

Mizuho Financial Group, Inc. (2023 Green Bond)

Type of Engagement: Annual Review

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Introduction

In August 2023, Mizuho Financial Group, Inc. ("Mizuho FG") issued a green bond (EUR 750 million 7-Year Green Bond, hereinafter the "2023 Green Bond") aimed at financing and/or refinancing projects related to Renewable Energy, Pollution Prevention and Control, Clean Transportation, Green Buildings, Energy Efficiency, Sustainable Water and Wastewater Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, and Terrestrial and Aquatic Biodiversity Conservation. As of March 2024, the proceeds have been allocated to 11 renewable energy projects and 4 green building projects. In September 2024, Mizuho FG engaged Sustainalytics to review the projects funded through the 2023 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the 2023 Mizuho Financial Group, Inc. Green Bond Framework (the "Framework").¹

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2023 Green Bond as of March 2024 based on whether the projects and programmes:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on the impact indicators for each use of proceeds criteria outlined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs for the use of proceeds category to which the proceeds were allocated

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	Development, construction and operation of Renewable Energy i. The development, construction and operation of renewable energy facilities which generate wind, solar, solar thermal, biomass energy (restricted to sustainable feedstock and/or waste sources), geothermal energy (restricted to the projects that have direct emissions of less than 100gCO₂/kWh), and small hydro facilities such as run-of-river power facilities without artificial reservoir or low storage capacity. Development and production of technologies and equipment used for the above projects Transmission and distribution of renewable energy ii. Development and construction of any of the following operational electric grids: a. Projects for connecting renewable energy to power grids; or	Tonnes of CO ₂ emission equivalent avoided

¹ Mizuho Financial Group, Inc. Green Bond Framework is available at the following link: <https://www.mizuhogroup.com/sustainability/environment/business/greenbond>

	b. Where renewable power accounts for 90% or more of the power supported or integrated by the project, including: i. Overground transmission/distribution lines, for example, overhead transmission lines, conductors, insulators, towers, and infrastructure assets such as buildings, fences, earth mats, and busbars. ii. Transmission lines on high-voltage and/or extra-high-voltage interconnected systems. iii. Distributed assets that are intended to reduce the curtailment of renewable energy into the grid (grid components) including fuses, circuit breakers, disconnectors, reactors, capacitors, transformers, voltage regulators, switchgears.	
Green Buildings	Buildings which have received or will receive during the life of the Green Bond at least one of the following classifications. Net proceeds of the Green Bond may be allocated towards new and existing loans from Mizuho BK to eligible green buildings with certifications as defined below, including the ones owned by J-REITs (Japanese Real Estate Investment Trusts). i. LEED (Leadership in Energy and Environmental Design): LEED Platinum or Gold ii. BREEAM (Building Research Establishment Environmental Assessment Method): BREEAM Outstanding or Excellent iii. CASBEE (Comprehensive Assessment System for Built Environment Efficiency): CASBEE S Rank or A Rank iv. DBJ Green Building Certification: DBJ Green Building 5 Star or 4 Star v. BELS (Building-Housing Energy-efficiency Labelling System): BELS 5 Star or 4 Star vi. ZEB, Nearly ZEB, ZEB Ready and ZEB Oriented / ZEH, Nearly ZEH, ZEH Ready and ZEH Oriented (all of which represents the same or higher level of performance compared to BELS 5 Star) vii. A building that aligns with a regional proxy (numerical scale) as determined by the Climate Bonds Initiative (CBI) for commercial buildings Building upgrades, including energy-efficiency investments and/or building retrofits in line with a low-carbon trajectory based on the duration of the bond, as set out in the Low Carbon Buildings Standard as determined by the CBI (reduction of CO₂ emissions by at least 30% to the baseline)	The number and certification level of green buildings

Issuer's Responsibility

Mizuho FG is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Mizuho FG's 2023 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Mizuho FG employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Mizuho FG with respect to the projects in the eligible categories. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Mizuho FG.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Mizuho FG's 2023 Green Bond, are not in conformance with the use of proceeds and reporting criteria outlined in the Framework. Mizuho FG has disclosed to Sustainalytics that the proceeds of the 2023 Green Bond were fully allocated as of March 2024.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2023 Green Bond as of March 2024 to determine if projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the 2023 Green Bond as of March 2024 to determine if the impact of projects were reported in line with the impact indicators outlined in the Framework and above in Table 1.	All projects reviewed reported on impact indicators per use of proceeds criteria.	None

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from the 2023 Green Bond

Use of Proceeds Category	Sub-category	Number of Projects	Loan Balance (EUR million)
Renewable Energy	Solar	3	60.47
	Wind	7	233.41
	Solar + Wind	1	95.55
Green Buildings	-	4	369.61
Total Loan Balance (EUR million)			759.04
Total Bond Proceeds Raised (EUR million)			750.00

Appendix 2: Reported Impact

Table 4: Reported Impact of the Renewable Energy Category

Use of Proceeds Category	Sub-category	Number of Projects	Reported Impact	
			Annual Energy Production (MWh)	CO ₂ emissions reduction (Mizuho FG's contribution) (t-CO ₂ /y)
Renewable Energy	Solar	3	358,926	32,787
	Wind	7	17,188,900	1,090,685
	Solar + Wind	1	743,374	12,441
Total		11	18,291,200	1,135,913

Table 5: Reported Impact for the Green Building Category

Project Category	Certification Body	Certification Level	Number of Certifications
Green Buildings	CASBEE	S	2
		A	0
	BELS	5 Stars	4
		4 Stars	0
	DBJ Green Building	5 Stars	1
		4 Stars	0
	LEED	Platinum	0
		Gold	1

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