

Norinchukin Bank

Type of Engagement: Annual Review

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Introduction

The Norinchukin Bank (“Nochu”) issued: a USD 500 million five-year green bond and a USD 500 million ten-year green bond in September 2021 (the “2021 Green Bonds”); a USD 500 million five-year green bond in September 2022 (the “2022 Green Bond”); and a USD 500 million five-year green bond in March 2023 (the “2023 Green Bond”). These bonds were issued for financing and refinancing of projects that are expected to provide positive impacts. In September 2024, Nochu engaged Sustainalytics to review the projects financed with proceeds from the 2021 Green Bonds, the 2022 Green Bond and the 2023 Green Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Nochu complied with the reporting commitments in the Norinchukin Bank Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in August 2021.² This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in June 2022,³ and June 2023.⁴

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Nochu's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs⁵

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>Funds to finance or refinance renewable energy projects (including power generation/transmission) with the emission threshold of 100g of CO₂ per KWh or less:</p> <ol style="list-style-type: none"> i. Construction, maintenance and/or operation of solar, solar thermal, wind (onshore and offshore), geothermal power assets. ii. Construction, maintenance and/or operation of biomass power plant using virgin wood (chips and pellets) from the forestry with a suitable certification on 	<ol style="list-style-type: none"> i. Distribution by sub-sector and location ii. Annual power generation iii. Subject to confidentiality and clients’ prior consent, high-level description of select projects iv. Where feasible, quantitative assessment of expected positive environmental impacts on aggregate basis (Example KPI: estimated CO₂)

¹ Nochu, “Norinchukin Green Bond Framework”, at: https://www.nochubank.or.jp/en/ir/fixed_income_information/green_bond_information/pdf/Green_Bond_Framework.pdf

² Sustainalytics, “Second-Party Opinion, Norinchukin Bank”, (2021), at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/the-norinchukin-bank/the-norinchukin-bank-green-bond-second-party-opinion/the-norinchukin-bank-green-bond-second-party-opinion>

³ Sustainalytics, “Annual Review, Norinchukin Bank”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/the-norinchukin-bank/the-norinchukin-bank-green-bond-2021-annual-review-\(2022\)/the-norinchukin-bank-green-bond-2021-annual-review-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/the-norinchukin-bank/the-norinchukin-bank-green-bond-2021-annual-review-(2022)/the-norinchukin-bank-green-bond-2021-annual-review-(2022))

⁴ Sustainalytics, “Annual Review, Norinchukin Bank”, (2023), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/the-norinchukin-bank/the-norinchukin-bank-green-bonds-2021-green-bond-2022-and-green-bond-2023-annual-review-\(2023\)/the-norinchukin-bank-green-bonds-2021-green-bond-2022-and-green-bond-2023-annual-review-\(2023\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/the-norinchukin-bank/the-norinchukin-bank-green-bonds-2021-green-bond-2022-and-green-bond-2023-annual-review-(2023)/the-norinchukin-bank-green-bonds-2021-green-bond-2022-and-green-bond-2023-annual-review-(2023))

⁵ The Framework defines three use of proceeds categories. The Nominated Expenditures are in the categories listed in Table 1

	resource conservation and management.	emission avoidance and the proportion of the loans)
Green Buildings	<p>Funds to finance or refinance real-estate properties (including those owned by Japanese Real Estate Investment Trust (J-REITs) which have earned or is expected to earn one of the following:</p> <ul style="list-style-type: none"> i. Gold or Platinum rating under LEED ii. Excellent or Outstanding rating under BREEAM iii. A or S rating under CASBEE iv. 4 or 5 stars under DBJ Green Building Certification 	<ul style="list-style-type: none"> i. Certification vintage ii. Subject to confidentially and clients' prior consent, two or three case studies of underlying REITs and estate properties funded with the relevant Green Bond. iii. Example KPI: estimated CO₂ emission avoidance.

Issuer's Responsibility

Nochu is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Nochu's 2021 Green Bonds, 2022 Green Bond and 2023 Green Bond. The work undertaken as part of this engagement included collection of documentation from Nochu and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Nochu. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Nochu has disclosed to Sustainalytics that the proceeds from the 2021 Green Bonds, 2022 Green Bond and 2023 Green Bond were fully allocated as of 31 March 2024.

⁶ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. 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 projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Nochu reported on at least one KPI per use of proceeds category.	None

Appendix 1: Allocation and Reported Impact for the 2021 Green Bonds

Table 3: Allocation of Proceeds from the 2021 Green Bond (USD 500 million Five-Year)

Use of Proceeds Category	Sub-Category	Number of projects	Country	Amount Allocated (USD million)
Renewable Energy	Offshore Wind	2	UK	236
		2	Germany	76
		1	Canada	42
	Solar	3	Japan	110
Green Buildings	Office/CASBEE S	1	Japan	19
	Office/DBJ 5 stars	1		17
Total Allocated Proceeds				500
Total Unallocated Proceeds				0

Table 4: Reported Impact for the 2021 Green Bond (USD 500 million Five-Year)

Use of Proceeds Category	Sub-Category	Number of Projects	Country	CO ₂ Emissions Reduction (Nochu's Contribution) (tCO ₂ /year)
Renewable Energy	Offshore Wind	2	UK	58,127
		2	Germany	61,423
		1	Canada	19,836
	Solar	3	Japan	34,740
Green Building	Office/CASBEE S	1	Japan	254
	Office/DBJ 5 stars	1		37
Total				174,417

Table 5: Allocation of Proceeds from the 2021 Green Bond (USD 500 million Ten-Year)

Use of Proceeds Category	Sub-Category	Number of Projects	Country	Amount Allocated (USD million)
Renewable Energy	Offshore Wind	2	UK	347
		1	Germany	40
	Solar	3	Japan	113
Total Allocated Proceeds				500
Total Unallocated Proceeds				0

Table 6: Reported Impact for the 2021 Green Bond (USD 500 million Ten-Year)

Use of Proceeds Category	Sub-Category	Number of Projects	Country	CO ₂ Emissions Reduction (Nochu's Contribution) (tCO ₂ /year)
Renewable Energy	Offshore Wind	2	UK	53,257
		1	Germany	15,871
	Solar	3	Japan	32,890
Total				102,018

Appendix 2: Allocation and Reported Impact for the 2022 Green Bond

Table 7: Allocation of Proceeds

Use of Proceeds Category	Sub-Category	Number of Projects	Country	Amount Allocated (USD million)
Renewable Energy	Offshore Wind	3	UK	457
	Solar	1	Japan	43
Total Allocated Proceeds				500
Total Unallocated Proceeds				0

Table 8: Reported Impact

Use of Proceeds Category	Sub-Category	Number of Projects	Country	CO ₂ Emissions Reduction (Nochu's Contribution) (tCO ₂ /year)
Renewable Energy	Offshore Wind	3	UK	254,802
	Solar	1	Japan	9,660
Total				264,462

Appendix 3: Allocation and Reported Impact for the 2023 Green Bond

Table 9: Allocation of proceeds

Use of Proceeds Category	Sub-Category	Number of Projects	Country	Amount Allocated (USD million)
Renewable Energy	Offshore Wind	1	US	171
		1	Canada	85
	Solar	2	Japan	136
		2	US	108
Total Allocated Proceeds				500
Total Unallocated Proceeds				0

Table 10: Reported Impact

Use of Proceeds Category	Sub-Category	Number of Projects	Country	CO ₂ Emissions Reduction (Nochu's Contribution) (tCO ₂ /year)
Renewable Energy	Offshore Wind	1	US	55,691
		1	Canada	31,383
	Solar	2	Japan	34,469
		2	US	28,567
Total				150,110

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