

Mizuho Financial Group, Inc.

Type of Engagement: Annual Review

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Introduction

In October 2020, Mizuho Financial Group, Inc. (Mizuho FG) issued a green bond aimed at financing and refinancing projects related to Renewable Energy, Clean Transportation, Pollution Prevention and Control, and Green Buildings (the “Green Bond”), and allocated the proceeds to Renewable Energy and Green Buildings projects. In August 2021, Mizuho FG engaged Sustainalytics to review the projects funded through the issued Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Mizuho Financial Group, Inc. Green Bond Framework (the “Green Bond Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded as of 31 March 2021 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	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 100gCO ₂ /kWh), and small hydro facilities with generation capacity of 25 megawatts or less or run of river hydropower assets without pondage.	<ul style="list-style-type: none"> • Tons of CO₂ emission equivalent avoided
Green Buildings	<p>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). The allocation amounts to eligible green buildings owned by J-REITs may be calculated based on pro-rata share of eligible green buildings’ acquisition cost.</p> <ul style="list-style-type: none"> ○ LEED (Leadership in Energy and Environmental Design): LEED Platinum or Gold 	<ul style="list-style-type: none"> • The number and certification level of green buildings

¹ Mizuho Financial Group, Inc. Green Bond Framework overview available at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/mizuho-financial-group/mizuho-financial-group-inc-green-bond-second-party-opinion/mizuho-financial-group-inc-green-bond-second-party-opinion-pdf>

	<ul style="list-style-type: none"> ○ BREEAM (Building Research Establishment Environmental Assessment Method): BREEAM Outstanding or Excellent ○ CASBEE (Comprehensive Assessment System for Built Environment Efficiency): CASBEE S Rank or A Rank ○ DBJ Green Building Certification: DBJ Green Building 5 Star or 4 Star ○ BELS (Building-Housing Energy-efficiency Labelling System): BELS 5 Star or 4 Star 	
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Issuing Entity'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 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 Nominated Projects. 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 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 green bond were fully allocated as of 31 March 2021.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the Green Bond as of 31 March 2021 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 Green Bond as of 31 March 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on KPIs per Use of Proceeds criteria.	None

Appendices

Appendix 1: List of Project Categories Reviewed

1. Renewable Energy

Use of Proceeds Category	Sub-category	Number of Projects	Equator Principles Category	Loaned Date	Source of Fuel	Net Bond Proceeds Allocation (Euro equivalent :in million)
Renewable Energy	Solar	2	Category B: 2 projects	Confirmed that all loans have been made within 24 months of the date of Green Bond issuance, or after issuance	NA	89
Renewable Energy	Wind	3	Category B: 3 projects	Confirmed that all loans have been made within 24 months of the date of Green Bond issuance, or after issuance	NA	197
Renewable Energy	Biomass	1	Category B: 1 project	Confirmed that the loan has been made after Green Bond issuance	Confirmed that the source was restricted to sustainable feedstock	113
Total:						399

2. Green Buildings³

Use of Proceeds Category	Number of Buildings	Type of Green Building certification ⁴		Loaned Date	Net Bond Proceeds Allocation ⁵ (Euro equivalent :in million)
		CASBEE	BELS		
Green Buildings	33 ⁶	S rank: 21 properties	5 stars: 4 properties	Confirmed that all loans have been made within 24 months of the date of Green Bond issuance, or after issuance	101
		A rank: 10 properties	4 stars: 5 properties		
Total:					101

Appendix 2: Impact Reporting by Eligibility Criteria

1. Renewable Energy

Use of Proceeds Category	Sub-category	Number of Projects	Annual Energy Production (MWh)	Tons of CO ₂ emission equivalent avoided (Mizuho FG's contribution) ⁷ (t-CO ₂ /y)
Renewable Energy	Solar	2	1,752,731	72,108
Renewable Energy	Wind	3	6,663,846	219,632
Renewable Energy	Biomass	1	761,881	158,277
Total:			9,178,458	450,017

³ In the Green Building category, Mizuho FG allocated the proceeds to eligible green buildings owned by a J-REIT (Japanese Real Estate Investment Trust) through loans to the REIT.

⁴ Seven buildings are double-counted because they have obtained both CASBEE certification and BELS.

⁵ The allocation amounts to eligible green buildings owned by J-REITs are calculated based on pro-rata share of eligible green buildings' acquisition cost.

⁶ Logistic warehouses, which are eligible assets under the Framework

⁷ Calculated by multiplying the project expected CO₂ emission reductions by the ratio of Mizuho Bank, Ltd.'s outstanding debt of the total project cost (Mizuho's Attribution Factor). Mizuho's Attribution Factor is in line with PCAF Guidance.

2. Green Building

Use of Proceeds Category	Number of Buildings	Number and certification level of green buildings		
		CASBEE	BELS	CASBEE and BELS
Green Building	33	S rank: 14 properties A rank: 10 properties	4 stars: 2 properties	S rank and 5 stars: 4 properties S rank and 4 stars: 3 properties

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