

# The Norinchukin Bank (2021 Green Bond)

**Type of Engagement:** Annual Review

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## Introduction

In September 2021, The Norinchukin Bank (“Nochu”) issued two green bonds aimed at financing and/or refinancing renewable energy and other projects expected to create positive environmental impacts (USD 500 mn 5-Year Green Bond, USD 500 mn 10-Year Green Bond, hereinafter the “2021 Green Bonds”). As of March 31, 2022, the proceeds have been allocated to 11 projects related to renewable energy. In June 2022, Nochu engaged Sustainalytics to review the projects funded through the 2021 Green Bonds and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Norinchukin Bank Green Bond Framework (the “Framework”)<sup>1</sup>.

## Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds as of March 31, 2022 based on whether the projects:

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, Eligibility Criteria, and associated impact indicators**

Use of Proceeds	Eligibility Criteria	Impact indicators
<b>Renewable Energy</b>	<p>Funds to finance or refinance renewable energy projects (including power generation/transmission) with the emission threshold of 100g of CO<sub>2</sub> per kwh or less:</p> <ol style="list-style-type: none"> <li>a. Construction, maintenance and/or operation of solar, solar thermal, wind (onshore and offshore), geothermal power assets</li> <li>b. Construction, maintenance and/or operation of biomass power plant using virgin wood (chips and pellets) from the forestry with a suitable certification on resource conservation and management.</li> </ol>	<p>The list of Eligible Green Projects including the information listed in the box below with brief descriptions and expected impact metrics such as GHGs emissions avoided in tonnes of CO<sub>2</sub> equivalent, where feasible</p> <ul style="list-style-type: none"> <li>• Distribution by sub-sector and location</li> <li>• Power generation capacity of plant</li> <li>• Subject to confidentiality and clients' prior consent, high-level description of select projects</li> <li>• Where feasible, quantitative assessment of expected positive environmental impacts on an aggregate basis (Example KPI: estimated CO<sub>2</sub> emission avoidance and the proportion of the loans)</li> </ul>

<sup>1</sup> The Norinchukin Bank Green Bond Framework is available at the following link:  
[https://www.nochubank.or.jp/en/ir/fixed\\_income\\_information/green\\_bond\\_information/pdf/Green\\_Bond\\_Framework.pdf](https://www.nochubank.or.jp/en/ir/fixed_income_information/green_bond_information/pdf/Green_Bond_Framework.pdf)

## Issuing Entity’s Responsibility

Nochu 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 Nochu’s 2021 Green Bonds Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Nochu employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Nochu 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 Nochu.

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,<sup>2</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Nochu’s 2021 Green Bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. Nochu has disclosed to Sustainalytics that the proceeds of the 2021 Green Bonds were fully allocated as of March 31, 2022.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Evaluation Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the 2021 Green Bonds as of March 31, 2022 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
<b>Reporting Criteria</b>	Verification of the projects funded by the 2021 Green Bonds as of March 31, 2022 to determine if the impact of projects were reported in line with the impact indicators outlined in the Framework and above in Table 1. For a list of impact indicators reported please refer to Appendix 1.	All projects reviewed reported on impact indicators per Use of Proceeds criteria.	None

<sup>2</sup> 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.

## Appendix 1: Impact Reporting and Allocation of Green Bond Proceeds

### 1. 2021 Green Bond (USD 500 mn 5-Year Green Bond)

Project Category	Sub-category	Number of Projects	Impact Indicators <sup>3</sup>		Loan Balance (USD-mn) <sup>4</sup>
			CO <sub>2</sub> emissions reduction (t-CO <sub>2</sub> /y)	CO <sub>2</sub> emissions reduction (Nochu's contribution) (t-CO <sub>2</sub> /y)	
Renewable Energy	Wind Energy <sup>5</sup>	5	3,432,709	186,823	300
Renewable Energy	Solar Energy <sup>6</sup>	4	146,872	55,057	220
<b>Total</b>		9	3,579,581	241,880	520

<b>Total Net Bond Proceeds from Green Bond issuance:</b>	500
<b>Total Net Bond Proceeds Unallocated:</b>	0

### 2. 2021 Green Bond (USD 500 mn 10-Year Green Bond)

Project Category	Sub-category	Number of Projects	Impact Indicators <sup>7</sup>		Loan Balance (USD-mn) <sup>8</sup>
			CO <sub>2</sub> emissions reduction (t-CO <sub>2</sub> /y)	CO <sub>2</sub> emission reductions (Nochu's contribution) (t-CO <sub>2</sub> /y)	
Renewable Energy	Wind Energy <sup>9</sup>	2	1,463,922	77,347	502
<b>Total</b>		2	1,463,922	77,347	502

<b>Total Net Bond Proceeds from Green Bond issuance:</b>	500
<b>Total Net Bond Proceeds Unallocated:</b>	0

<sup>3</sup> Impact Reporting by Nochu is available at: [https://www.nochubank.or.jp/en/ir/fixed\\_income\\_information/green\\_bond\\_information/](https://www.nochubank.or.jp/en/ir/fixed_income_information/green_bond_information/)

<sup>4</sup> The amount of loan balance is rounded to the nearest million. The exchange rate from March 31, 2022 was used in converting JPY to USD.

<sup>5</sup> Sustainalytics confirmed that the funded projects comply with the CO<sub>2</sub> emissions threshold (100g of CO<sub>2</sub> per kwh or less) and the Exclusion Criteria set out in the Framework.

<sup>6</sup> Sustainalytics confirmed that the funded projects comply with the CO<sub>2</sub> emissions threshold (100g of CO<sub>2</sub> per kwh or less) and the Exclusion Criteria set out in the Framework.

<sup>7</sup> Impact Reporting by Nochu is available at: [https://www.nochubank.or.jp/en/ir/fixed\\_income\\_information/green\\_bond\\_information/](https://www.nochubank.or.jp/en/ir/fixed_income_information/green_bond_information/)

<sup>8</sup> The amount of loan balance is rounded to the nearest million. The exchange rate from March 31, 2022 was used in converting JPY to USD.

<sup>9</sup> Sustainalytics confirmed that the funded projects comply with the CO<sub>2</sub> emissions threshold (100g of CO<sub>2</sub> per kwh or less) and the Exclusion Criteria set out in the Framework.

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