

Japan Airlines Co., Ltd. (2024 Transition Bond)

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In May 2024, Japan Airline Co., Ltd. (“JAL” or the “Company”) issued two transition bonds (the “2024 Transition Bonds”) and raised a total of JPY 80 billion to finance clean transportation projects. In April 2025, JAL engaged Sustainalytics to review the projects financed with proceeds from the 2024 Transition Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether JAL complied with the reporting commitments in the Japan Airlines Co. Ltd. Transition Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in January 2022.² This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in February 2023 and May 2024.^{3,4}

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and JAL’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 KPIs

Use of Proceeds Category	Classification	Eligibility Criteria	Key Performance Indicators
Clean transportation	Transition	Targets and Initiatives towards CO ₂ emission reduction by 2030. ⁵ Upgrading to fuel-efficient aircraft such as Airbus A350 and Boeing 787	Annual CO ₂ emissions avoided

Issuer’s Responsibility

JAL 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 JAL’s 2024 Transition Bonds. The work undertaken as part of this engagement included collection of documentation from JAL and review of said documentation to assess conformance with the Framework.

¹ JAL, “Japan Airlines Co. Ltd. Transition Bond Framework”, at: https://www.jal.com/en/sustainability/esg-finance/transitionbond/pdf/framework_en.pdf

² Sustainalytics, “Second-Party Opinion, Japan Airlines Co. Ltd. Transition Bond Framework”, (2022), at: https://www.jal.com/en/sustainability/esg-finance/transitionbond/pdf/transitionbond_01.pdf

³ Sustainalytics, “JAL Annual review”, (2023), at: [http://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-airlines-co-ltd-transition-bond-2022-annual-review-\(2023\).pdf](http://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-airlines-co-ltd-transition-bond-2022-annual-review-(2023).pdf)

⁴ Sustainalytics, “JAL Annual review”, (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-airlines-co-ltd-transition-bond-2023-annual-review-\(2024\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-airlines-co-ltd-transition-bond-2023-annual-review-(2024).pdf)

⁵ Sustainalytics notes that JAL has committed to transition 10% of its total fuels to Sustainable Aviation Fuel (SAF) by the end of fiscal year 2030. Additionally, JAL actively promotes various operational methods aimed at enhancing fuel efficiency and decreasing CO₂ emissions across its aircraft fleet.

Sustainalytics relied on the information and the facts presented by JAL. 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 JAL.

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. JAL has disclosed to Sustainalytics that the proceeds from the 2024 Transition Bonds were fully allocated as of December 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures 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 the Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	JAL reported on at least one KPI per use of proceeds category.	None

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.

Appendices

Appendix 1: Allocation of Proceeds

Table 3: Allocation of proceeds from the 2024 Transition Bonds

Use of Proceeds Category	Project Description	Total Amount Allocated (JPY billion)
Clean Transportation	Upgrading to fuel-efficient aircraft	79.5
Total Amount Allocated		79.5
Total Unallocated Amount		0.0
Total Proceeds Raised		80.0⁷

Appendix 2: Reported Impact

Table 4: Reported Impact⁸ from the 2024 Transition Bonds

Use of Proceeds Category	Annual CO ₂ emissions avoided (1,000 tCO ₂) ⁹
Clean Transportation	65

⁷ JAL communicated to Sustainalytics that the 2024 Transition Bond issuance amounted to JPY 80 billion, less issuance expenses of JPY 0.5 billion, resulting in a total allocation of JPY 79.5 billion.

⁸ Impact Reporting by JAL is available at:
https://www.jal.com/en/sustainability/esg-finance/transitionbond/index_3rd.html
https://www.jal.com/en/sustainability/esg-finance/transitionbond/index_4th.html

⁹ The reporting covers the period of six months from June 2024 to December 2024. The amount represents 18% reduction of total CO₂ emissions from 7 aircraft as compared to the conventional aircraft.

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