

DBJ Arranges Syndicated Transition Loan for Mitsui O.S.K. Lines

First transition loan in Japan to be selected as a Climate Transition Finance Model Project by the Ministry of Economy, Trade and Industry

Development Bank of Japan Inc. ("DBJ") has arranged a syndicated transition loan¹ for Mitsui O.S.K. Lines, Ltd. ("MOL"; head office: Minato-ku, Tokyo; president and CEO: Takashi Hashimoto) in collaboration with Sumitomo Mitsui Trust Bank, Limited and with the participation of eleven regional banks and other financial institutions.

MOL is one of the leading shipping companies in Japan, handling domestic shipping and ferries as well as all aspects of ocean shipping. In June 2021, the firm announced its MOL Group Environmental Vision 2.1, which set an industry-leading goal of achieving net zero emissions for the entire MOL Group by 2050 by introducing ninety LNG-fueled vessels by 2030.

For this project, a transition loan will be provided to MOL and one of its group companies, Ferry Sunflower Limited (head office: Oita City, Oita Prefecture; president: Kojiro Akasaka), to finance the introduction of Japan's first two LNG-fueled ferries ("the vessels"), scheduled to operate between Osaka and Beppu. DBJ, in collaboration with Sumitomo Mitsui Trust Bank, has arranged this loan with the principal participation of regional banks based in western Japan, close to where the vessels will be built and launched.

The vessels have received the highest rating of five stars from the Ministry of Land, Infrastructure, Transport and Tourism's Energy Saving Rating System for Domestic Vessels. Their introduction is expected to reduce sulfur oxide emissions to almost zero, and CO2 emissions by more than 20 percent, compared with heavy oil-fueled ships. In addition to contributing to the vital maritime infrastructure that supports the movement of people and goods in western Japan, the vessels are also expected to promote a more eco-friendly modal shift in Japanese transport.

This is the first transition loan in Japan to be selected by the Ministry of Economy, Trade and Industry (METI) as a Climate Transition Finance Model Project². In regard to the loan's qualifications, the Japan Credit Rating Agency states that it complies with the International Capital Market Association's Climate Transition Finance Handbook and the Green Loan Principles established by the Loan Market Association and so on, among other third-party evaluations³.

In our 5th Mid-Term Management Plan ([see "About the 5th Mid-Term Management Plan" dated May 20, 2021](#)), DBJ promotes the GRIT Strategy⁴ as a means of contributing to a sustainable society through investments and loans. The GRIT Strategy also informs our efforts in this project, and we will continue to work toward the sustainability of society and the revitalization of local communities.

Project outline



Name of ship; scheduled delivery date	<i>Sunflower Kurenai</i> : December 2022 <i>Sunflower Murasaki</i> : March 2023
Shipbuilder	Mitsubishi Shipbuilding Corp., Shimonoseki Shipyard
Number of passengers	714
Truckload capacity	136 vehicles (13m equivalent)
Cruising speed	22.5 knots
Total length	199.9m
Total tonnage	Approx. 17,300 tons

Outline of syndicated transition loan

Borrower	MOL
Arrangers	DBJ, Sumitomo Mitsui Trust Bank
Co-arranger	Sumitomo Mitsui Banking Corporation
Transition structuring agents	DBJ, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking Corporation
Agent	Sumitomo Mitsui Trust Bank
Lenders	DBJ, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking Corporation, Yamaguchi Bank, Higo Bank, Oita Bank, Kitakyushu Bank, Bank of Yokohama, San-in Godo Bank, Hiroshima Bank, Iyo Bank, Ehime Bank, Bank of Kyoto
Use of funds	Two LNG-fueled ferries
Third-party evaluation agency for transition certification	Japan Credit Rating Agency

Reference

1. Transition loans are a financing framework intended to support companies working to reduce greenhouse gas emissions in accordance with a long-term transition strategy aimed at realizing the low-carbon society which is the goal of the Paris Agreement.
2. Please visit the METI website:
https://www.meti.go.jp/shingikai/energy_environment/climate_transition/002.html
3. Please visit the website of the Japan Credit Rating Agency:
<https://www.jcr.co.jp/greenfinance/>
4. *G*: Realization of a green society; *R*: Construction of a flexible, strong, safe and secure regional, social and industrial infrastructure; *I*: Initiatives for innovation that can be evaluated as feasible for commercialization; and *T*: Strategic initiatives for transition based on current business fundamentals. These are the areas on which the DBJ Group will focus under the Fifth Medium-Term Management Plan.

Inquiries:

Corporate Finance Department, Division 4 Development Bank of Japan Inc.
Telephone: 03-3244-1993