

## Green Bond Fact Sheet

Nissen Kaiun		Date: 09/07/2019	
Issue date: 26-06-2019 Maturity date: 26-06-2029 Tenor: 10			
Issuer Name	Nissen Kaiun	Amount Issued	JPY2.8bn/USD26m
Country of risk	Japan	CBI Database	Included
Issuer Type <sup>1</sup>	Loan	Bond Type	Green loan
Green Bond Framework	N/A	Second party opinion	N/A
Certification Standard	Not certified	Assurance report	N/A
Certification Verifier	N/A	Green bond rating	<a href="#">JCR (Green 1)</a>
Use of Proceeds			
<input type="checkbox"/> Energy	<input type="checkbox"/> Solar <input type="checkbox"/> Onshore wind <input type="checkbox"/> Offshore wind <input type="checkbox"/> Geothermal <input type="checkbox"/> Hydro	<input type="checkbox"/> Tidal <input type="checkbox"/> Biofuels <input type="checkbox"/> Bioenergy <input type="checkbox"/> District heating <input type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Buildings	<input type="checkbox"/> Certified Buildings <input type="checkbox"/> HVAC systems <input type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Transport	<input type="checkbox"/> Electric vehicles <input type="checkbox"/> Low emission vehicles <input type="checkbox"/> Bus rapid transit <input type="checkbox"/> Passenger trains <input type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Water & wastewater	<input type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Flood protection <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Waste management	<input type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input checked="" type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Waste to energy <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience

<input type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> Land remediation <input type="checkbox"/> Sustainable agriculture <input type="checkbox"/> FSC Forestry <input type="checkbox"/> Energy/water efficiency <input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> FSC Cellulose & paper
<input type="checkbox"/> Other	<input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> ICT <input type="checkbox"/> Industry: process
<b>Issue details</b>	
<b>Reporting</b>	<p>The amount withdrawn via the loan will be disclosed in writing to the participating banks at the same time as the financial statements are submitted, i.e. end of each reporting period (Sumitomo Mitsui Banking Corporation – SMBC – will draw out proceeds in response to Nissen Kaiun’s request, which allows for tracking and appropriate control).</p> <p>As for the effects of environmental improvement, the following reporting will be made available in writing to banks participating in the syndication at the same time as reporting the status of allocation:</p> <ul style="list-style-type: none"> <li>- Reduction of pollutants per scrubber</li> <li>- Number of scrubbers installed with this loan</li> </ul>
<b>Company information</b>	<p>Established in 1889, Nissen Kaiun owns ocean-going vessels on the Hakata island of Imabari City, Ehime Prefecture, having one of the largest fleets in Japan. Since the 1970s, it has entered the field of modern vessels, followed by a far-sea route.</p>
<b>Firsts, records and certifications</b>	<p>First green loan from Japan.</p> <p>Also, the first green product to exclusively finance waste projects in Japan in 2019.</p>
<b>Proceeds description</b>	<p>The proceeds will be used to fund the installation of scrubbers, an equipment that removes sulphur from exhaust gases on ocean vessels. The scrubber to be installed is an open-loop system that cleans exhaust gases and particulate matter (PM) containing sulphur oxides (SOx) emitted from the engine using seawater and discharges the seawater into the sea, and a hybrid scrubber system that can be switched to a closed-loop system.</p> <p>Whilst there is an increase in CO2 emissions due to the power consumption of scrubbers, it can be handled by existing generators of ships, such that the addition of power generators is not required. Therefore, there is no significant increase in CO2 emissions due to increased power consumption.</p>
<b>Climate Bonds view</b>	<p>Shipping is still a highly polluting industry and requires more investments such as this one to make it cleaner. The number of green financial products issued for maritime projects has been low and needs to increase significantly, for which regulation will be a key driving force (as this green loan shows). In this case, the establishment of scrubbers is one of the measures for complying with IMO regulations that will become mandatory beginning in 2020.</p> <p>In addition, there are several other green financial instruments apart from bonds that can support the transition to a greener world. Green loans are an important one, and we are happy that the Japanese market has finally added one to its mix. Hopefully more Japanese lenders will push for growth in the green loan market, and more companies will turn towards it.</p>
<b>Underwriters</b>	
<b>Deal comments</b>	

Credit Rating	
Pricing summary	
Investors summary	Sumitomo Mitsui Banking Corporation (syndicate arranger)

<sup>1</sup> Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign