

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

**Type of Engagement:** Annual Review

**Date:** 28 April 2025

**Engagement Team:**

Tomya Sardana, [tomya.sardana@morningstar.com](mailto:tomya.sardana@morningstar.com)

## 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").<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in January 2022.<sup>2</sup> 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.<sup>3,4</sup>

## 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 <sub>2</sub> emission reduction by 2030. <sup>5</sup> Upgrading to fuel-efficient aircraft such as Airbus A350 and Boeing 787	Annual CO <sub>2</sub> 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.

<sup>1</sup> JAL, "Japan Airlines Co. Ltd. Transition Bond Framework", at: [https://www.jal.com/en/sustainability/esg-finance/transitionbond/pdf/framework\\_en.pdf](https://www.jal.com/en/sustainability/esg-finance/transitionbond/pdf/framework_en.pdf)

<sup>2</sup> 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](https://www.jal.com/en/sustainability/esg-finance/transitionbond/pdf/transitionbond_01.pdf)

<sup>3</sup> 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)

<sup>4</sup> 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)

<sup>5</sup> 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 CO<sub>2</sub> 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,<sup>6</sup> 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

<sup>6</sup> 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		80.0 <sup>7</sup>

### Appendix 2: Reported Impact

Table 4: Reported Impact<sup>8</sup> from the 2024 Transition Bonds

Use of Proceeds Category	Annual CO <sub>2</sub> emissions avoided (1,000 tCO <sub>2</sub> ) <sup>9</sup>
Clean Transportation	65

<sup>7</sup> 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.

<sup>8</sup> 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_3rd.html)  
[https://www.jal.com/en/sustainability/esg-finance/transitionbond/index\\_4th.html](https://www.jal.com/en/sustainability/esg-finance/transitionbond/index_4th.html)

<sup>9</sup> The reporting covers the period of six months from June 2024 to December 2024. The amount represents 18% reduction of total CO<sub>2</sub> emissions from 7 aircraft as compared to the conventional aircraft.

## Disclaimer

**Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein (the “Information”) are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided “as is” and reflects Sustainalytics’ opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers’ names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

## About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

