

Mizuho Financial Group, Inc. (2020 Green Bond)

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/or refinancing projects related to Renewable Energy, Clean Transportation, Pollution Prevention and Control, and Green Buildings (EUR 500 mn 5-Year Green Bond, hereinafter the "2020 Green Bond"). As of March 31, 2023, the proceeds have been allocated to 4 renewable energy projects and a project related to 182 green buildings. In September 2023, Mizuho FG engaged Sustainalytics to review the projects funded through the 2020 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Mizuho Financial Group, Inc. Green Bond Framework (the "Framework")¹. This is Sustainalytics' third annual review of Mizuho FG's 2020 Green Bond following the previous review in September 2021² and September 2022.³

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2020 Green Bond as of March 31, 2023 based on whether the projects and programmes:

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

Table 1 lists the use of proceeds, eligibility criteria, and associated impact indicators for the use of proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
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.	Tons of CO ₂ emission equivalent avoided
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,	The number and certification level of green buildings

¹ Mizuho Financial Group, Inc. Green Bond Framework is available at the following link:

<https://www.mizuhogroup.com/sustainability/environment/business/greenbond>

² Sustainalytics' previous annual review of Mizuho FG's 2020 Green Bond is available at:

Annual Review (September 2021) [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2020-annual-review-\(2021\).pdf?sfvrsn=e1f1c4c7_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2020-annual-review-(2021).pdf?sfvrsn=e1f1c4c7_1)

³ Sustainalytics' previous annual review of Mizuho FG's 2020 Green Bond is available at:

Annual Review (September 2022) [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2020-annual-review-\(2022\).pdf?sfvrsn=7c1a750e_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2020-annual-review-(2022).pdf?sfvrsn=7c1a750e_1)

	including the ones owned by J-REITs (Japanese Real Estate Investment Trusts). The allocation amounts to eligible green buildings owned by JREITs may be calculated based on pro-rata share of eligible green buildings' acquisition cost. ○ LEED (Leadership in Energy and Environmental Design): LEED Platinum or Gold ○ 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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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 2020 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,⁴ 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 2020 Green Bond, are not in conformance with the use of proceeds and reporting criteria outlined in the Framework. While Mizuho FG disclosed to Sustainalytics its full allocation in September 2022, Sustainalytics conducted another round of review in September 2023 as there have been developments in the allocation of proceeds. Mizuho FG has confirmed to Sustainalytics that the proceeds of the 2020 green bond were reallocated to renewable energy projects and green building projects in line with eligibility criteria under the Framework and the reallocation was fully completed as of 31 March 2023.

⁴ 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

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2020 Green Bond as of March 31, 2023 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 2020 Green Bond as of March 31, 2023 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

Appendix

Appendix 1: Impact Reporting and Allocation of Green Bond Proceeds

1. Renewable Energy

Use of Proceeds Category	Sub-category	Number of Projects	Impact Indicators		Loan Balance (EUR-mn) ⁵
			Annual Energy Production (MWh)	CO ₂ emissions reduction (Mizuho FG's contribution) (t-CO ₂ /y) ⁶	
Renewable Energy	Solar	1	127,721	12,764	42
	Wind	2	4,083,845	69,757	143
	Biomass ⁷	1	724,229	246,794	164
Total		4	4,935,795	329,315	349

⁵ The amount of loan balance is rounded to the nearest million. The exchange rate from March 31, 2023, was used in converting JPY to EUR.

⁶ 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.

⁷ Mizuho FG has confirmed that the source of biomass energy project was restricted to wood pellet.

2. Green Buildings⁸

Project Category	Number of Properties	Impact Indicators							Loan Balance (EUR-mn) ⁹
		CASBEE	BELS	DBJ Green Building	LEED	CASBEE and BELS	CASBEE and DBJ Green Building	BELS and DBJ Green Building	
Green Buildings	182	S rank: 46 properties A rank: 60 properties	5 stars: 28 properties 4 stars: 7 properties	5 stars: 1 properties 4 stars: 22 properties	Platinum: 1 property Gold: 1 property	S rank and 5 stars: 5 properties A rank and 5 stars: 6 properties	S rank and 4 stars: 2 properties	5 stars and 4 stars: 1 property 4 stars and 5 stars: 1 property 4 stars and 4 stars: 1 property	186

Allocation of Green Bond Proceeds

Item	Amount (EUR-mn) ¹⁰
Total Net Bond Proceeds from Green Bond issuance:	500
Total Loan Balance (Renewable Energy + Green Buildings):	535
Total Net Bond Proceeds Unallocated:	0

⁸ In the Green Buildings 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.

⁹ The amount of loan balance is rounded to the nearest million. The exchange rate from March 31, 2023, was used in converting JPY to EUR. The allocation amounts to eligible green buildings owned by J-REITs are calculated based on pro-rata share of eligible green buildings' acquisition cost.

¹⁰Ibid.

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