



March 12, 2021
Mizuho Bank, Ltd.

Mizuho Bank extends the first transition loan in Japan to Kawasaki Kisen Kaisha

Mizuho Bank, Ltd. (President & CEO: Koji Fujiwara) today extended the first transition loan in Japan to Kawasaki Kisen Kaisha, Ltd. (President & CEO: Yukikazu Myochin) as a syndicated loan.

The transition loan will be part of the arrangement of an operating lease for Kawasaki Kisen's first next-generation environmentally friendly liquefied natural gas (LNG)-fueled car carrier ship.¹ The operating lease will be provided to Kawasaki Kisen by a special purpose company for leasing.

Transition loans are provided to fund the transition initiatives which corporations are implementing in order to reduce carbon emissions and work toward achieving a low-carbon society.

The market for sustainable finance is growing, and includes established funding methods such as green finance, social finance, and sustainability-linked finance.

In addition to being a funding method for green business such as renewable energy, transition loans have also been gaining attention in Japan as a new funding method for transition strategies that cover the entire corporation, rather than simply a single business area, in aiming to reduce carbon emissions and achieve the long-term targets of the Paris Agreement.

The ship which is the target asset of this transition loan was designed with support from a joint project being led by Japan's Ministry of the Environment and Ministry of Land, Infrastructure, Transport and Tourism as a model business using alternative fuels to reduce ship CO₂ emissions. Shifting the fuel used for ships from the traditional heavy oil ship fuel to LNG fuel allows for emissions of carbon dioxide, a greenhouse gas, to be curbed by approximately 25 – 30%.² It also allows for emissions of sulfur oxide and nitrogen oxide, both of which cause air pollution, to be reduced by almost 100% and about 80 – 90%, respectively.

Aiming to reduce carbon emissions, Kawasaki Kisen has been carrying out development of low-carbon fuels that would surpass LNG fuel as well as of on-board carbon dioxide capture technology. If development of fuels with a lower environmental impact advances in the future, a shift to alternative fuels will be possible with Kawasaki Kisen's ship. This initiative contributes to

achieving Kawasaki Kisen's 2050 targets for shifting to low carbon as set forth in the "K" Line Environmental Vision 2050³, as well as the 2030 targets that serve as interim milestones.

Kawasaki Kisen's initiatives toward transitioning to low carbon underwent evaluation by the Japan Credit Rating Agency, Ltd. (JCR⁴), becoming the first in Japan to receive a third-party evaluation in line with the Climate Transition Finance Handbook published by the International Capital Market Association (ICMA) and the Green Loan Principles issued by the Loan Market Association (LMA) and other organizations.

At Mizuho, we are strengthening our initiatives ("Sustainability Action") toward realizing a sustainable society, including responding to climate change and the transition to a low-carbon society. We will draw on our expertise as a financial services group to proactively provide financing support, advice, and solutions for strengthening and shifting clients' businesses toward decarbonization.

Loan overview

Structure: Operating lease for Kawasaki Kisen Kaisha, Ltd.

Borrower: Special purpose company for leasing

Lease arranger: Mizuho Securities Co., Ltd.

Target asset: Next-generation environmentally-friendly LNG-fueled car carrier

Loan amount: Approximately JPY 5.9 billion

Arranger: Mizuho Bank, Ltd.

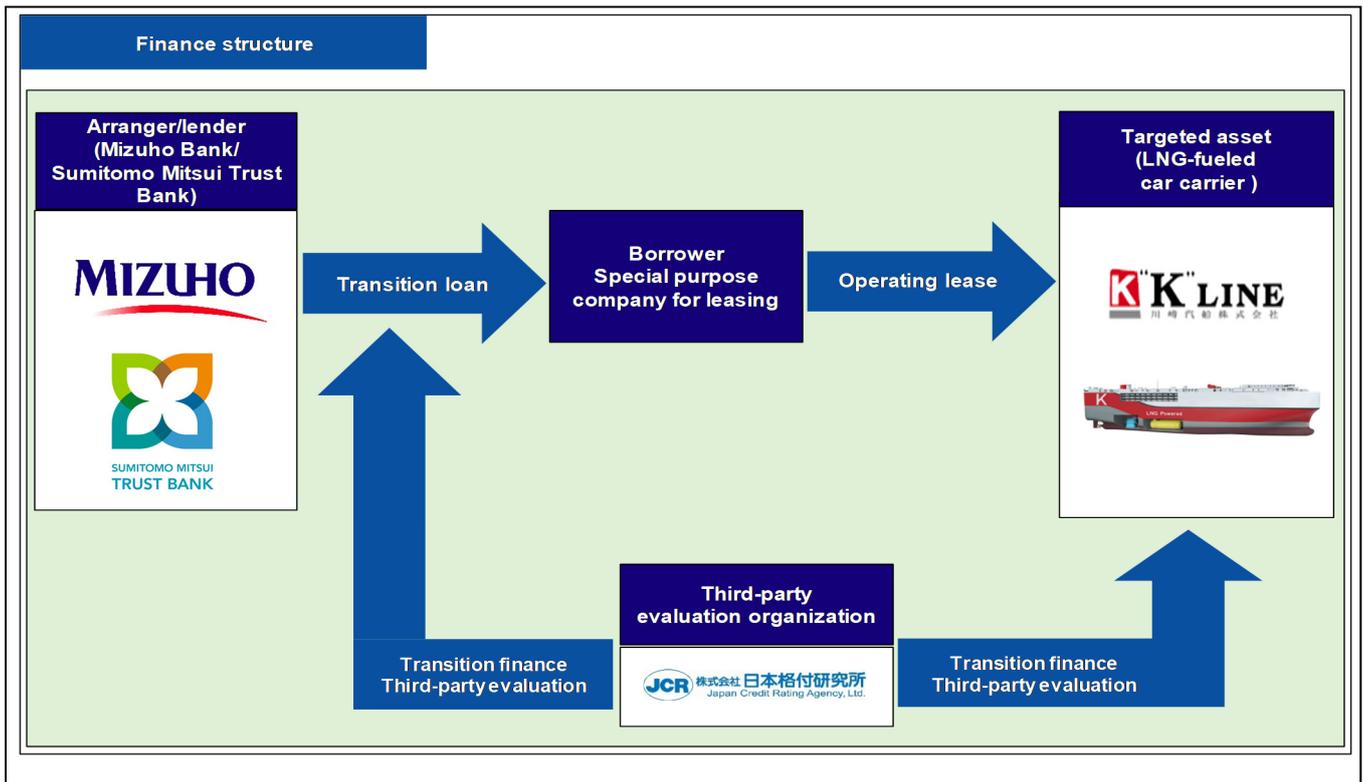
Co-arranger: Sumitomo Mitsui Trust Bank, Limited

Lenders: Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited

Transition structuring agent: Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mizuho Securities Co., Ltd.

Agreement date: March 10, 2021

Finance structure: See chart below.



1. Next-generation environmentally-friendly LNG-fueled car carrier

Ship name	Century Highway Green
Overview	Length overall: Approximately 199.9 meters Breadth: Approximately 37.2 meters Maximum car load capacity : Approximately 7,000 vehicles Gross tonnage: Approximately 73,800 tons Registry: Japan
Shipbuilding company	Imabari Shipbuilding Co., Ltd.
Environmental impact of ship (Compared to heavy fuel oil)	Reduces emissions of greenhouse gasses by approximately 25 – 30%, sulfur oxides (SOx) by almost 100%, and nitrogen oxides (NOx) by approximately 80 – 90%.

2. Based on the Energy Efficiency Design Index (EEDI), the vessel is expected to reduce CO₂ by approximately 45%, which is higher than the 30% reduction applied for new vessels with a contract date after 2025.

3. “K” Line Environmental Vision 2050: Blue Seas for the Future

<https://www.kline.co.jp/en/csr/environment/management.html#002>

4. Japan Credit Rating Agency, Ltd. website

<https://www.jcr.co.jp/en/>