

Mizuho Financial Group, Inc. (2022 Green Bond)

Type of Engagement: Annual Review

Date: 12 September 2024

Engagement Team:

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Tomya Sardana, tomya.sardana@morningstar.com

Anjansingh Bist, anjansingh.bist@morningstar.com

Introduction

In February 2022, Mizuho Financial Group, Inc. ("Mizuho FG") issued a green bond (USD 500 million 8.25-Year Green Bond, hereinafter the "2022 Green Bond") aimed at financing and/or refinancing projects related to Renewable Energy, Clean Transportation, Pollution Prevention and Control, and Green Buildings. As of March 2024, the proceeds have been allocated to 3 renewable energy projects and 7 green building projects. In September 2024, Mizuho FG engaged Sustainalytics to review the projects funded through the 2022 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the 2020 Mizuho Financial Group, Inc. Green Bond Framework (the "Framework").¹ This is Sustainalytics' third annual review of Mizuho FG's 2022 Green Bond following the previous review in September 2022,² and September 2023.³

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2022 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	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.	Tonnes 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, 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.	The number and certification level of green buildings

¹ The 2020 Mizuho Financial Group, Inc. Green Bond Framework is no longer publicly available, as only the updated version of the Framework is made public.

² Sustainalytics, "Mizuho FG Annual Review", (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2022-annual-review-\(2022\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-inc.-green-bond-2022-annual-review-(2022).pdf)

³ Sustainalytics, "Mizuho FG Annual Review", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-annual-review_02_2022-green-bond-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mizuho-financial-group-annual-review_02_2022-green-bond-(2023).pdf)

	<ul style="list-style-type: none"> 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 	
--	---	--

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 2022 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 2022 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 2022 Green Bond were fully allocated as of March 2024.

⁴ 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 2022 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 2022 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 2022 Green Bond

Use of Proceeds Category	Sub-category	Number of Projects	Loan Balance (USD million)
Renewable Energy	Solar	2	159.34
	Wind	1	21.05
Green Buildings	-	7	323.41
Total Loan Balance (USD million)			503.80
Total Bond Proceeds Raised (USD million)			500.00

Appendix 2: Reported Impact

Table 4: Reported Impact for 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	2	1,818,576	252,242
	Wind	1	1,844,671	6,624
Total		3	3,663,247	258,866

Table 5: Reported Impact for the Green Building Category

Project Category	Certification Body	Certification Level	Number of certifications
Green Buildings	CASBEE	S	73
		A	92
	BELS	5 Stars	62
		4 Stars	18
	DBJ Green Building	5 Stars	2
		4 Stars	3
	LEED	Platinum	1
		Gold	2

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) shall not be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this deliverable, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (3) do not constitute investment advice, financial advice, or a prospectus, nor represent an “expert opinion” or “negative assurance letter” as these terms are commonly understood or defined by any applicable legislation; (4) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the issuer’s economic performance, financial obligations nor of its creditworthiness; (6) are not a substitute for professional advice; (7) past performance is no guarantee of future results; (8) have not been submitted to, nor received approval from, any relevant regulatory body; (9) have not and cannot be incorporated into any offering disclosure, unless otherwise agreed in writing.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. Sustainalytics has not independently verified any such information or data. The deliverables are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, changes in expectations which may occur after the date of the opinion or any statements included in the opinion. Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law. Sustainalytics does not assume any responsibility shall the bond default. Any reference to content providers’ names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information, visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainability

Morningstar Sustainability is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainability works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainability also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

