorption; the same applies in Article 36-2).

(Responsibilities of the National Government)

Article 3 (1) The national government is to conduct observation and monitoring to understand the status of the changes in the concentration of greenhouse gas in the atmosphere and related status of climate changes and ecosystems, as well as formulate and implement comprehensive and systematic global warming countermeasures.

(2) The national government is to promote measures for the reduction, etc. of the amount of greenhouse gas emissions, and take into consideration that the reduction, etc. of the amount of greenhouse gas emissions will be performed by the measures related to the reduction, etc. of the amount of greenhouse gas emissions, while maintaining a balance with the achievement of the goals of the measures.

(3) The national government is to take steps for the reduction, etc. of the amount of greenhouse gas emissions in government operations, and is endeavor to disseminate and raise awareness concerning the measures and activities and take measures such as securing necessary funds and providing technical advice in order to support the measures taken by local governments for the reduction, etc. of the amount of greenhouse gas emissions, and promote the activities for the reduction, etc. of the amount of greenhouse gas emissions conducted by businesses, citizens, and private bodies organized by them (hereinafter referred to as "private bodies").

(4) The national government is to conduct investigation on the prediction of global warming and its effects, investigation on technologies for the reduction, etc. of the amount of greenhouse gas emissions, and other investigations necessary for the formulation of global warming countermeasures, as well as endeavor to promote research and development of technologies for the reduction, etc. of the amount of greenhouse gas emissions and disseminate the results thereof.

(5) In view of the fact that Japan's economy and society operate within the context of internationally close and interdependent relationships, the national government is, utilizing the knowledge, technology and experience, etc. accumulated in Japan, to endeavor to take the necessary measures to ensure international coordination for effectively promoting the observation and monitoring prescribed in paragraph (1), and promote international cooperation for the investigations, and research and development prescribed in the preceding paragraph and other international cooperation related to global warming; and endeavor to provide information and take other necessary measures to promote activities conducted by local governments or private

bodies for international cooperation on the reduction, etc. of the amount of greenhouse gas emissions.

(Responsibilities of Local Governments)

Article 4 (1) Local governments are to promote the measures for the reduction, etc. of the amount of greenhouse gas emissions in accordance with the natural and social conditions of their areas.

(2) Local governments are to take steps for the reduction, etc. of the amount of greenhouse gas emissions in government operations, and are endeavor to provide information concerning the measures prescribed in the preceding paragraph and take other measures in order to promote the activities for the reduction, etc. of the amount of greenhouse gas emissions conducted by businesses and residents in the area.

(Responsibilities of Businesses)

Article 5 Businesses are to endeavor to take steps for the reduction, etc. of the amount of greenhouse gas emissions in their business activities (including measures that contribute to the reduction, etc. of the amount of greenhouse gas emissions by others), and must cooperate with the measures implemented by the national government and local governments for the reduction, etc. of the amount of greenhouse gas emissions.

(Responsibilities of Citizens)

Article 6 Citizens are endeavor to take measures for the reduction, etc. of the amount of greenhouse gas emissions in their daily life, and must cooperate with the measures implemented by the national government and local governments for the reduction, etc. of the amount of greenhouse gas emissions.

(Calculation of the Amount of Greenhouse Gas Emissions)

Article 7 In order to prepare the inventory prescribed in Article 4.1 (a) of the United Nations Framework Convention on Climate Change and the annual inventory prescribed in Article 7.1 of the Kyoto Protocol, the national government is to calculate the amounts of greenhouse gas emissions and absorption in Japan each year, and publicize the results as prescribed by Order of the Ministry of the Environment.

Chapter II Plan for Global Warming Countermeasures

(Plan for Global Warming Countermeasures)

Article 8 (1) The national government must formulate a plan on global warming countermeasures (hereinafter referred to as a "Plan for Global Warming

Countermeasures") in order to comprehensively and systematically promote global warming countermeasures.

- (2) A Plan for Global Warming Countermeasures is to prescribe the following matters:
- (i) plan period;
 - (ii) basic direction regarding the promotion of global warming countermeasures;
 - (iii) basic matters on the measures regarding reduction, etc. of the amount of greenhouse gas emissions which should be taken by the national government, local governments, businesses, and citizens, respectively;
 - (iv) greenhouse gas emissions reduction and absorption targets for each type and category of greenhouse gas;
 - (v) targets for the implementation measures necessary for achieving the targets referred to in the preceding item;
 - (vi) matters regarding the measures taken by the national government and local governments which are necessary in order to achieve the targets referred to in the preceding item;
 - (vii) basic matters regarding a National Government Action Plan as prescribed in Article 20, paragraph (1) and action plans of local governments as prescribed in Article 21, paragraph (1);
 - (viii) basic matters regarding plans that should be formulated and publicized concerning measures for the reduction, etc. of the amount of greenhouse gas emissions of the businesses whose total greenhouse emissions are considerably large (including measures that contribute to the reduction, etc. of the amount of greenhouse gas emissions by others);
 - (ix) basic matters regarding the promotion of dissemination and awareness-raising prescribed in Article 3, paragraph (3) (including coordination and cooperation among the national government, local governments, and private bodies, pertaining thereto);
 - (x) basic matters regarding measures necessary to promote international cooperation on global warming countermeasures;
 - (xi) beyond what is set forth in the preceding items, important matters regarding global warming countermeasures.
- (3) The Prime Minister must seek a cabinet decision concerning a proposed Plan for Global Warming Countermeasures.
- (4) When a cabinet decision under the provisions of the preceding paragraph is made, the Prime Minister must publicize the Plan for Global Warming Countermeasures without delay.

(Changes in a Plan for Global Warming Countermeasures)

Article 9 (1) The national government, at least every three years, is to review

the targets and measures prescribed in a Plan for Global Warming Countermeasures, in consideration of the status of the amounts of greenhouse gas emissions and absorptions in Japan and other circumstances.

- (2) The national government must promptly change a Plan for Global Warming Countermeasures if the government finds it necessary based on the results of the review under the provisions of the preceding paragraph.
- (3) The provisions of paragraphs 3 and 4 of the preceding Article apply mutatis mutandis to changes in a Plan for Global Warming Countermeasures.

Chapter III Global Warming Prevention Headquarters

(Establishment of the Global Warming Prevention Headquarters)

Article 10 The Global Warming Prevention Headquarters (hereinafter referred to as "Headquarters") is to be established under the Cabinet for the comprehensive and systemized promotion of global warming countermeasures.

(Functions under Jurisdiction)

Article 11 Headquarters takes charge of the following functions:

- (i) matters related to formulation and implementation of a proposed Plan for Global Warming Countermeasures; and
- (ii) beyond what is set forth in the preceding item, matters related to general coordination regarding the promotion of implementation of a Plan for Global Warming Countermeasures from a long-term perspective.

(Organization)

Article 12 The Headquarters consists of Chief of the Global Warming Prevention Headquarters, Deputy-Chief of the Global Warming Prevention Headquarters, and Members of the Global Warming Prevention Headquarters.

(Chief of the Global Warming Prevention Headquarters)

Article 13 (1) The Headquarters is headed by the Chief of Headquarters (hereinafter referred to as "Chief"); and the Prime Minister serves as the Chief.
(2) The Chief of Headquarters manages the functions of the Headquarters, and directs and supervises the staff members of the Headquarters.

(Deputy-Chief of the Global Warming Prevention Headquarters)

Article 14 (1) The Headquarters has the Deputy-Chief of the Global Warming Prevention Headquarters (hereinafter referred to as "Deputy-Chief"); and the Chief Cabinet Secretary, the Minister of the Environment, and the Minister of Economy, Trade and Industry serve as the Deputy-Chief.
(2) The Deputy-Chief assists with the duties of the Chief.

(Members of the Global Warming Prevention Headquarters)

Article 15 (1) The Headquarters is has the Members of the Global Warming Prevention Headquarters (hereinafter referred to as "Members").

(2) All of the state ministers other than the Chief and the Deputy-Chief serve as the Members.

(Functions)

Article 16 Functions regarding the Headquarters are handled by the Cabinet Secretariat and administered by the Assistant Chief Cabinet Secretary under orders.

(Competent Minister)

Article 17 The competent minister as prescribed in the Cabinet Law (Act No. 5 of 1947) is the Prime Minister for matters pertaining to the Headquarters.

(Delegation to Cabinet Order)

Article 18 Beyond what is provided for in this Act, necessary matters regarding the Headquarters are prescribed by Cabinet Order.

Chapter IV National Government Action Plan, Action Plans of Local Governments

(Measures by the National Government and Local Governments)

Article 19 (1) The national government, using knowledge concerning technologies for the reduction, etc. of the amount of greenhouse gas emissions, information regarding the amount of greenhouse gas emissions reported pursuant to the provisions of this Act, and other information, is to endeavor to comprehensively and effectively promote the necessary measures for the reduction, etc. of the amount of greenhouse gas emissions, in coordination with local governments.

(2) A prefecture and municipality are endeavor to singly or jointly take into consideration a Plan for Global Warming Countermeasures, formulate and implement comprehensive and systematic measures for the reduction, etc. of the amount of greenhouse gas emissions, in accordance with the natural and social conditions of their areas.

(3) The national government is to endeavor to take the necessary financial and other measures with regard to the expenses for the measures prescribed in the preceding paragraph that are formulated and implemented by the prefectures and municipalities.

(National Government Action Plan)

Article 20 (1) The national government is to formulate a plan for measures for the reduction, etc. of the amount of greenhouse gas emissions (hereinafter referred to as "National Government Action Plan" in this Article) in government operations, in line with a Plan for Global Warming Countermeasures.

- (2) A National Government Action Plan is to prescribe the following matters:
- (i) plan period;
 - (ii) target of a National Government Action Plan;
 - (iii) details of the measures to be implemented; and
 - (iv) other necessary matters for implementing a National Government Action Plan.
- (3) The Minister of the Environment must prepare a draft of a National Government Action Plan and seek a cabinet decision on the draft.
- (4) In intending to prepare a draft of a National Government Action Plan, the Minister of the Environment must consult with the heads of the relevant administrative organs in advance.
- (5) Upon cabinet decision under the provisions of paragraph (3), the Minister of the Environment must publicize a National Government Action Plan without delay.
- (6) The provisions of the preceding three paragraphs apply mutatis mutandis to the changes in a National Government Action Plan.
- (7) The national government must publicize the implementation status of measures based on the National Government Action Plan (including total greenhouse gas emissions) once every year.

(Action Plans of Local Governments)

Article 21 (1) A Prefecture and municipality are to singly or jointly formulate plans for measures for the reduction, etc. of the amount of greenhouse gas emissions, etc. in operations of the prefecture and the municipality (hereinafter referred to as "action plans of local governments" in this Article), in line with a Plan for Global Warming Countermeasures.

- (2) Action plans of local governments are to prescribe the following matters:
- (i) plan period;
 - (ii) targets of action plans of local governments;
 - (iii) details of measures to be implemented; and
 - (iv) other necessary matters for implementing the action plans of local governments.
- (3) A prefecture and designated city, etc., (meaning a designated city referred to in Article 252-19, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947); hereinafter referred to as "designated city") and a core city referred to in

Article 252-22, paragraph (1) of the same Act; the same applies hereinafter) are to specify, in addition to the matters set forth in the items of the preceding paragraph, the following matters as those concerning measures for the reduction, etc. of the amount of greenhouse gas emissions in accordance with the natural and social conditions of their areas in the action plans of local governments:

- (i) matters regarding the promotion of the use of solar, wind, and other renewable energy sources that are suitable to the natural and social conditions of the area;
 - (ii) matters regarding the promotion of the use of products and services that emit less greenhouse gas in the course of their use, and of other activities undertaken by businesses or residents in the area in connection with the reduction, etc. of the amount of greenhouse gas emissions;
 - (iii) matters regarding the development and improvement of regional environments that contribute to the reduction, etc. of the amount of greenhouse gas emissions, such as the promotion of the consolidation of urban functions, the enhancement of the convenience of the users of public transportation, the conservation of green spaces and the promotion of greening in cities;
 - (iv) matters regarding the promotion of reduction of generation of wastes, etc. (meaning wastes, etc., prescribed in Article 2, paragraph (2) of the Basic Act on Establishing a Sound Material-Cycle Society (Act No. 110 of 2000)) and other matters regarding the formation of a sound material-cycle society (meaning the sound material-cycle society prescribed in paragraph (1) of the same Article) in the area;
 - (v) objectives associated with implementation of the measures prescribed in the preceding items.
- (4) A municipality (excluding designated city, etc.) is to endeavor to specify, in addition to the matters set forth in the items of paragraph (2), the matters set forth in the items of the preceding paragraph as those concerning measures for the reduction, etc. of the amount of greenhouse gas emissions, in accordance with the natural and social conditions of their area in the action plan of the local government.
- (5) If a municipality specifies the matters set forth in the items of paragraph (3) in the action plan of local government, the municipality is to endeavor to specify the following matters concerning the promotion of the regional decarbonization promotion project:
- (i) objectives of regional decarbonization promotion projects;
 - (ii) areas subject to the regional decarbonization promotion project (hereinafter referred to as "promotion area");
 - (iii) type and size of a regional decarbonization promotion facilities to be

- developed in a promotion area;
- (iv) matters regarding initiatives for regional decarbonization undertaken in an integrated manner with the development of facilities for the promotion of regional decarbonization;
 - (v) matters regarding the following initiatives to be implemented in conjunction with the development of facilities for the promotion of regional decarbonization:
 - (a) efforts for conservation of regional environment;
 - (b) efforts that contribute to the sustainable development of regional economies and societies.
- (6) A promotion area is to be established in accordance with the standards specified by Order of the Ministry of the Environment as that being unlikely to hinder environmental conservation, and if a prefecture has specified the standards regarding the establishment of a promotion area as the matters set forth in paragraph (3), item (i), the promotion area is to be established based on the standards.
- (7) The prefectural standards prescribed in the preceding paragraph are to be established in consideration of environmental conservation in accordance with the natural and social conditions of the region, pursuant to the provisions of Order of the Ministry of the Environment, in line with the standards specified by Order of the Ministry of the Environment referred to in the same paragraph.
- (8) In order to promote the global warming countermeasures, prefectures and municipalities are to give due consideration to ensuring that the reduction, etc. of the amount of greenhouse gas emissions is made for city planning, development plans for agricultural promotion areas and other measures related to the reduction, etc. of the amount of greenhouse gas emissions, in harmony with the achievement of the objectives of the measures, in harmony with the achievement of the objectives of the measures, in coordination with the action plans of local governments.
- (9) A Municipality must endeavor to ensure consistency with the prefectural action plans of local governments and the action plans of local governments of other municipalities when formulating action plans of local governments of their own.
- (10) If a prefecture or municipality (limited to a municipality that intends to specify the matters set forth in the items of paragraph (3) or the items of paragraph (5) in their action plans of local governments; the same applies in the following paragraph) intend to formulate action plans of local governments, they are to take necessary measures in advance to reflect the opinions of residents and other interested parties.
- (11) If a prefecture or municipality intends to formulate action plans of local governments, they must hear the opinions of the relevant local governments in

advance.

- (12) When a prefecture intends to specify the matters set forth in the items of paragraph (3) (including the prefectural standards prescribed in paragraph (6)) in the action plans of local governments, or when a municipality intends to specify the matters set forth in the items of paragraph (3) or the items of paragraph (5) in the action plans of local governments, and if a local government's action plan council prescribed in Article 22, paragraph (1) has been organized, the prefecture or municipality must hold deliberations on these matters at the local government's action plan council.
- (13) If a prefecture or municipality has formulated action plans of local governments, they must singly or jointly publicize them without delay.
- (14) The provisions of paragraph (9) through the preceding paragraph apply mutatis mutandis to the changes in action plans of local governments.
- (15) A prefecture or municipality must singly or jointly publicize the implementation status of steps and measures based on the action plans of local governments (including total greenhouse gas emissions) once every year.
- (16) If a prefecture or municipality finds it necessary for achieving action plans of local governments, they may request the head of the relevant administrative organ or the head of the relevant local government to send necessary materials or provide other cooperation, or state their opinions on the reduction, etc. of the amount of greenhouse gas emissions.
- (17) Beyond what is provided for in the preceding paragraphs, necessary matters for action plans of local governments are specified by Order of the Ministry of the Environment.

(Special Provisions for the Act on Promoting the Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries)

Article 21-2 (1) If a municipality specifies, in the action plan of local government, the matters concerning initiatives that contribute to the sound development of agriculture, forestry, and fisheries to be promoted together with a regional decarbonization project (limited to projects that include the development of a renewable energy power generation facility prescribed in Article 3, paragraph (2) of the Act on Promoting the Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries (Act No. 81 of 2013) (hereinafter referred to as "renewable energy power generation facility" in this paragraph)) whose implementation is facilitated in a promotion area (limited to an area that conforms to the standards specified by Order of the Ministry of Agriculture, Forestry and Fisheries referred to in Article 5, paragraph (5) of the same Act) in the matters set forth in paragraph (5), item (v), (b) of the preceding Article, and if the

matters set forth in the items of paragraph (5) of the preceding Article in the action plan of local government conform to the basic policy prescribed in Article 4, paragraph (1) of the same Act, the provisions of Article 7 (excluding paragraph (4) items (i), (iii), (iv) and (vii) through (ix), paragraph (5), paragraph (6), paragraph (7) items (i), (ii) and (iv) and paragraphs (9) through (15)), Article 8, Article 10, Article 12, and Article 13 of the same Act apply to the development of renewable energy power generation facilities specified in the action plans of the local governments (excluding those provided for in the basic plan prescribed in Article 5, paragraph (1) of the same Act (hereinafter referred to as "basic plan" in this paragraph) prepared by the municipality) by deeming the action plan of the local government to be a basic plan. In such cases, the phrase "a person that intends to develop a renewable energy power generation facility" in Article 7, paragraph (1) of the same Act is deemed to be replaced with "a person that intends to develop a renewable energy power generation facility in accordance with a plan for regional decarbonization promotion project prescribed in Article 22-2, paragraph (1) of the Act on Promotion of Global Warming Countermeasures that has been approved pursuant to the provisions of paragraph (3) of the same Article."

(2) In the case prescribed in the preceding paragraph, a municipality may specify in the action plan of local government the matters set forth in the items of Article 5, paragraph (4) of the same Act concerning the agricultural and forestry land ownership transfer promotion program that is conducted by the municipality (meaning the agricultural and forestry land ownership transfer promotion project prescribed in Article 5, paragraph (4) of the Act on Promoting the Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries), in addition to the matters set forth in the items of paragraph (2), the items of paragraph (3), and the items of paragraph (5) of the preceding Article.

(3) A municipality that has specified the matter prescribed in the preceding paragraph in its action plan for local government is deemed to be a plan-creating municipality as prescribed in Article 16, paragraph (1) of the Act on Promoting the Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries, and the provisions of Articles 16 through 19 are to apply.

In such cases, the term "basic plan" in Article 16, paragraph (1) and paragraph (3), item (i) of the same Act is deemed to be replaced with "the action plans of local governments that are deemed to be basic plans pursuant to the provisions of Article 21-2, paragraph (1) of the Act on Promotion of Global Warming Countermeasures".

(Local Government's Action Plan Council)

Article 22 (1) A prefecture or municipality that intends to formulate action plan for local government may singly or jointly organize a council for holding necessary deliberations on the formulation and implementation of the action plans of local governments (hereinafter referred to as "local government's action plan council").

- (2) A local government's action plan council is composed of the following persons:
- (i) prefectures and municipalities that intend to formulate action plans of local governments;
 - (ii) relevant administrative organs, relevant local governments, the climate change officers prescribed in Article 37, paragraph (1), the regional center for climate change action prescribed in Article 38, paragraph (1), persons expected to engage in regional decarbonization promotion projects, and other businesses, residents, and other persons that have a relationship with the promotion of global warming countermeasures in the relevant region;
 - (iii) persons with relevant expertise and other persons deemed necessary by the prefecture or municipality.
- (3) The competent minister may provide necessary advice, materials, and other cooperation at the request of the members of the local government's action plan council, so that the action plans for local governments will be smoothly formulated.
- (4) The members of the local government's action plan council must respect the results of the deliberations with regard to the particulars on which an agreement has been reached at the local government's action plan council.
- (5) Beyond what is provided for in the preceding paragraphs, matters necessary for the operation of the local government's action plan council are determined by the local government's action plan council.

(Approval of Plan for Regional Decarbonization Promotion Project)

Article 22-2 (1) A person that intends to conduct a regional decarbonization promotion project may singly or jointly prepare a plan for the implementation of the regional decarbonization promotion project (hereinafter referred to as "plan for regional decarbonization promotion project") and apply for the approval of the municipality that has formulated the action plans of local governments (limited to those for which the matters set forth in the items of Article 21, paragraph (5) are provided; hereinafter the same applies in this Article) (hereinafter referred to as "plan-formulating municipality"), through consultation at the local government's action plan council if the council is organized, as prescribed by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) The following matters must be stated in a plan for regional decarbonization promotion project:
- (i) the name and address of the applicant, and in the case of a corporation, the name of its representative;
 - (ii) objectives of the regional decarbonization promotion project (including targets concerning reduction, etc. of the amount of greenhouse gas emissions);
 - (iii) implementation period of the regional decarbonization promotion project;
 - (iv) type and size of the regional decarbonization promotion facilities to be developed and other details of the development of the regional decarbonization promotion facilities;
 - (v) details of the initiatives for regional decarbonization undertaken in an integrated manner with the development referred to in the preceding item;
 - (vi) location, parcel number, land category, and area of the land to be used for the development referred to in item (iv) and the initiatives referred to in the preceding item, or the scope of the water area;
 - (vii) the amount of funds necessary to implement the development referred to in item (iv) and the initiatives referred to in item (v), and the procurement method thereof;
 - (viii) matters regarding the following initiatives to be implemented in conjunction with the development referred to in item (iv):
 - (a) efforts for conservation of regional environment;
 - (b) efforts that contribute to the sustainable development of regional economies and societies.
 - (ix) other matters specified by Order of the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, and the Ministry of Land, Infrastructure, Transport and Tourism.
- (3) If an application under the provisions of paragraph (1) has been filed and the plan for regional decarbonization promotion project pertaining to the application is found to satisfy the following requirements, the plan-formulating municipality is to grant approval:
- (i) the content of the plan for regional decarbonization promotion project conforms to the action plans of local governments;
 - (ii) the plan for regional decarbonization promotion project stated in the action plans of local governments is expected to be implemented smoothly and reliably;
 - (iii) the application conforms to other standards specified by Order of the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Economy, Trade and Industry.
- (4) When a plan-formulating municipality intends to grant approval referred to

in the preceding paragraph and if an act pertaining to the development referred to in paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph included in the plan for regional decarbonization promotion project pertaining to the application fall under any of the acts set forth in the following items, the municipality must consult with the persons prescribed respectively in those items and obtain their consent in advance with regard to the plan for regional decarbonization promotion project:

- (i) acts for which permission referred to in Article 3, paragraph (1) or Article 11, paragraph (1) of the Hot Springs Act (Act No. 125 of 1948) must be obtained: the prefectural governor;
- (ii) acts to be carried out in a private forest prescribed in Article 5, paragraph (1) of the Forest Act (Act No. 249 of 1951) (excluding protected forests (meaning protected forests designated pursuant to the provisions of Article 25 or 25-2 of the same Act; the same applies hereinafter) and forests (meaning forests prescribed in Article 2, paragraph (1) of the Forest Act) within the security facility districts designated pursuant to the provisions of Article 41 of the same Act and within the coastal preservation zone designated pursuant to the provisions of Article 3 of the Coast Act (Act No. 101 of 1956); hereinafter referred to as "covered private forests" in Article 22-6, paragraph (1)) that is subject to a regional forestry plan established pursuant to the same paragraph, and for which the permission referred to in Article 10-2, paragraph (1) of the Forest Act must be obtained: the prefectural governor;
- (iii) acts to be carried out in a protected forest and for which the permission referred to in Article 34, paragraph (1) or (2) of the Forest Act must be obtained: the prefectural governor;
- (iv) acts of acquiring the ownership of or the right to use or make profits with respect to agricultural land in order to change cropland (meaning land used for the purpose of cultivation (including the cultivation of agricultural crops that are deemed to fall under cultivation pursuant to the provisions of Article 43, paragraph (1) of the Cropland Act (Act No. 229 of 1952); hereinafter the same applies in this item); the same applies hereinafter) to land other than cropland or change agricultural land (cropland or meadow/pastureland (meaning land other than cropland that is used primarily for the purpose of gathering grass or livestock grazing for cultivation or livestock farming-related business; the same applies hereinafter) to land other than agricultural land, which require the permission referred to in Article 4, paragraph (1) or Article 5, paragraph (1) of the same Act: the prefectural governor;
- (v) acts to be performed within the area of a national park (meaning a national park as prescribed in Article 2, item (ii) of the Natural Parks Act (Act No.

- 161 of 1957); the same applies in Article 22-8) and for which the permission referred to in Article 20, paragraph (3) of the same Act must be obtained or the notification referred to in Article 33, paragraph (1) of the same Act must be made: Minister of the Environment;
- (vi) acts to be performed within the area of a quasi-national park (meaning a quasi-national park as prescribed in Article 2, item (iii) of the Natural Parks Act; the same applies in Article 22-8) that require the permission referred to in Article 20, paragraph (3) of the same Act or that require the notification referred to in Article 33, paragraph (1) of the same Act: the prefectural governor;
 - (vii) acts that must be registered referred to in Article 23-2 of the River Act (Act No. 167 of 1964) (including as applied mutatis mutandis pursuant to Article 100, paragraph (1) of that Act; the same applies hereinafter): a river administrator (meaning the river administrator prescribed in Article 7 of the same Act (including as applied mutatis mutandis pursuant to Article 100, paragraph (1) of the same Act); the same applies in paragraph (8)) (in cases where a prefectural governor or the head of a designated city makes a registration referred to in Article 23-2 of the same Act pertaining to a class-A river (meaning the class-A river prescribed in Article 4, paragraph (1) of the same Act) within a designated section prescribed in Article 9, paragraph (2) of the same Act pursuant to the provisions of paragraph (2) or (5) of the same Article, the prefectural governor or the head of the designated city);
 - (viii) acts of conducting heat recovery (meaning the heat recovery as prescribed in Article 9-2-4, paragraph (1) of the Act on Waste Management and Public Cleansing (Act No. 137 of 1970); the same applies in Article 22-10, paragraph (1)) (limited to cases where the applicant wishes to obtain the approval referred to in Article 9-2-4, paragraph (1) or Article 15-3-3, paragraph (1) of the same Act): the prefectural governor;
 - (ix) acts to be conducted within a designated area (meaning the designated area referred to in Article 15-17, paragraph (1) of the Act on Waste Management and Public Cleansing; the same applies in Article 22-10, paragraph (2)), for which the notification referred to in Article 15-19, paragraph (1) of the same Act must be made: the prefectural governor.
- (5) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in the following items, a prefectural governor is to give the consent referred to in the preceding paragraph if the prefectural governor finds that the acts pertaining to the development referred to in paragraph (2), item (iv) or the efforts referred to in item (v) of the same paragraph pertaining to the consultation fall under the requirements prescribed respectively in those items:
- (i) acts set forth in item (i) of the preceding paragraph: acts that fall under

- cases where the permission referred to in Article 3, paragraph (1) or Article 11, paragraph (1) of the Hot Springs Act must be granted pursuant to the provisions of Article 4, paragraph (1) of the same Act (including as applied mutatis mutandis pursuant to Article 11, paragraph (2) or paragraph (3) of the same Act following the deemed replacement of terms);
- (ii) acts set forth in item (ii) of the preceding paragraph: acts that fall under cases where the permission referred to in Article 10-2, paragraph (1) of the Forest Act must be granted pursuant to the provisions of paragraph (2) of the same Article;
 - (iii) acts set forth in item (iii) of the preceding paragraph: acts that fall under cases where the permission referred to in Article 34, paragraph (1) of the Forest Act must be granted pursuant to the provisions of paragraph (3) or (4) of the same Article or cases where the permission referred to in paragraph (2) of the same Article must be granted pursuant to the provisions of paragraph (5) of the same Article;
 - (iv) acts set forth in item (viii) of the preceding paragraph: acts that fall under cases where the approval referred to in Article 9-2-4, paragraph (1) or Article 15-3-3, paragraph (1) of the Act on Waste Management and Public Cleansing may be obtained.
- (6) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in paragraph (4), item (iv), a prefectural governor is to give the consent referred to in paragraph (4) if the prefectural governor finds that acts pertaining to the development referred to in paragraph (2), item (iv) or the efforts referred to in item (v) of the same paragraph pertaining to the consultation fall under the following requirements:
- (i) in cases where cropland is changed to land other than cropland, acts that do not fall under cases where the permission referred to in Article 4, paragraph (1) of the Cropland Act may not be granted pursuant to the provisions of paragraph (6) of the same Article;
 - (ii) in cases where ownership of or the right to use or make profits with respect to the agricultural land is acquired in order to change the agricultural land to that other than agricultural land, acts that do not fall under cases where the permission referred to in Article 5, paragraph (1) of the Cropland Act may not be granted pursuant to the provisions of paragraph (2) of the same Article;
- (7) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in the items in paragraph (4), item (v) or (vi) (limited to those pertaining to the permission referred to in Article 20, paragraph (3) of the Natural Parks Act), the Ministers of the Environment or a prefectural governor is to give the consent referred to in paragraph (4) if the Minister or the prefectural governor finds that the acts

pertaining to the development referred to in paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph pertaining to the consultation do not fall under cases where the permission referred to in paragraph (3) of the same Article must not be granted pursuant to the provisions of paragraph (4) of the same Article.

- (8) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in paragraph (4), item (vii), a river administrator is to give the consent referred to in paragraph (4) if the river administrator finds that the acts pertaining to the development referred to in paragraph (2), item (iv) pertaining to the consultation do not fall under the case where the registration referred to in Article 23-2 of the River Act must be refused pursuant to the provisions of Article 23-4 of the same Act.
- (9) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in the following items, a prefectural governor must consult with the persons specified respectively in those items if the prefectural governor intends to give the consent referred to in paragraph (4):
- (i) acts set forth in paragraph (4), item (i) (limited to cases where there is a risk of affecting the yield, temperature, or composition of hot spring water (meaning the hot spring water prescribed in Article 2, paragraph (1) of the Hot Spring Act) in neighboring prefectures): Minister of the Environment;
 - (ii) acts set forth in paragraph (4), item (iv) (limited to cases where the land pertaining to the acts includes cropland with an area of more than four hectares): the Minister of Agriculture, Forestry and Fisheries.
- (10) If the Minister of the Environment receives a consultation pursuant to the provisions of item (i) of the preceding paragraph, the Minister must hear the opinions of stakeholders in the relevant prefecture.
- (11) In cases where there is a consultation on a plan for regional decarbonization promotion project pertaining to the acts set forth in the following items, a prefectural governor must hear the opinions of the persons specified respectively in those items if the prefectural governor intends to give the consent referred to in paragraph (4):
- (i) acts set forth in paragraph (4), item (i): a council or other body with a council system established pursuant to the provisions of Article 51, paragraph (1) of the Nature Conservation Act (Act No. 85 of 1972);
 - (ii) acts set forth in paragraph (4), item (ii): a prefectural forest council;
 - (iii) acts set forth in paragraph (4), item (iv): the agricultural commission (in the case of a municipality that does not have an agricultural commission pursuant to the provisions of the proviso to Article 3, paragraph (1) or paragraph (5) of the Act on Agricultural Commissions (Act No. 88 of 1951), the mayor of the municipality; the same applies in the following paragraph

- and paragraph (13)).
- (12) If an agricultural commission intends to state its opinions pursuant to the provisions of the preceding paragraph (limited to the part pertaining to item (iii); hereinafter the same applies in this paragraph and the following paragraph) (limited to cases where the act set forth in the same item pertaining to the consultation referred to in the preceding paragraph pertains to land that includes cropland with an area of more than thirty ares), the commission must hear the opinions of the prefectural institution prescribed in Article 43, paragraph (1) of the Act on Agricultural Commission (hereinafter referred to as "prefectural institution" in the following paragraph) in advance; provided, however, that this does not apply if the prefectural governor has not made the designation under Article 42, paragraph (1) of the same Act.
- (13) Beyond what is provided for in the preceding paragraph, an agricultural commission may hear the opinions of a prefectural institution if the commission finds it necessary for stating its opinions pursuant to the provisions of paragraph (11).
- (14) With regard to the application of the provisions of paragraphs (3) and (4) in cases where a plan-formulating municipality is the designated municipality (hereinafter referred to as "designated municipality" in the following paragraph and Article 65, items (vi) and (vii)) prescribed in Article 4, paragraph (1) of the Cropland Act, the term "requirements" in paragraph (3) is deemed to be replaced with "requirements and the requirements set forth in the items of paragraph (6)," and the terms "the following items" and "the relevant items" in paragraph (4) are deemed to be replaced with "items (i) through (iii) and items (v) through (ix)."
- (15) The provisions of paragraphs (9) and (11) apply mutatis mutandis when a plan-formulating municipality that is a designated municipality intends to grant approval referred to in paragraph (3) with regard to a plan for regional decarbonization promotion project (limited to the part pertaining to the acts set forth in paragraph (4), item (iv)). In such cases, the terms "the following items" and "respectively those items" in paragraph (9) are deemed to be replaced with "item (ii)" and "the same item," respectively, and the terms "the following items" and "the following items" in paragraph (11) are deemed to be replaced with "item (iii)" and "respectively those items," respectively.
- (16) With regard to the application of the provisions of paragraphs (3) and (4) in cases where the plan-formulating municipality is a city specified by Cabinet Order referred to in Article 24-2, paragraph (1) of the Act on Waste Management and Public Cleansing, the term "requirements" in paragraph (3) is deemed to be replaced with "requirements and the requirements set forth in paragraph (5), item (iv)," and the terms "the following items" and "those items" in paragraph (4) are deemed to be replaced with "items (i) through (vii)."

(17) If a plan-formulating municipality has granted approval under paragraph (3), the municipality is to promptly notify the heads of the relevant administrative organs and the heads of the relevant local governments to that effect, and publicize the matters stated in the plan for regional decarbonization promotion project pertaining to the approval that are specified by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism .

(Changes to Plans for Regional Decarbonization Promotion Project)

Article 22-3 (1) If a person that has been granted the approval referred to in paragraph (3) of the preceding Article (hereinafter referred to as "approved implementer of regional decarbonization promotion project") intends to make changes to the plan for regional decarbonization promotion project pertaining to the approval, the person must obtain approval from the plan-formulating municipality, through consultation at the local government's action plan council, if the council has been organized as prescribed by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to minor changes specified by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) If an approved implementer of regional decarbonization promotion project has made a minor change specified by Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Economy, Trade and Industry, and Order of the Ministry of Land, Infrastructure, Transport and Tourism as set forth in the proviso to the preceding paragraph, the operator must notify the plan-formulating municipality to that effect without delay.

(3) A plan-formulating municipality may rescind the approval referred to in paragraph (3) of the preceding Article if the municipality finds that the approval falls under any of the following items:

(i) if an approved implementer of regional decarbonization promotion project is not conducting the regional decarbonization promotion project in accordance with the plan for regional decarbonization promotion project pertaining to the approval referred to in paragraph (3) of the preceding Article (if the approval of changes under paragraph (1) or the notification of changes under the preceding paragraph has been given, the plan after the changes; hereinafter referred to as "approved plan for regional decarbonization

- promotion project");
- (ii) if an approved plan for regional decarbonization promotion project ceases to fall under any of the items (i) through (iii) of paragraph (3) of the preceding Article.
- (4) If a plan-formulating municipality has revoked the approval under the provisions of the preceding paragraph, the municipality is to notify the heads of the relevant administrative organs and the heads of the relevant local governments to that effect without delay, and publicize that.
- (5) The provisions of paragraphs (3) through (17) of the preceding Article apply mutatis mutandis to the approval of changes under paragraph (1).

(Special Provisions on Approval of Plans for Regional Decarbonization Promotion Project)

- Article 22-4 (1) Notwithstanding the provisions of Article 22-2, paragraph (1) or paragraph (1) of the preceding Article, if a local government intends to prepare or change a plan for regional decarbonization promotion project singly or jointly with a person other than the local government, the approval referred to in Article 22-2, paragraph (3) or paragraph (1) of the preceding Article is deemed to have been given when the local government has consulted with the mayor of the plan-formulating municipality with regard to the regional decarbonization promotion project plan and the consultation has been concluded.
- (2) The provisions of Article 22-2, paragraphs (4) through (17) apply mutatis mutandis to cases where a plan-formulating municipality is consulted pursuant to the provisions of the preceding paragraph.

(Special Provisions of the Hot Springs Act)

- Article 22-5 If an approved implementer of regional decarbonization promotion project carries out acts for which permission referred to in Article 3, paragraph (1) or Article 11, paragraph (1) of the Hot Springs Act must be obtained in order to carry out the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the permission has been given.

(Special Provisions of the Forest Act)

- Article 22-6 (1) If an approved implementer of regional decarbonization promotion project carries out acts for which permission referred to in Article 10-2, paragraph (1) of the Forest Act must be obtained in order to carry out the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph in the covered private

forests in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the permission has been given.

- (2) If an approved implementer of regional decarbonization promotion project carries out acts for which permission referred to in Article 34, paragraph (1) or (2) of the Forest Act must be obtained in order to carry out the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph in a protected forest in accordance with an approved regional decarbonization promotion project plan, it is deemed that the permission has been given.

(Special Provisions of the Cropland Act)

Article 22-7 (1) If an approved implementer of regional decarbonization promotion project changes cropland to that other than cropland for the purpose of the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the permission referred to in Article 4, paragraph (1) of the Cropland Act has been given.

- (2) If an approved implementer of regional decarbonization promotion project acquires the ownership of or the right to use and make profits with regard to agricultural land in order to change the agricultural land to that other than agricultural land for the purpose of using it for the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the permission referred to in Article 5, paragraph (1) of the Cropland Act has been given.

(Special Provisions of the Natural Parks Act)

Article 22-8 (1) If an approved implementer of regional decarbonization promotion project carries out acts for which permission referred to in Article 20, paragraph (3) of the Natural Parks Act must be obtained in order to carry out the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph within the boundaries of a national park or a quasi-national park in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the permission has been given.

- (2) The provisions of Article 33, paragraphs (1) and (2) of the Natural Parks Act do not apply to acts that an approved implementer of regional decarbonization promotion project carries out in accordance with an approved plan for regional decarbonization promotion project within the boundaries of a national park or a quasi-national park for the development referred to in Article 22-2,

paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph.

(Special Provisions of the River Act)

Article 22-9 If an approved implementer of regional decarbonization promotion project carries out acts for which registration referred to in Article 23-2 of the River Act must be obtained for the development referred to in Article 22-2, paragraph (2), item (iv) in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the registration has been made.

(Special Provisions of the Act on Waste Management and Public Cleansing)

Article 22-10 (1) If an approved implementer of regional decarbonization promotion project (limited to a person that has desired to obtain the approval referred to in Article 9-2-4, paragraph (1) or Article 15-3-3, paragraph (1) of the Act on Waste Management and Public Cleansing in the application under Article 22-2, paragraph (1) or Article 22-3, paragraph (1) or the consultation under Article 22-4, paragraph (1)) carries out heat recovery as an act pertaining to the development referred to in Article 22-2, paragraph (2), item (iv) in accordance with an approved plan for regional decarbonization promotion project, it is deemed that the approval pursuant to these provisions has been given.

(2) The provisions of Article 15-19, paragraph (1) of the Act on Waste Management and Public Cleansing do not apply to acts that an approved implementer of regional decarbonization promotion project carries out in a designated area in accordance with an approved plan for regional decarbonization promotion project plan for the purpose of the development referred to in Article 22-2, paragraph (2), item (iv) or the initiatives referred to in item (v) of the same paragraph.

(Special Provisions of the Environmental Impact Assessment Act)

Article 22-11 The provisions of Chapter II, Section 1 of the Environmental Impact Assessment Act (Act No. 81 of 1997) do not apply to the development referred to in Article 22-2, paragraph (2), item (iv) (limited to development carried out within the area of a prefecture where the prefectural standards prescribed in Article 21, paragraph (6) have been established) that is carried out by an approved implementer of regional decarbonization promotion project in accordance with an plan for approved regional decarbonization promotion project.

(Assistance)

Article 22-12 The State and prefectures are to endeavor to provide municipalities with information, advice, and other assistance necessary for the formulation of the action plans of local governments and their smooth and reliable implementation.

(Guidance and Advice)

Article 22-13 A plan-formulating municipality is to provide an approved implementer of regional decarbonization promotion project with the necessary guidance and advice for the appropriate implementation of the development referred to in Article 22-2, paragraph (2), item (iv), the initiatives referred to in item (v) of the same paragraph, and the initiatives referred to in item (viii), (a) and (b) of the same paragraph that are conducted in accordance with an approved plan for regional decarbonization promotion project.

(Collection of Reports)

Article 22-14 The head of a plan-formulating municipality may request an approved implementer of regional decarbonization promotion project to report the implementation status of the development referred to in Article 22-2, paragraph (2), item (iv), the initiatives referred to in item (v) of the same paragraph, and the initiatives referred to in item (viii), (a) and (b) of the same paragraph that are conducted in accordance with an approved plan for regional decarbonization promotion project.

Chapter V Reduction of Emissions in Conjunction with Business Activities

(Reduction of Emissions in Conjunction with Business Activities)

Article 23 Businesses must endeavor to select equipment to be used for their business operations that contributes to the reduction, etc. of the amount of greenhouse gas emissions in response to technological progress made towards the reduction, etc. of the amount of greenhouse gas emissions and other changes in the circumstances surrounding their business activities, and must endeavor to use the equipment in a manner that reduces the amount of greenhouse gas emissions as much as possible.

(Contribution to Emissions Reduction in Daily Life)

Article 24 (1) When manufacturing, importing, selling, or providing products or services (hereinafter referred to as "manufacturing, etc." in this Article) used by citizens in their daily lives (hereinafter referred to as "products for daily use, etc."), businesses must endeavor to engage in manufacturing, etc. of products for daily use, etc., that emit less greenhouse gas in the course of their use, and endeavor to provide accurate and appropriate information on the greenhouse

gas emissions associated with the use of the products for daily use, etc.

- (2) When providing the information prescribed in the preceding paragraph, businesses that are engaged in the manufacturing, etc., of products for daily use, etc., are to endeavor to do so effectively, while obtaining as necessary the cooperation of organizations that collect and provide information on the emissions of greenhouse gas from products or services that emit greenhouse gas when used for daily life and other persons that provide services to support the implementation of measures to reduce the amount of greenhouse gas emissions related to the daily lives of citizens.

(Guidelines for Emissions Reduction)

Article 25 With regard to the measures to be taken by businesses pursuant to the provisions of the preceding two Articles, the competent minister is to publicize the guidelines necessary for their appropriate and effective implementation.

(Reporting of Calculated Amount of Greenhouse Gas Emissions)

Article 26 (1) With regard to the calculated amount of greenhouse gas emissions that was emitted during the period specified by order of the competent ministry, the parties specified by Cabinet Order as those emitting substantially large greenhouse gas in conjunction with their business activities (including functions and undertakings of the national government and local governments; hereinafter the same applies in this Article) (hereinafter referred to as "specified emitters"), must report the matters specified by order of the competent ministry (if the specified emitter has a place of business larger than the size specified by Cabinet Order, the matters specified by order of the competent ministry concerning those matters and the calculated amount of greenhouse gas emissions that the specified emitter has emitted during the period specified by order of the competent ministry for each place of business larger than the size specified by Cabinet Order) to the minister with jurisdiction over the business of the specified emitter (hereinafter referred to as "competent minister for the business") every business year, pursuant to the provisions of order of the competent ministry, with regard to the calculated amount of greenhouse gas emissions that the person emitted during the period specified by Order of the competent ministry.

- (2) With respect to a person (hereinafter referred to as "chain business operator" in this paragraph) engaged in business operations (hereinafter referred to as "chain business" in this paragraph) in which it allows the use of specific trademarks, trade names, or other indications, specifies methods related to the sale of goods or the provision of services, and provides guidance on management on an ongoing basis pursuant to contracts that are based on a

standard set of general conditions which provide for matters specified by orders of the competent ministry concerning greenhouse gas emissions at a place of business established by a person that has joined the business (hereinafter referred to as "franchisee" in this paragraph), the provisions of the preceding paragraph apply by deeming the business activities at all places of business established by the franchisee pertaining to the chain business to be business activities of the chain business operator. In such cases, the phrase "has a place of business" in the same paragraph is deemed to be replaced with "has a place of business (including cases where a franchisee prescribed in the following paragraph has established a place of business pertaining to the chain business prescribed in the same paragraph)".

- (3) The term "calculated amount of greenhouse gas emissions" as used in this Chapter means the value obtained by multiplying the global warming potential of each substance constituting greenhouse gas by the emissions of that substance emitted in conjunction with the business activities of specified emitters, as calculated using methods specified by Cabinet Order.

(Requests Pertaining to Protection of Rights and Interests)

Article 27 (1) If it is recognized that there is a risk that the rights, competitive position, or other legitimate interests of a specified emitter (hereinafter referred to as "rights and interests") could be harmed by publicizing information concerning the calculated amount of greenhouse gas emissions pertaining to the report under paragraph (1) of the preceding Article, the specified emitter may request the competent minister for the business to give notice under paragraph (1) of the following Article using the total amount of calculated greenhouse gas emissions pertaining to the specified emitter, as specified by order of the competent ministry, in lieu of the calculated amount of greenhouse gas emissions.

- (2) When making a request referred to in the preceding paragraph, a specified emitter must do so by appending the reasons for the request, as prescribed by order of competent minister, together with the report under paragraph (1) of the preceding Article.
- (3) If a competent minister for the business approves of the request referred to in paragraph (1), the minister is to render a decision to that effect and notify the fact to the specified emitter that made the request.
- (4) If a competent minister for the business does not approve of the request referred to in paragraph (1), the minister is to render a decision to that effect and, immediately after the decision is rendered, notify the fact and the reason thereof to the specified emitter that made the request.
- (5) The decisions referred to in the preceding two paragraphs are to be made within 30 days from the date on which the request referred to in paragraph (1)

was made.

- (6) Notwithstanding the provisions of the preceding paragraph, the competent minister for the business may extend the period referred to in the preceding paragraph for up to 30 days if there are legitimate grounds such as difficulty in processing the functions.

(Notification of Matters to be Reported)

Article 28 (1) Upon receiving a report under the provisions of Article 26, paragraph (1), the competent minister for the business is to notify the Minister of the Environment and the Minister of Economy, Trade and Industry concerning the matters pertaining to that report.

- (2) Notice under the provisions of the preceding paragraph is to be made as follows:

- (i) if a request referred to in the preceding Article is not made, the matters pertaining to the report are to be notified without delay;
- (ii) if a request referred to in paragraph (1) of the preceding Article is made, and a decision referred to in paragraph (3) of that Article has been made, the matters pertaining to the report are to be notified without delay (among the matters, with regard to the calculated amount of greenhouse gas emissions pertaining to the decision, the total amount of the calculated greenhouse gas emissions pertaining to the specified emitter as specified by order of the competent ministry referred to in paragraph (1) of the same Article, in lieu of that);
- (iii) if a request referred to in paragraph (1) of the preceding Article is made, and a decision referred to in paragraph (4) of that Article has been made, the matters pertaining to the report are to be notified promptly after two weeks have elapsed from the date on which the notification was made to the specified emitter under that paragraph.

- (3) Upon receiving a report under the provisions of Article 26, paragraph (1), a competent minister for the business is to aggregate the calculated amount of greenhouse gas emissions pertaining to the report without delay, as specified by order of the competent ministry.

- (4) A competent minister for the business is to notify the Minister of the Environment and the Minister of Economy, Trade and Industry of the aggregated results pursuant to the provisions of the preceding paragraph without delay; provided, however, that if there is a risk that the rights and interests of the specified emitter pertaining to the decision under paragraph (3) of the preceding Article may be harmed by the notification of the aggregated results, the total amount of the calculated greenhouse gas emissions as specified by order of the competent ministry is to be notified, then in lieu of the calculated amount of greenhouse gas emissions pertaining to the aggregated

results,.

(Publication of Matters to be Reported)

- Article 29 (1) The Minister of the Environment and the Minister of Economy, Trade and Industry are to record the matters that have been notified pursuant to the provisions of paragraph (1) of the preceding Article in a file stored on a computer, and are to publicize the matters recorded in the file, without delay, as specified by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry.
- (2) The Minister of the Environment and the Minister of Economy, Trade and Industry are to aggregate the matters notified pursuant to paragraph (4) of the preceding Article, without delay, as specified by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry. In this case, after confirming that there is no impediment to protecting the rights and interests of the specified emitter pertaining to the decision referred to in Article 27, paragraph (3), the Minister of the Environment and the Minister of Economy, Trade and Industry may request the competent minister for the business provide notice to notify the total amount of calculated greenhouse gas emissions pertaining to the results aggregated pursuant to paragraph (3) of the preceding Article, as specified by order of competent ministry.
- (3) The Minister of the Environment and the Minister of Economy, Trade and Industry are to publicize the results of aggregation pursuant to the provisions of the preceding paragraph without delay, as prescribed by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry.

Articles 30 and 31 Deleted

(Provision of Information)

- Article 32 (1) In order to contribute to enhancing understanding of the information publicized pursuant to the provisions of Article 29, paragraphs (1) and (3), a specified emitter may, in addition to the report under Article 26, paragraph (1), provide the competent minister for the business with information regarding the status of increases and decreases of calculated amount of greenhouse gas emissions pertaining to the report and other information, as prescribed by order of the competent ministry.
- (2) The competent minister for the business is to notify the Minister of the Environment and the Minister of Economy, Trade and Industry of the information provided pursuant to the provisions of the preceding paragraph.
- (3) The Minister of the Environment and the Minister of Economy, Trade and Industry are to record the information notified pursuant to the provisions of

the preceding paragraph in a file stored on a computer and publicize the matters recorded in the file without delay, as prescribed by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry.

(Technical Advice)

Article 33 A competent minister is to provide the necessary technical advice, information, and other assistance to specified emitters, in order to help ensure appropriate calculation of the amount of greenhouse gas emissions and promote voluntary reduction, etc. of the amount of greenhouse gas emissions

(Relationship to the Act on Rationalizing Energy Use)

Article 34 (1) If a specified emitter has made a report pursuant to the provisions of Article 16, paragraph (1) of the Act on Rationalizing Energy Use (Act No. 49 of 1979) (including the cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (1) of the same Act), Article 27, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (2) of the same Act), Article 38, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the same Act), Article 80, paragraph (3), Article 81, paragraph (3), Article 82, paragraph (3), Article 103, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (1) of the same Act), Article 111, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (1) of the same Act), Article 115, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (2) of the same Act), Article 127, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (2) of the same Act), Article 132, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (3) of the same Act) or Article 141, paragraph (1) of the same Act, with regard to the application of the provisions of Article 26 through the preceding Article and Article 64, the part of the report related to matters concerning the emissions of carbon dioxide (in the case of a licensed managing and supervising business operator prescribed in Article 29, paragraph (2) of the same Act, a certified managing and supervising consignor prescribed in Article 113, paragraph (2) of the same Act, and a certified managing and supervising cargo-passenger carrier prescribed in Article 130, paragraph (2) of the same Act, limited to the part pertaining to the

person) is deemed to be the report under Article 26, paragraph (1) on the emissions of carbon dioxide generated in association with the use of energy (meaning the energy prescribed in Article 2, paragraph (1) of the same Act; the same applies in the following paragraph and the following Article). In such cases, the phrase "the minister that has jurisdiction over the business pertaining to the specified emitter" in the same paragraph is deemed to be replaced with "the competent minister prescribed in Article 16, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (1) of the same Act); the report pursuant to the provisions of Article 27, paragraph (1) (including the cases where applied by replacing terms pursuant to the provisions of Article 48, paragraph (2) of the same Act) or Article 38, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the same Act) is deemed to be replaced with "the competent minister prescribed in Article 16, paragraph (1) of the Act on Rationalizing Energy Use (Act No. 49 of 1979) (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (1) of the same Act), Article 27, paragraph (1) of the same Act (including the cases where applied by replacing terms pursuant to the provisions of Article 48, paragraph (2) of the same Act), or Article 38, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the same Act); the report pursuant to the provisions of Article 80, paragraph (3), Article 81, paragraph (3), or Article 82, paragraph (3) of the same Act is deemed to be read as "the competent minister prescribed in Article 80, paragraph (3), Article 81, paragraph (3), or Article 82, paragraph (3) of the Act on Rationalizing Energy Use (Act No. 49 of 1979)"; the report under the provisions of Article 103, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (1) of the same Act), Article 127, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (2) of the same Act), Article 132, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (3) of the same Act), or Article 141, paragraph (1) of the same Act is deemed to be read as the "Minister of Land, Infrastructure, Transport and Tourism"; the report under Article 111, paragraph (1) (including cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (1) of the same Act) or Article 115, paragraph (1) of that Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (2) of the same Act) is deemed to be replaced with "the competent minister prescribed in Article 111, paragraph (1)

(including cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (1) of the same Act) or Article 115, paragraph (1) of the Act on Rationalizing Energy Use (Act No. 49 of 1979) (including cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (2) of the same Act); and Cabinet Order provides for the necessary technical replacement of terms in connection with the application of the provisions of Article 26 through the preceding Article and Article 64.

- (2) If a report has been submitted by a certified managing and supervising business operator as prescribed in Article 29, paragraph (2) of the Act on Rationalizing Energy Use whose management-related business operators as prescribed in item (ii) of the same paragraph include a specified emitter, a certified managing and supervising consignor as prescribed in Article 113, paragraph (2) of the same Act whose management-related consignors as prescribed in item (ii) of the same paragraph include a specified emitter, or a certified managing and supervising cargo-passenger carrier as prescribed in Article 130, paragraph (2) of the same Act whose management-related cargo-passenger carriers as prescribed in item (ii) of the same paragraph include a specified emitter, pursuant to the provisions of Article 38, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the same Act), Article 82, paragraph (3) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 119, paragraph (2) of the same Act), Article 115, paragraph (1) of the same Act (including the cases where it is applied by replacing terms pursuant to the provisions of Article 136, paragraph (3) of the same Act), or Article 132, paragraph (1) of the same Act, with regard to the application of the provisions of Article 26 through the preceding Article and Article 64, the part of the report that relates to matters concerning the amount of emissions of carbon dioxide by the management-related business operator, the management-related consignor, or the management-related cargo-passenger carrier that is a specified emitter is deemed to be a report under Article 26, paragraph (1) regarding the amount of emissions of carbon dioxide generated by the person's use of energy. In such cases, the phrase "the minister with jurisdiction over the business pertaining to the specified emitter" in the same paragraph is deemed to be replaced with "the competent minister prescribed in Article 38, paragraph (1) of the Act on Rationalizing Energy Use (Act No. 49 of 1979)" (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the same Act) with regard to the report pursuant to the provisions of Article 38, paragraph (1) of the same Act (including cases where it is applied by replacing terms pursuant to the provisions of Article 48, paragraph (3) of the

same Act), "the competent minister prescribed in Article 82, paragraph (3) of the Act on the Rational Use of Energy (Act No. 49 of 1979)" with regard to the report pursuant to the provisions of Article 82 paragraph (3) of the same Act, "the competent minister prescribed in Article 115, paragraph (1) of the Act on Rationalizing Energy Use (Act No. 49 of 1979) (including cases where it is applied by replacing the terms pursuant to the provisions of Article 119, paragraph (2) of the same Act)" with regard to the report pursuant to the provisions of Article 115, paragraph (1) of that Act (including cases where it is applied by replacing the terms pursuant to the provisions of Article 119, paragraph (2) of same Act), "the Minister of Land, Infrastructure, Transport and Tourism" with regard to the report pursuant to the provisions of Article 132, paragraph (1) of that Act (including cases where it is applied by replacing the terms pursuant to the provisions of Article 136, paragraph (3) of that Act), and Cabinet Order provides for the necessary technical replacement of terms in connection with the application of the provisions of Article 26 through the preceding Article and Article 64.

(Provision of Information Necessary for Ascertaining the Amount of Carbon Dioxide Emissions)

Article 35 A person engaged in the business of supplying energy to general consumers must endeavor to provide the recipients of that supply with the information necessary for ascertaining the amount of carbon dioxide when the energy supplied by that the person is used.

(Plans regarding Business Activities of Businesses)

Article 36 (1) Businesses must, singly or jointly, endeavor to prepare and publicize plans concerning measures for the reduction, etc. of the amount of greenhouse gas emissions (including measures that contribute to the reduction, etc. of the amount of greenhouse gas emissions by others) associated with their business activities, while giving due consideration to the provisions of a Plan for Global Warming Countermeasures.

(2) Businesses that have prepared and publicized plans referred to in the preceding paragraph must, singly or collectively, endeavor to publicize the implementation status of measures pertaining to plans referred to in the same paragraph, while giving due consideration to the provisions of a Plan for Global Warming Countermeasures.

**Chapter VI Support for Target Business Activities by the Japan Green
Investment Corp. for Carbon Neutrality
Section 1 General Provisions**

(Purpose of the Corporation)

Article 36-2 Japan Green Investment Corp. for Carbon Neutrality is a stock company whose purpose is to contribute to the realization of a decarbonized society while promoting the prevention of global warming and the development of Japan's economy and society in an integrated manner by providing funds and other support for business activities that make reduction, etc. of the amount of greenhouse gas emissions (including business activities that contribute to the reduction, etc. of the amount of greenhouse gas emissions by others) and business activities that support those business activities (hereinafter referred to as "target business activities").

(Number)

Article 36-3 Only one Japan Green Investment Corp. for Carbon Neutrality (hereinafter referred to as "JICN") is to be incorporated.

(Shares Held by the Government)

Article 36-4 The government must regularly hold a number of shares (excluding shares of a class specified as being unable to exercise voting rights with respect to all of the matters for which a resolution can be made at a shareholders meeting; hereinafter the same applies in this Article) equivalent to 50 percent or more of the total number of shares issued by JICN.

(Authorization for Shares, Bonds, and Borrowings)

Article 36-5 (1) JICN must receive the authorization of the Minister of the Environment if intending to solicit persons to subscribe for the shares for subscription prescribed in Article 199, paragraph (1) of the Companies Act (Act No. 86 of 2005) (hereinafter referred to as "shares for subscription" in Article 74, item (i)), the share options for subscription prescribed in Article 238, paragraph (1) of that Act (hereinafter referred to as "share options for subscription" in the same item), or the bonds for subscription prescribed in Article 676 of that Act (hereinafter referred to as "bonds for subscription" in Article 36-36 and the same item), and intending to issue shares, bonds or share options in a share exchange or borrow funds.

(2) JICN must notify the Minister of the Environment without delay if it issues shares upon the exercise of share options.

(3) The sum total of JICN's outstanding borrowings and outstanding obligations arising from bond principal must not exceed the amount arrived at when the sum total of JICN's stated capital and amount of reserves is multiplied by the factor prescribed by Cabinet Order.

(Contributions by the Government)

Article 36-6 If the government finds it to be necessary, the government may make contributions to JICN of up to the amounts specified in the budget.

(Trade Name)

Article 36-7 (1) JICN must use the characters "株式会社脱炭素化支援機構" (transliterated as "kabushiki gaisha datsu tansoka shien kikō", and with a literal meaning of "Decarbonization Support Corporation") in its trade name.
(2) No person other than JICN may use the characters "株式会社脱炭素化支援機構" in its name.

Section 2 Incorporation

(Information Required To Be Specified or Recorded in the Articles of Incorporation)

Article 36-8 (1) In addition to what is set forth in the items of Article 27 of the Companies Act, the following information must be specified or recorded in the articles of incorporation of JICN:

- (i) the number of shares JICN will issue at its incorporation (or if seeking to incorporate JICN as a company with class shares, the classes and the number of shares in each class) (hereinafter referred to as "shares issued at incorporation");
 - (ii) the amount to be paid-in for a share issued at incorporation (meaning the amount of money paid, or assets other than money contributed, in exchange for one share issued at incorporation);
 - (iii) the number of shares issued at incorporation allotted to the government (if it is intended to incorporate JICN as a company with class shares, the classes and the number of shares in each class);
 - (iv) the information set forth in Article 107, paragraph (1), item (i) of the Companies Act;
 - (v) that JICN has a board of directors and company auditors;
 - (vi) that dissolution is effected upon completion of the operations set forth in the items of Article 36-23, paragraph (1).
- (2) The following information must not be specified or recorded in the articles of incorporation of JICN:
- (i) that JICN has an audit and supervisory committee or a nominating committee, etc., as prescribed for in Article 2, item (xii) of the Companies Act; and
 - (ii) the determination otherwise provided for which is referred to in the proviso to Article 139, paragraph (1) of the Companies Act.

(Authorization of Incorporation)

Article 36-9 The incorporators of JICN must prepare the articles of incorporation, and must submit these articles of incorporation and the business plan to the Minister of the Environment to apply for authorization of incorporation promptly after having accepted the shares issued at incorporation allotted to them.

Article 36-10 (1) When an application for authorization under the provisions of the preceding Article is filed, the Minister of the Environment must examine whether the application conforms to the following criteria:

- (i) the incorporation procedures and the contents of the articles of incorporation conform to the provisions of laws and regulations;
- (ii) nothing false has been specified or recorded in the articles of incorporation, nor has a false signature, name, or seal been affixed thereto (this includes any action that is taken in lieu of the signing or affixing of names and seals under Article 26, paragraph (2) of the Companies Act);
- (iii) it is certain that the management of the operations is reliably performed and contributes to the promotion of the target business activities.

(2) If the Minister of the Environment finds that the application conforms to the standards set forth in the items of the preceding paragraph as a result of examination under the provisions of the same paragraph, the Minister must authorize the incorporation.

(Appointment and Dismissal of Directors at Incorporation and Auditors at Incorporation)

Article 36-11 The appointment and dismissal of the directors at incorporation prescribed in Article 38, paragraph (1) of the Companies Act and the auditors at incorporation prescribed in paragraph (3), item (ii) of that Article do not become effective without the authorization of the Minister of the Environment.

(Replacement of Terms in Provisions of the Companies Act)

Article 36-12 With respect to the application of the provisions of Article 30, paragraph (2), Article 34, paragraph (1), Article 59, paragraph (1), item (I) and Article 963, paragraph (1) of the Companies Act, the phrase "Articles of incorporation that are certified by a notary public referred to in the preceding paragraph may not be amended before the formation of the Stock Company" in Article 30, paragraph (2) of that Act, is deemed to be replaced with " Articles of incorporation , after the authorization set forth in Article 36-10, paragraph (2) of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998) and before the formation of the Japan Green Investment Corp. for Carbon Neutrality", the phrase "subscription for shares issued at incorporation" in Article 34, paragraph (1) of the same Act is deemed to be

replaced with "authorization referred to in Article 36-10, paragraph (2) of the Act on Promotion of Global Warming Countermeasures", the phrase " the date of the certification of the articles of incorporation and the name of the notary public that effected such certification " in that item is deemed to be replaced with "the date of authorization referred to in Article 36-10, paragraph (2) of the Act on Promotion of Global Warming Countermeasures", and the phrase "Article 34, paragraph (1)" in Article 963, paragraph (1) of that Act is deemed to be replaced with "Article 34, paragraph (1) (including as applied following a replacement of terms pursuant to the provisions of Article 36-12 of the Act on Promotion of Global Warming Countermeasures)."

(Exclusion from Application of Provisions of the Companies Act)

Article 36-13 The provisions of Article 30, paragraph (1) and Article 33 of the Companies Act do not apply to the incorporation of JICN.

Section 3 Administration

(Resolution Appointing Directors and Company Auditors)

Article 36-14 Resolution appointing and dismissing directors and company auditors of JICN do not become effective without the authorization of the Minister of the Environment.

(Directors' Duty of Confidentiality)

Article 36-15 It is prohibited for the directors, accounting advisors (or a member that is to perform the duties of an accounting advisor, if the accounting advisor is a corporation), company auditors, employees of JICN, or persons that has held one of the positions to divulge or misappropriate any secret learned in the performance of their duties.

(Establishment of the Committee on Carbon Neutrality Investment)

Article 36-16 The Committee on Carbon Neutrality Investment (hereinafter referred to as "Committee") is established within JICN

(Authority of the Committee)

Article 36-17 (1) The Committee makes the following decisions:

- (i) decisions about which businesses will be extended the support for target business activities referred to in Article 36-25, paragraph (1) and the content of the support for target business activities;
- (ii) decisions to transfer or otherwise dispose of shares, etc., or claims referred to in Article 36-27, paragraph (1); and
- (iii) beyond what is set forth in the preceding two items, decision of the matters

set forth in Article 362, paragraph (4), items (i) and (ii) of the Companies Act, with which the Committee has been delegated by resolution of the board of directors.

- (2) The Committee is deemed to have been delegated by the board of directors to decide the matters set forth in items (i) and (ii) of the preceding paragraph.

(Committee Organization)

Article 36-18 (1) The Committee comprises at least three but no more than seven members who are directors.

- (2) At least one representative director and one outside director must be among the members of the Committee.
- (3) The members of the Committee are decided by board of director's resolution.
- (4) A resolution appointing or dismissing a member of the Committee does not become effective without the authorization of the Minister of the Environment.
- (5) Members of the Committee perform their duties independently.
- (6) The Committee has a chairperson that is selected by the members among themselves by election.
- (7) The chairperson presides over all of the affairs of the Committee.
- (8) The Committee must designate a person to act as proxy in handling the duties of the chairperson if the chairperson is unavailable in advance, from among the members.

(Committee Operations)

Article 36-19 (1) The Committee is convened by the chairperson (if the chairperson is unavailable, by the person that undertakes the duties of the chairperson prescribed in paragraph (8) of the preceding Article; the same applies in the following paragraph and paragraph (3)).

- (2) The Committee may not hold a meeting or pass any resolution without the attendance of the chairperson and two thirds or more of the total number of the incumbent Committee members.
- (3) Committee meeting agenda items are decided by a majority of the Committee members present at the meeting. The chairperson decides in the event of a tie.
- (4) A Committee member with a special interest in a resolution pursuant to the provisions of the preceding paragraph may not participate in the vote.
- (5) The number of Committee members that may not participate in the vote pursuant to the provisions of the preceding paragraph is not included in the number of the incumbent committee members prescribed in paragraph (2).
- (6) Company auditors must attend the meetings of the Committee and must state their opinions if they find it to be necessary.
- (7) A member of the Committee that has been appointed by the Committee must notify the board of directors of the details of the resolution under the

- provisions of paragraph (3) without delay after the resolution is passed.
- (8) Minutes must be prepared with respect to the business of Committee pursuant to the provisions of Order of the Ministry of the Environment, and if such minutes are prepared in writing, the Committee members and company auditors that were present at the meeting must affix their names and seals to the minutes.
- (9) If the minutes referred to in the preceding paragraph are prepared as an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; hereinafter the same applies in this paragraph and paragraph (2), item (ii) of the following Article), measures taken in lieu of the affixing of the names and seals prescribed by Order of the Ministry of the Environment must be taken with respect to the matters recorded in the electronic or magnetic record.
- (10) Beyond what is provided in the preceding paragraphs and the following Article, the procedures for its decisions and other matters necessary for its own operations are decided by the Committee.

(Committee Minutes)

- Article 36-20 (1) JICN must keep the minutes referred to in paragraph (8) of the preceding Article at its head office for ten years after the date of the Committee meeting.
- (2) If it is necessary to exercise their rights, a shareholder may make the following requests with the permission of the court:
- (i) if the minutes referred to in the preceding paragraph are prepared in writing, a request for inspection or copying of the written minutes; and
 - (ii) if the minutes referred to in the preceding paragraph are prepared as an electronic or magnetic record, a request for inspection or copying of anything that indicates the matters recorded in the electronic or magnetic record by a method prescribed by Order of the Ministry of the Environment.
- (3) If necessary in order to pursue the liability of a Committee member, creditors may, with the permission of the court, make requests as set forth in the items of the preceding paragraph with respect to the minutes referred to in paragraph (1).
- (4) The court may not give the permission referred to in paragraph (2) or the preceding paragraph if it finds that JICN would incur substantial damage due to inspection or copying under a request set forth in the items of paragraph (2) or a request referred to in the preceding paragraph.
- (5) The provisions of Article 868, paragraph (1), Article 869, Article 870, paragraph (2) (limited to the part involving item (i)), Article 870-2, the main clause of Article 871, Article 872 (limited to the part involving item (v)), Article

872-2, the main clause of Article 873, Article 875, and Article 876 of the Companies Act apply mutatis mutandis to the permission referred to in paragraphs (2) and (3).

- (6) A director may make a request as set forth in the items of paragraph (2) with respect to the minutes referred to in paragraph (1).

(Registration of Committee Members)

Article 36-21 (1) If JICN appoints a Committee member, it must register the name of the member at the location of its head office within two weeks. The same applies if there is a change in the name of a Committee member.

(2) A document certifying that a Committee member has been appointed and that the appointed Committee member has accepted the position must be attached to a written application for the registration of the appointment of a Committee member under the provisions of the preceding paragraph.

(3) A document certifying a change due to the resignation of a Committee member must be attached to a written application for the registration of such a change.

(4) With respect to directors appointed as Committee members that are outside directors, JICN must register the fact that they are outside directors.

(Amendments of the Articles of Incorporation)

Article 36-22 A resolution on the change to the articles of incorporation of JICN does not become effective without the authorization of the Minister of the Environment.

Section 4 Operations

(Scope of Operations)

Article 36-23 (1) JICN is to engage in the following operations in order to achieve their purpose:

- (i) contributions to target businesses (meaning any enterprise to which JICN extends its support pursuant to the provisions of Article 36-25, paragraph (1) (including a partnership formed under a partnership contract as prescribed in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896); a silent partnership formed under a silent partnership agreement as prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899); an investment limited partnership as provided in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998); a limited liability partnership as provided in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005); or an organization similar to any such partnership, which has been incorporated pursuant to a foreign law or regulation;

- hereinafter the same applies in this Chapter); the same applies hereinafter);
- (ii) contributing to the funds (meaning funds as prescribed in Article 131 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006)) of target businesses;
 - (iii) lending funds to target businesses;
 - (iv) acquiring securities (meaning the securities set forth in the items of Article 2, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the rights deemed to be securities pursuant to the provisions of paragraph (2) of the same Article; hereinafter the same applies in this item and item (xii)) issued by target businesses and securities held by target businesses;
 - (v) acquiring monetary claims against target businesses and monetary claims held by target businesses;
 - (vi) guaranteeing bonds issued by target businesses and obligations in connection with borrowings of funds by target businesses;
 - (vii) making public offerings or private placements of securities (limited to the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Financial Instruments and Exchange Act that are deemed to be securities pursuant to the provisions of that paragraph) to benefit target businesses;
 - (viii) dispatching engineers and other experts to businesses which conduct or intend to conduct the target business activities;
 - (ix) providing advice to businesses that conduct or intend to conduct target business activities;
 - (x) transferring, establishing or licensing intellectual property rights (meaning the intellectual property rights prescribed in Article 2, paragraph (2) of the Intellectual Property Basic Act (Act No. 122 of 2002) and those equivalent thereto in foreign countries; the same applies in the following item), or disclosing trade secrets (meaning the trade secrets prescribed in Article 2, paragraph (6) of the Unfair Competition Prevention Act (Act No. 47 of 1993) and those equivalent thereto in foreign countries; the same applies in the following item), to businesses that conduct or intend to conduct the target business activities;
 - (xi) acquiring or receiving the transfer, establishment or license of intellectual property rights necessary for the operations set forth in the preceding item, or receiving the disclosure of trade secrets;
 - (xii) rendering dispositions, including transfer, of shares, share options, equity or securities (hereinafter referred to as "shares, etc." in Article 36-27) which JICN holds;
 - (xiii) managing, transferring, and rendering other dispositions of claims;
 - (xiv) carrying out the necessary negotiations and investigations in connection with the operations set forth in the preceding items;

- (xv) carrying out investigations and providing information necessary for promoting the target business activities;
 - (xvi) carrying out operations incidental to those set forth in the preceding items; and
 - (xvii) beyond what is set forth in the preceding items, carrying out necessary operations for achieving the purpose of JICN.
- (2) If JICN intends to engage in the operations set forth in item (xvii) of the preceding paragraph, they must obtain the authorization of the Minister of the Environment.

(Support Standards)

Article 36-24 (1) The Minister of the Environment is to establish standards with which JICN must comply when deciding on businesses subject to support for the target business activities (limited to that provided through the operations set forth in paragraph (1), items (i) through (vii) of the preceding Article; hereinafter referred to as "support for the target business activities") and the content of the support for the target business activities (hereinafter referred to as "support standards" in this Article and paragraph (1) of the following Article).

- (2) If the Minister of the Environment intends to establish support standards pursuant to the provisions of the preceding paragraph, the Minister must, in advance, consult with the Minister of Economy, Trade and Industry and the minister having administrative jurisdiction over the business pertaining to the activities subject to the support for the target business activities.
- (3) If the Minister of the Environment establishes support standards pursuant to the provisions of paragraph (1), the Minister is to publicize them.

(Decision to Provide Support)

Article 36-25 (1) If JICN intends to provide support for the target business activities, they must decide on a business subject thereto and the content of the support for the target business activities in accordance with the support standards.

- (2) If JICN intends to decide on whether to provide support for the target business activities, they must notify the Minister of the Environment of that fact in advance and set a reasonable period of time for the Minister to state opinions.
- (3) If the Minister of the Environment receives a notice under the provisions of the preceding paragraph, the Minister is to notify the minister having administrative jurisdiction over activities subject to the support for the target business activities of the content thereof without delay.
- (4) If the minister who receives the notice under the provisions of the preceding

paragraph finds it necessary, in consideration of the situation in the business field to which the business belongs, the minister may state opinions to JICN within the period referred to in paragraph (2).

(Revocation of Decision to Provide Support)

Article 36-26 (1) In the following cases, JICN must promptly revoke a decision under the provisions of paragraph (1) of the preceding Article (hereinafter referred to as "decision to provide support" in the following paragraph):

- (i) if the target businesses fail to engage in the target business activities; and
- (ii) if the target businesses receive an order of commencement of bankruptcy proceedings, an order of commencement of rehabilitation proceedings, an order of commencement of reorganization proceedings, an order of commencement of special liquidation or an order of recognition of foreign insolvency proceedings.

(2) JICN must notify the target businesses immediately if JICN withdraws their decision to provide support pursuant to the provisions of the preceding paragraph.

(Transfer and Other Disposition of Shares)

Article 36-27 (1) If JICN intends to make a decision on dispositions, including transfer, of shares, etc., or claims relating to target businesses that it holds, it must, in advance, notify the Minister of the Environment of that fact and set a reasonable period of time for the Minister to state opinions.

- (2) JICN must, in consideration of the economic situation and the business status of the target businesses, endeavor to conduct transfers and other dispositions of all the shares, etc., and claims that it holds by March 31, 2051.
- (3) If JICN guarantees obligations, the due date for redemption of the guaranteed loans must be no later than March 31, 2051.

Section 5 State Assistance

(State Assistance)

Article 36-28 (1) The Minister of the Environment and the heads of national administrative organs must endeavor to provide JICN and the target businesses with advice and any other assistance they need to smoothly and reliably implement the undertakings in which they are engaged.

(2) Beyond what is provided for in the preceding paragraph, the Minister of the Environment and the heads of national administrative organs must cooperate, coordinating with one another so as to facilitate the smooth and reliable implementation of the undertakings in which JICN and the target businesses are engaged.

(Financial Measures)

Article 36-29 The State must endeavor to take necessary financial measures and other measures to promote the support of the target business activities, and other businesses that contribute to the smooth and reliable implementation of the target business activities.

Section 6 Finance and Accounting

(Budget Authorization)

Article 36-30 (1) Before the start of each business year, JICN must submit its budget for the business year to the Minister of the Environment for authorization. This requirement also applies when JICN makes any changes to its budget.

(2) Documents related to the business plan and financial plan for the business year must be accompanied to the budget referred to in the preceding paragraph.

(Resolutions on Dividends of Surplus)

Article 36-31 A resolution to pay dividends or otherwise dispose of the surplus of JICN does not become effective without the authorization of the Minister of the Environment.

(Financial Statements)

Article 36-32 Within three months from the end of each business year, JICN must submit a balance sheet, profit and loss statement, and business report for that business year to the Minister of the Environment.

(Government Guarantees)

Article 36-33 Notwithstanding the provisions of Article 3 of the Act on Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the government may, within the amount approved by a Diet resolution, enter into a guarantee contract with respect to JICN's obligations pertaining to the bonds or borrowings referred to in Article 36-5, paragraph (1).

Section 7 Supervision

(Supervision)

Article 36-34 (1) JICN is supervised by the Minister of the Environment pursuant to the provisions of this Act.

(2) The Minister of the Environment may, if the Minister finds it necessary for the enforcement of this Act, issue to JICN an order required for supervision

with regard to the operations of JICN.

(Reports and Inspections)

Article 36-35 (1) The Minister of the Environment may, if the Minister finds it necessary for the enforcement of this Act, have JICN submit reports relevant to their operations, and may have the Minister's employee enter the business office, office or other place of operations of JICN and inspect their books, documents, or any other articles.

(2) An official that enters the premises for inspection pursuant to the provisions of the preceding paragraph must carry an identification card and show it to the relevant parties.

(3) The authority for the on-site inspection under the provisions of paragraph (1) must not be construed as being granted for the purposes of criminal investigation.

(Consultation with the Minister of Finance)

Article 36-36 When the Minister of the Environment intends to grant authorization referred to in Article 36-5, paragraph (1) (limited to cases when intending to solicit persons to subscribe for bonds for subscription, issue bonds in a share exchange, or borrow funds), Article 36-10, paragraph (2), Article 36-22, Article 36-23, paragraph (2), Article 36-30, paragraph (1), Article 36-31 or Article 36-39, the Minister must consult with the Minister of Finance.

(Evaluations of Business Performance)

Article 36-37 (1) The Minister of the Environment must evaluate the business performance of JICN each business year.

(2) If the Minister of the Environment has carried out the evaluation referred to in the preceding paragraph, the Environment must notify JICN of the results of that evaluation and publicize them without delay.

Section 8 Dissolution

(Dissolution of JICN)

Article 36-38 JICN is dissolved upon the completion of the operations set forth in the items of Article 36-23, paragraph (1).

(Resolutions on Mergers)

Article 36-39 Resolutions on mergers, company splits, transfers or acquisitions of business, and dissolution of JICN do not become effective without the authorization of the Minister of the Environment.

Chapter VII Dissemination and Awareness-Raising Concerning Global Warming Countermeasures

(Climate Change Officers)

Article 37 (1) A prefectural governor and the head of a designated city, etc., (hereinafter referred to as a "prefectural governor, etc.") may commission a person to serve as climate change officer from among persons that are enthusiastic and knowledgeable about the current status of global warming in the region, dissemination of knowledge concerning global warming countermeasures, and the promotion of activities to facilitate global warming countermeasures.

(2) A climate change officer performs the following activities:

- (i) deepening the residents' understanding concerning the current status of global warming and the importance of global warming countermeasures;
- (ii) performing an investigation for measures for the reduction, etc. of the amount of greenhouse gas emissions associated with daily life upon requests from the residents, and providing guidance and advice based on that investigation;
- (iii) providing residents that conduct activities to promote global warming countermeasures with information related to the activities and other cooperation; and
- (iv) providing the necessary cooperation for measures implemented by the national government or local governments for the reduction, etc. of the amount of greenhouse gas emissions, etc.

(Regional Center for Climate Change Action)

Article 38 (1) A prefectural governor, etc., may designate no more than one organization per prefecture or designated city, etc., as a regional center for climate change action (hereinafter referred to as a "regional center"), upon application by that organization, providing that the organization is either a general incorporated association or general incorporated foundation that is established for the purpose of promoting activities to contribute to the prevention of global warming by means such as dissemination and awareness-raising concerning global warming countermeasures, or a nonprofit corporation referred to in Article 2, paragraph (2) of the Act on Promotion of Specified Non-profit Activities (Act No. 7 of 1998) that is found to be capable of appropriately and reliably performing the operations prescribed in the following paragraph.

(2) A regional center is to perform the following operations within the area of the prefecture or designated city, etc.:

- (i) conducting awareness-raising activities and public relation activities to businesses and residents, concerning the current state of global warming, the

- importance of global warming countermeasures, and the measures for the reduction, etc. of the amount of greenhouse gas emissions, and supporting the activities of climate change officers and private bodies engaged in activities to promote global warming countermeasures;
- (ii) responding to inquiries, providing consultation, and offering necessary advice on measures for the reduction, etc. of the amount of greenhouse gas emissions associated with daily life;
 - (iii) beyond what is set forth in the preceding item, conducting research and study, and collecting, analyzing, and providing information and materials concerning global warming and global warming countermeasures;
 - (iv) collecting and providing information regarding the amounts of greenhouse gas emissions from products that emit greenhouse gas when used for daily life;
 - (v) providing necessary cooperation for measures implemented by the prefecture or designated city, etc., for the achievement of the action plans of local governments;
 - (vi) other operations incidental to those referred to in the preceding items.
- (3) In addition to the projects prescribed in the preceding paragraph, a regional center designated by a prefectural governor is to liaise and coordinate with regard to the project of the regional center designated by the head of a designated city, etc. within the relevant prefectural area.
- (4) If a prefectural governor, etc. finds that it is necessary to improve the status of the property and the business operation of a regional center that they designated, the prefectural governor, etc., may order the regional center to take measures necessary for the improvement.
- (5) A prefectural governor, etc., may rescind the designation referred to in paragraph (1) if the regional center that they designated violates an order pursuant to the provisions of the preceding paragraph.
- (6) The executive officers, employees, and persons who were executive officers and employees of regional centers must not divulge any confidential information learned with regard to the operations set forth in paragraph (2), items (ii) or (iii), or operations set forth in paragraph (2), item (vi) (limited to those matters incidental to operations set forth in item (ii) or (iii) of that paragraph).
- (7) The necessary matters regarding regional centers, including the procedures for designation referred to in paragraph (1), are specified by Order of the Ministry of the Environment.

(Japan Center for Climate Change Action)

Article 39 (1) The Minister of the Environment may designate no more than one organization in Japan as the Japan Center for Climate Change Action

(hereinafter referred to as "Japan Center"), upon application by that organization, providing that the organization is a general incorporated association or general incorporated foundation established for the purpose of promoting activities to contribute to the prevention of global warming by means such as dissemination and awareness-raising concerning global warming countermeasures that is found to be capable of appropriately and reliably performing the operations prescribed in the following paragraph.

- (2) The Japan Center is to perform the following operations:
- (i) conduct awareness-raising activities and public relations activities concerning the current state of global warming and the importance of global warming countermeasures as well as measures for reductions, etc. of the amount of greenhouse gas emissions in areas encompassing two or more prefectures, and supporting the activities of private-sector organizations engaged in activities to promote global warming countermeasures in areas encompassing two or more prefectures;
 - (ii) conduct research and studies on ways to promote measures for the reduction, etc. of the amount of greenhouse gas emissions associated with daily life, in line with practical examples of greenhouse gas emissions associated with daily life;
 - (iii) beyond what is set forth in the preceding item, conduct research and study, and collect, analyze and provide information and materials concerning global warming and global warming countermeasures;
 - (iv) collect and provide information regarding the amounts of greenhouse gas emissions from products or services that emit greenhouse gas emissions when used for daily life;
 - (v) liaise and coordinate regarding the operations of regional centers, provide training for persons engaged therein, and provide guidance and other assistance to regional centers for climate change actions; and
 - (vi) other operations incidental to those referred to in the preceding items.
- (3) The Minister of the Environment must consult with the heads of relevant administrative organs in advance if the Minister intends to make a designation under paragraph (1).
- (4) The provisions of paragraphs (4), (5), and (7) of the preceding Article apply *mutatis mutandis* to the Japan Center. In such cases, the term "prefectural governor, etc." in paragraph (4) of that Article is deemed to be replaced with the "Minister of the Environment," the term "prefectural governor, etc." and the term "paragraph (1)" in paragraph (5) of that Article are deemed to be replaced with the "Minister of Environment" and "paragraph (1) of the following Article," respectively, and the term "paragraph (1)" in paragraph (7) is deemed to be replaced with "paragraph (1) of the following paragraph."

(Regional Councils on Global Warming Countermeasures)

Article 40 (1) Local governments, regional centers, climate change officers, businesses, residents, and other persons engaged in activities to promote global warming countermeasures may organize regional councils on global warming countermeasures (hereinafter referred to as a "regional council") to deliberate the measures to be necessary for the reduction, etc. of the amount of greenhouse gas emissions associated with daily life.

(2) The members of a regional council must respect the results of the deliberation, with regard to matters agreed upon at the meeting to deliberate the matter referred to in the preceding paragraph.

(3) beyond what is provided for in the preceding two paragraphs, the necessary matters for administering the regional council are determined by the regional council.

(Promotion of Climate Change Action by the Minister of the Environment)

Article 41 The Minister of the Environment is to endeavor to promote activities for the dissemination of the current situation of global warming and knowledge on global warming countermeasures, and for the promotion of global warming countermeasures, in coordination with the Japan Center, local governments, regional councils, and other related organizations.

Chapter VIII Maintaining Greenhouse Gas Absorption by Forests and Plants

Article 42 In order to achieve the targets pertaining to the amount of greenhouse gas absorption prescribed in a Plan for Global Warming Countermeasures, the national government and local governments are to take steps to maintain and intensify the absorption of greenhouse gas, based on the basic plan for forest and forestry as prescribed in Article 11, paragraph (1) of the Forest and Forestry Basic Act (Act No. 161 of 1964) and other plans regarding development and preservation of forests or conservation of green space and promotion of afforestation.

Chapter IX Inventory of Assigned Amounts

(Preparation of Inventory of Assigned Amounts)

Article 43 (1) The Minister of the Environment and the Minister of Economy, Trade and Industry are to prepare an inventory of assigned amounts in accordance with international decisions regarding the assigned amounts under Article 7.4 of the Kyoto Protocol (hereinafter referred to as "international decisions regarding the calculation of assigned amounts" and open accounts for

the acquisition, holding, and transfer of assigned amounts (hereinafter referred to as "management of assigned amounts") (hereinafter referred to as "management accounts").

- (2) An inventory of assigned amounts is to be prepared in its entirety using magnetic disks (including those can reliably record certain matters by equivalent methods; the same applies hereinafter).

(Attribution of Calculated Assigned Amounts)

Article 44 The attribution of calculated assigned amounts is to be determined according to the records of the inventory of assigned amounts under the provisions of this Chapter.

(Matters Recorded in Inventory of Assigned Amounts)

Article 45 (1) An inventory of assigned amounts is to be divided into the following accounts;

- (i) management account of the national government; and
- (ii) management account of a corporation having its headquarters or principal office (hereinafter referred to as "head office, etc.") located in Japan (hereinafter referred to as "domestic corporation").

- (2) The management accounts referred to in item (ii) of the preceding paragraph is subdivided by account for each holder of the management account (meaning the person for which the management account was opened; hereinafter referred to as "account holder").

- (3) The following matters are recorded in a management account referred to in paragraph (1), item (ii):

- (i) name of the account holder, name of the representative, location of the head office, etc., and any other matters specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry;
- (ii) quantities and identification codes for each type of assigned amounts held (meaning the types referred to in Article 2, paragraph (7); the same applies hereinafter) ("identification codes" means the letters and numbers assigned by the Parties of the Kyoto Protocol or the Secretariat of the United Nations Framework Convention on Climate Change, hereinafter referred to as "secretariat," for per-unit identification of calculated assigned amounts; the same applies hereinafter);
- (iii) if all or a part of the calculated assigned amounts referred to in the preceding item are trust assets, a statement to that effect; and
- (iv) other matters specified by Cabinet Order.

(Opening of Management Accounts)

Article 46 (1) A domestic corporation that intends to manage calculated assigned

amounts must have a management account opened by the Minister of the Environment and the Minister of Economy, Trade and Industry.

- (2) Only one management account may be opened for each domestic corporation.
- (3) A domestic corporation that intends to have a management account opened must submit the Minister of the Environment and the Minister of Economy, Trade and Industry a written application stating its name, the name of its representative, the location of its head office, etc., and any other matters specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry.
- (4) The corporation's articles of incorporation, certificate of registered information, and any other documents specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry must be appended to the written application referred to in the preceding paragraph.
- (5) Upon receiving an application for opening a management account as prescribed in paragraph (3), the Minister of the Environment and the Minister of Economy, Trade and Industry must open the management account without delay, unless there are false statements for important matters in the written application or appended documents.
- (6) On opening a management account pursuant to the provisions of the preceding paragraph, the Minister of the Environment and the Minister of Economy, Trade and Industry must notify the account holder of the necessary matters for management of the calculated assigned amounts using the management account without delay.

(Notification of Changes)

- Article 47 (1) If there are any changes in the name of the account holder, the name of their representative, the location of their head office, etc., or any other matters specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry, the account holder must notify the Minister of the Environment and the Minister of Economy, Trade and Industry to that effect without delay.
- (2) If a notification referred to in the preceding paragraph is made, the Minister of the Environment and the Minister of Economy, Trade and Industry are to change the record without delay.
 - (3) The provisions of paragraph (6) of the preceding Article apply mutatis mutandis to changes in the records referred to in the preceding paragraph.

(Transfer Procedures)

- Article 48 (1) The Minister of the Environment and the Minister of Economy, Trade and Industry are to handle the acquisition and transfer of the calculated assigned amounts (hereinafter referred to as "transfer") by recording the

- increase or decrease in the calculated assigned amounts in the inventory of assigned amounts pursuant to the provisions of this Article.
- (2) Application for transfer of calculated assigned amounts is to be made to the Minister of the Environment and the Minister of Economy, Trade and Industry by the account holder of the management account in which a decrease is recorded due to the transfer.
- (3) An account holder who files an application referred to in the preceding paragraph (hereinafter referred to as an "applicant") must indicate the following matters upon the application:
- (i) the quantities and identification code for each type of the calculated assigned amounts for which increase or decrease is to be recorded due to the transfer;
 - (ii) the management account in which an increase is to be recorded due to the transfer (hereinafter referred to as "transferee account");
 - (iii) in cases where the transferee account is a management account of the national government, an indication of which one of the following items the purpose of the transfer falls under:
 - (a) revocation (meaning making calculated assigned amounts unusable for the implementation of commitments under Article 3 of the Kyoto Protocol, based on the international decisions regarding the method of calculating assigned amounts);
 - (b) purpose of performing the obligations referred to in paragraph (2) of the following Article; and
 - (c) purposes other than those set forth in (a) and (b)
- (4) Upon receiving an application referred to in paragraph (2), the Minister of the Environment and the Minister of Economy, Trade and Industry must take the following measures without delay, excluding cases specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry.
- (i) record of a decrease in the calculated assigned amounts referred to in item (i) of the preceding paragraph in the management account of the applicant.
 - (ii) record of an increase in the calculated assigned amounts referred to in item (i) of the preceding paragraph in the transferee account.
- (5) Upon receiving notification from the secretariat that calculated assigned amounts are transferred to the management account in the inventory of assigned amounts, the Minister of the Environment and the Minister of Economy, Trade and Industry are to record an increase in the calculated assigned amounts of that management account based on the international decisions regarding the method of calculating assigned amounts.
- (6) beyond what is provided for in paragraph (2) through the preceding paragraph, assigned amounts may be transferred under commission by

government offices or other public offices to the Minister of the Environment and the Minister of Economy, Trade and Industry, as specified by Order of the Ministry of the Environment or Order of the Ministry of Economy, Trade and Industry.

(Measures for Certified Emission Reductions Pertaining to Afforestation Projects)

Article 49 (1) Based on an international decision relating to certified emission reductions for afforestation and reforestation projects (meaning an international decision regarding treatment of certified emission reductions prescribed in Article 12, paragraph 3 (b) of the Kyoto Protocol that result from afforestation or reforestation projects ; hereinafter the same applies in this paragraph), if the Minister of the Environment and the Minister of Economy, Trade and Industry have received a notice from the secretariat requesting measures in response to deforestation, etc. related to a specified certified emission reduction amount (meaning certified emission reductions prescribed in Article 12, paragraph 3 (b) of the Kyoto Protocol that are based on an international decision regarding the treatment of certified emission reductions pertaining to afforestation projects and specified by Order of the Ministry of the Environment and Order of Ministry of Economy, Trade and Industry; the same applies in this Article), the Ministers are to notify the account holder who holds the specified certified emission reduction amount pertaining to the notice to the effect that the holder should transfer the specified certified emission reductions pertaining to the notice, or the calculated assigned amounts equivalent thereto (excluding those specified by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry; the same applies hereinafter in this paragraph) to the national government management account within a specified time limit, as prescribed by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry.

(2) The account holder that has received the notice referred to in the preceding paragraph must, before the time limit of transfer, transfer to the national government management account the specified certified emission reduction amount pertaining to the notice or the calculated assigned amounts equivalent thereto.

(Requirements for Effectuation of Assignment of Calculated Assigned Amounts)

Article 50 An assignment of calculated assigned amounts does not become effective unless the assignee has recorded in its management account an increase in calculated assigned amounts pertaining to the assignment due to a

transfer under the provisions of Article 48.

(Prohibition of Pledges)

Article 51 No pledges may be established on calculated assigned amounts.

(Requirement for Perfection of Trusts of Calculated Assigned Amounts)

Article 52 Unless a trustee of a trust holding calculated assigned amounts has obtained the recording in their management account under the provisions of Article 45, paragraph (3), item (iii), the trustee may not duly assert against a third party, as specified by Cabinet Order.

(Presumption of Legal Possession)

Article 53 It is to be presumed that the national government or an account holder is in legal possession of the calculated assigned amounts recorded in their management accounts.

(Good Faith Acquisition)

Article 54 The national government or an account holder that has obtained the recording of an increase in calculated assigned amounts in their management account due to a transfer under the provisions of Article 48 (excluding paragraph (5)) obtains those calculated assigned amounts; provided, however, that this does not apply in cases where the national government or account holder acted in bad faith or with gross negligence.

(Requesting Certification of Information Recorded in the Inventory of Assigned Amounts)

Article 55 An account holder may request the Minister of the Environment and the Minister of Economy, Trade and Industry to deliver written certification of the information recorded in their own management account in the inventory of assigned amounts.

(Recommendations and Orders)

Article 56 (1) If there is an account holder that does not make the transfer to the management account of the national government prescribed in Article 49, paragraph (2) without justifiable grounds, the Minister of the Environment and the Minister of Economy, Trade and Industry may recommend that the account holder makes the transfer within a specified time limit.
(2) If an account holder that has received the recommendation prescribed in the preceding paragraph fails to take the measures pertaining to the recommendation without reasonable grounds, the Minister of the Environment and the Minister of Economy, Trade and Industry may order the account holder

to take the measures pertaining to the recommendation within a specified time limit.

(Delegation to Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry)

Article 57 Beyond what is provided for in this Chapter, the necessary matters for enforcement of the provisions of this Chapter, including the opening of management accounts in the inventory of assigned amounts and management of calculated assigned amounts, are prescribed by Order of the Ministry of the Environment and Order of the Ministry of Economy, Trade and Industry.

Chapter X Miscellaneous Provisions

(Evaluating Implementation Status of Measures)

Article 58 In order to contribute to their understanding and evaluation of the implementation status of measures for the reduction, etc. of the amount of green gas emissions that local governments and public bodies are taking (including measures that contribute to the reduction, etc. of the amount of greenhouse gas emissions by others), the national government is to endeavor to develop methods for understanding and evaluating the measures and disseminate the results.

(Promotion of Wider Adoption of Daily-Use Products that Emit Less Greenhouse Gas)

Article 59 The government is to endeavor to take the necessary measures to promote the use of light sources that emit less greenhouse gas as an alternative to incandescent light bulbs and to promote the wider adoption of other daily-use products, etc. that emit less greenhouse gas.

(Considerations in Enforcing this Act)

Article 60 In enforcing this Act, the Minister of the Environment and the Minister of Economy, Trade and Industry are to give due consideration so as to promote the voluntary acquisition and transfer of calculated assigned amounts by businesses to the management account of the government, as well as efforts of the businesses to contribute to the reduction, etc. of the amount of greenhouse gas emissions by others.

(Cooperation of Relevant Administrative Organs)

Article 61 (1) The Minister of the Environment may request the heads of relevant administrative organs to provide necessary cooperation in connection with promoting global warming countermeasures in implementing policies that

contribute to the reduction, etc. of the amount of greenhouse gas emissions, if the Minister finds it necessary in order to achieve the objectives of this Act.

(2) The Minister of the Environment may request the heads of relevant local governments to submit necessary materials or provide explanations if the Minister finds it necessary in order to achieve the purpose of this Act.

(Fees)

Article 62 The following persons must pay fees in an amount specified by Cabinet Order in consideration of actual costs, as specified by Cabinet Order:

- (i) a person that applies to open a management account referred to in Article 46, paragraph (3);
- (ii) a person that applies for a transfer referred to in Article 48, paragraph (2);
or
- (iii) a person that requests to deliver a document referred to in Article 55.

(Transitional Measures)

Article 63 When an order is enacted, amended, or repealed under the provisions of this Act, transitional measures within the scope determined to be reasonably necessary in conjunction with the enactment, amendment or repeal may be established by the order.

(Competent Ministers)

Article 64 (1) The competent ministers in this Act are the Minister of the Environment, the Minister of Economy, Trade and Industry, and the competent minister for the business.

(2) Competent Ministerial Orders in this Act are the orders issued by the Minister of the Environment, the Minister of Economy, Trade and Industry, or the competent minister for the business.

(3) The Prime Minister delegates the authority under this Act (limited to that under the jurisdiction of the Financial Services Agency, and excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(4) The authority of the Minister of the Environment, the Minister of Agriculture, Forestry and Fisheries, the Minister of Land, Infrastructure, Transport and Tourism, and the competent ministers under this Act may be delegated to the heads of local branch offices, respectively, pursuant to the provisions of Order of the Ministry of the Environment, Order of the Ministry of Agriculture, Forestry and Fisheries, Order of the Ministry of Land, Infrastructure, Transport and Tourism concerning the authority of their respective ministers; and pursuant to the provisions of order of the competent ministries concerning the authority of the competent ministers.

- (5) The Commissioner of the Financial Services Agency may, pursuant to the provisions of Cabinet Order, delegate part of the authority delegated pursuant to the provisions of paragraph (3), to the head of a local finance bureau or the head of a local finance branch bureau.

(Classification of Affairs)

Article 65 Among the administrative functions to be handled by the prefecture or municipality pursuant to this Act, the following functions are Item 1 statutory entrusted functions provided for in Article 2, paragraph (9), item (i) of the Local Autonomy Act: statutory entrusted function

- (i) administrative functions to be handled by the prefectures pursuant to the provisions of Article 22-2, paragraph (4), item (iii) (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2)) (for privately-owned forests (meaning privately-owned forests prescribed in Article 2, paragraph (3) of the Forest Act), limited to those pertaining to the plan for regional decarbonization promotion project that involves an act conducted in the protected forests pertaining to the designation for achieving the purposes set forth in Article 25, paragraph (1), items (i) through (iii) of the same Act);
- (ii) administrative functions to be handled by prefectures pursuant to the provisions of Article 22-2, paragraph (4), item (iv) and paragraph (11), item (iii) (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2)) (limited to those pertaining to the plan for regional decarbonization promotion project that involve an act of converting cropland of over four hectares into non-cropland for the purpose of the same business or an act of acquiring the rights prescribed in the main clause of Article 3, paragraph (1) of the Cropland Act for cropland of over four hectares, or meadow/pastureland in combination with the cropland, for the purpose of the same business);
- (iii) administrative functions to be handled by prefectures or designated cities pursuant to the provisions of Article 22-2, paragraph (4), item (vii) (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2));
- (iv) administrative functions to be handled by prefectures pursuant to the provisions of Article 22-2, paragraph (4), item (viii) (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2) (limited to those pertaining to Article 15-3-3, paragraph (1) of the Act on Waste Management and Public Cleansing);
- (v) administrative functions to be handled by prefectures pursuant to the provisions of Article 22-2, paragraph (9), item (ii) (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4,

- paragraph (2));
- (vi) administrative functions to be handled by designated municipalities pursuant to the provisions of Article 22-2, paragraph (9), item (ii) as applied mutatis mutandis pursuant to Article 22-2, paragraph (15) following the deemed replacement of terms (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2));
 - (vii) administrative functions to be handled by designated municipalities pursuant to the provisions of Article 22-2, paragraph (11), item (iii) as applied mutatis mutandis pursuant to Article 22-2, paragraph (15) following the deemed replacement of terms (including as applied mutatis mutandis pursuant to Article 22-3, paragraph (5) and Article 22-4, paragraph (2)) (limited to those pertaining to the plan for regional decarbonization promotion project that involve an act of converting cropland of over four hectares into non-cropland for the purpose of the same business or an act of acquiring the rights prescribed in the main clause of Article 3, paragraph (1) of the Cropland Act for cropland of over four hectares, or meadow/pastureland in combination with the cropland, for the purpose of the same business).

Chapter XI Penal Provisions

Article 66 (1) A director, accounting advisor (or the staff member responsible for duties of accounting advisor if the accounting advisor is a corporation; the same applies in Articles 70 and 74), company auditor, or employee of JICN that accepts, solicits, or agrees to a bribe in connection with the duties thereof is punished by imprisonment for not more than three years. A person in one of these positions that commits an act of impropriety or fails to take appropriate action in response to such a bribe is punishment by imprisonment for not more than five years.

(2) In a case as referred to in the preceding paragraph, any bribe that the offender has collected is confiscated. If all or part of that bribe cannot be confiscated, the offender is subject to the collection of an equivalent sum of money.

Article 67 (1) A person that has given, offered or promised a bribe referred to in paragraph (1) of the preceding Article is punished by imprisonment for not more than three years or a fine of not more than 1,000,000 yen.

(2) If a person that has committed a crime referred to in the preceding paragraph self-denounces, the punishment may be reduced or exempted.

Article 68 (1) The crime referred to in Article 66, paragraph (1) also applies to

persons that have committed the crime referred to in the same paragraph outside of Japan.

(2) The crime referred to in paragraph (1) of the preceding Article is governed by the provisions of Article 2 of the Penal Code (Act No. 45 of 1907).

Article 69 A person that, in violation of the provisions of Article 36-15, has divulged or misappropriated any secret which has come to their knowledge in the course of their duties is to be punished by imprisonment for not more than one year or a fine of not more than 500,000 yen.

Article 70 If a report under Article 36-35, paragraph (1) is not made, a false report is made, or an inspection referred to in the same paragraph is refused, obstructed, or evaded, the director, accounting advisor, company auditor, or employee of JICN that has committed the violation is subject to a fine of not more than 500,000 yen.

Article 71 If a person makes a false application in connection with an application under the provisions of Article 46, paragraph (3), the person committing the violation is subject to a fine of not more than 500,000 yen.

Article 72 (1) If a person fails to make a report pursuant to the provisions of Article 22-14 or makes a false report, the person committing the violation is subject to a fine of not more than 300,000 yen.

(2) A person that violates the provisions of Article 38, paragraph (6) is subject to a fine of not more than 300,000 yen.

Article 73 If any representative of a corporation, or any agent, employee or other worker of a corporation or an individual has committed a violation referred to in Article 71 or paragraph (1) of the preceding Article in connection with the business of the corporation or individual, in addition to the offender being subject to punishment, the corporation or individual is subject to the fine referred to in the relevant Article.

Article 74 In cases that fall under any of the following items, the director, accounting advisor, or company auditor of JICN that has committed the violation is subject to a civil fine of not more than 1,000,000 yen:

- (i) if the person solicits a person to underwrite the shares for subscription, the share options for subscription, or the bonds for subscription, issues shares, bonds or share options in a share exchange or share delivery, or borrows funds in violation of the provisions of Article 36-5, paragraph (1);
- (ii) if the person fails to provide notification that they have issued shares in

- violation of the provisions of Article 36-5, paragraph (2);
- (iii) if the person fails to make their registration in violation of the provisions of Article 36-20, paragraph (1) or (4);
- (iv) if the person engages in operations in violation of the provisions of Article 36-23, paragraph (2);
- (v) if the person fails to make a notification to the Minister of the Environment in violation of the provisions of Article 36-25, paragraph (2) or Article 36-27, paragraph (1);
- (vi) if the person fails to obtain an authorization for the budget in violation of the provisions of Article 36-30, paragraph (1);
- (vii) if the person fails to submit balance sheet, profit and loss statement or business report in violation of the provisions of Article 36-32, or submits such a document containing a false entry or record; and
- (viii) if the person violates the order under the provisions of Article 36-34, paragraph (2).

Article 75 A person that falls under any of the following items is subject to a civil fine of not more than 200,000 yen:

- (i) a person that fails to submit a report under the provisions of Article 26, paragraph (1) or submits a false report;
- (ii) a person that fails to make a notification under the provisions of Article 47, paragraph (1) or makes a false notification;
- (iii) a person that has violated an order under the provisions of Article 56, paragraph (2).

Article 76 A person using the characters "脱炭素化支援機構" in their name in violation of the provisions of Article 36-7, paragraph (2) is subject to a civil fine of not more than 100,000 yen.

Supplementary Provisions [Extract]

- Article 3 (1) With regard to information on the amount of greenhouse gas emitted by businesses and other greenhouse gas emitted in the course of business activities, the government is to review how such information should be provided by businesses engaged in the business activities to businesses and citizens, etc. that use that information when making investments, using products and other activities, and to take necessary measures based on the results of such reviews.
- (2) From the perspective of controlling greenhouse gas emissions related to daily life, the government is to review the necessary measures for promoting the improvement of citizens' lifestyles, etc., and take the necessary measures based

on the results of the review.

Article 4 (1) By 2025, the government is to review the status of the enforcement of this Act from a long-term perspective and, based on internationally recognized knowledge, take legislative measures and other necessary measures based on the results of the review.

Omitted

Supplementary Provisions [Act No. 46 of May 20, 2022 Extract] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2023; provided, however, that the provision set forth in the following items comes into effect as of the date prescribed respectively in those items:

(i) the provisions of Article 32 of the Supplementary Provisions: the date of promulgation;

(Delegation to Cabinet Order)

Article 32 Beyond what is provided for in these Supplementary Provisions, transitional measures necessary for the enforcement of this Act (including transitional measures concerning penal provisions) are specified by Cabinet Order.

Supplementary Provisions [Act No. 60 of June 1, 2022 Extract] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding three months from the date of promulgation;

(Transitional Measures)

Article 2 For six months following the enforcement of this Act, the provisions of Article 36-7, paragraph (2) amended by this Act do not apply to a person that uses the words "脱炭素化支援機構" in its name at the time of the enforcement of this Act.

Article 3 With regard to the budget of the Japan Green Investment Corp. for Carbon Neutrality for the business year containing the date of incorporation of the Japan Green Investment Corp. for Carbon Neutrality, the phrase "before the commencement of each business year" in Article 36-30, paragraph (1) amended by this Act is deemed to be replaced with "without delay after its incorporation."

(Reviews)

Article 4 Approximately ten years after the enforcement of this Act, the government is to review the status of enforcement of the provisions amended by this Act and take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 68 of June 17, 2022 Extract] [Extract]

(Effective Date)

(1) This Act comes into effect as of the date on which the Act on the Partial Amendment of the Penal Code, etc. comes into effect; provided, however, that the following provisions comes into effect as of the date prescribed respectively in the items:

(i) the provisions of Article 509: the date of promulgation;