

————— Green Bond Evaluation by Japan Credit Rating Agency, Ltd. —————

Japan Credit Rating Agency, Ltd. (JCR) announces the following preliminary Green Bond Evaluation Results.

JCR Assigned preliminary Green1 to 5th Unsecured Straight Bonds issued by Penta-Ocean Construction Co., Ltd.

-with the technical assistance of E&E Solutions-

S u b j e c t	:	Penta-Ocean Construction Co., Ltd. 5th Unsecured Straight Bonds (Green Bond)
T y p e	:	Bonds
Issue Amount	:	JPY 10 billion
Interest Rate	:	To be determined
Issue Date	:	To be determined
Redemption Date	:	To be determined
Method of Redemption	:	Bullet
Use of Proceeds	:	Cost of constructing a multipurpose self-elevating platform vessel

<Green Bond Preliminary Evaluation Results>

Overall Evaluation	Green 1
Greenness Evaluation (Use of Proceeds)	g1
Management, Operation and Transparency Evaluation	m1

Chapter 1: Evaluation Overview

Penta-Ocean Construction Co., Ltd. (the "Company") is a construction company founded in Kure City, Hiroshima Prefecture in 1896. The Company's former name is Mizuno Gumi. It was re-established as Mizuno-Gumi Co., Ltd. in 1950, and in 1967, the company renamed current Penta-Ocean Construction. Since its establishment, the Company has been a strength in port civil engineering work, and it is the top construction company in Japan in marine civil engineering work today. The Company has strengths in the coastal regions and overseas.

With the Corporate Policy of "Affiliating with Society," "Creating a Nature-Rich Environment," and "Cherishing a Pioneer Spirit," the Company aims to implement philosophies stated above, and strives to create environmental value unique to the Company through its business activities, while constantly sincerely facing the challenges for its customers and society in order to realize a sustainable society. The Company established an environmental policy that summarizes what should be emphasized particularly with respect to the environment and making it a guideline for business operations. The Company also announced the Medium-term management Plan in May 2020 and the Company has designated the "A Genuine Global General Contractor" as its goal. It has also formulated the item of implementing CSR management that emphasizes ESG in the Medium-term Management Plan, and has declared that its initiatives will be classified into three categories: the environment (E), society (S), and governance (G), and it will promote these initiatives.

The bonds subject to this evaluation are unsecured straight corporate bonds issued by the Company (the "Bonds"). The proceeds of the Bonds will be allocated for fund the cost of SEP (Self-Elevating Platform) multi-purpose vessels which will be used for foundation and installation work of offshore wind power generation facilities. JCR confirmed that the SEP vessel will be used exclusively for the construction of offshore wind power generation facilities, and that in the construction of SEP vessels, the use of fossil fuels for the operation of facilities accompanying SEP vessels will be limited for the construction of wind power generation facilities, and that the use of the latest facilities will be installed to minimize the use of fossil fuels. As a consequence, it is unlikely that it will have a significant negative environmental impact that exceeds the benefits of environmental improvements. JCR evaluates that it is a green project that can significantly contribute to reducing CO₂ emissions by constructing wind power generation facilities by SEP vessels.

In terms of the management and operation, JCR has confirmed that eligible projects will be determined by the approval of the management after the appropriate process in the project selection criteria and process. JCR also confirmed that the proceeds of the Bonds will be linked to the construction cost of the SEP vessels and managed properly, and that the reporting will also be conducted appropriately. In the current Medium-Term Management Plan (From FY3/21 to FY3/23), based on the fact that management is placing greater emphasis on ESG initiatives, including environmental issues, the Company the departments with expertise in environmental issues and technical viewpoints, and the involvement of management in setting specific targets, such as the CSR promotion committee and the Environment Health, Safety and Quality Division, JCR confirmed that the management team of the Company regards environmental issues as a priority issue and that the management of the Company has developed an appropriate management and operation system and has high transparency with regard to the Bonds.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the preliminary evaluation of the "Greenness Evaluation (Use of Proceeds)" and "m1" for the preliminary evaluation of the "Management, Operation and Transparency Evaluation". Consequently, JCR assigns "Green1" for the overall "JCR Green Bond Preliminary Evaluation." Detailed evaluation is discussed in the next chapter.

The Bonds are considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.¹²

1 ICMA(International Capital Market Association) Green Bond Principles 2018
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

2 Ministry of the Environment Green Bond Guidelines 2020 years <https://www.env.go.jp/press/files/jp/113511.pdf>

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1", the highest grade, to "Evaluation phase 1: Greenness Evaluation".

Rationale: 100% use of proceeds of the bonds will be allocated to a green project, considering the factors described below.

(1) JCR's Key Consideration in This Factor

In this section, we first assesses whether the funding money will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current Status of Evaluation Targets and JCR's Evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

- i. **100% of the proceeds of the bonds will be allocated to the SEP vessels which is used for foundation and installation work of offshore wind power generation, and environmental improvement effect can be expected in the future.**

The proceeds of the Bonds will be used for the construction of SEP vessels equipped with 1,600 tons of large fully-revolving cranes, which will be constructed jointly by the Company with Kajima Corporation and Origami Maritime Construction Co., Ltd. In 2019, the company built the first SEP vessels (CP-8001) equipped with an 800-ton large fully-revolving crane in Japan. Current constructing SEP vessels will equip with a larger 1,600 tons of fully-revolving crane, enabling the efficient construction of a 10-12MW large offshore wind power generation facilities.

(Project Overview)

Item	Details
Title	multipurpose self-elevating platform (SEP) equipped with a lifting capacity crane
Investment Amount	JPY 18.5 billion (of JPY 12 billion for Penta-Ocean's contribution)
Time of Completion	September 2022 (Commencing the Operation: March 2023) (planned)
Engineering and Construction	Basic Engineering: GustoMSC (Netherlands) Construction: PaxOcean Engineering (Singapore) Main Crane: Huisman (Netherlands)
Scheduled Operating	twelve years

Duration	
Planned Location of Operation	Japan
Distinctive Features	<p>By jacking up the hull above seawater, the vessel ensures safe, efficient and highly precise crane operation even in the sea areas with severe meteorological and hydrographic conditions. Operational in deep waters (up to 50m).</p> <p>The fully revolving crane with a 1,600t lifting capacity enables installation of 10-12MW wind turbines and various foundations including monopiles, jackets, etc.</p> <p>Thanks to the large deck space and sufficient jack-up capacity, the SEP can carry multiple 10-12 MW class wind turbines for efficient installation works.</p> <p>The equipped Dynamic Positioning System (DPS) keeps the hull position with high precision, and reduces positioning time required during jacking up of SEP.</p>

After the commencement of operation, Affiliate company of Penta-Ocean will be made under the joint investments of the Company, Kajima and Yorigami and SEP vessels will be operated by an affiliate company. The SEP vessels will be used exclusively for the construction of offshore wind power generation facilities.

JCR evaluates that SEP vessels can be expected to improve the environment in the future, as SEP vessels construct offshore wind power generation facilities and commence commercial operations will produce environmental benefits such as reduced CO₂ emissions.

ii. The proceeds of the bonds fall under the category of "Renewable Energy" as defined in the Green Bond Principles and in the Ministry of the Environment's Green Bond Guidelines, and applicable to Maritime Renewable Energy of CBI Criteria.

The Basic Energy Plan approved by the Cabinet in July 2018 states that "In Japan, where only a limited number of land areas are suitable for introducing land wind power, it is essential to expand the introduction of offshore wind power." The enactment of the Law Concerning the Utilization of Re-Energy Sea Areas in December 2018 has made it possible to deal with the three issues that have been regarded as challenges for the development of offshore wind power generation (there are no unified rules concerning the use of sea areas, the framework for coordination with leading users is unclear, and high costs). As a result, as of July 3, 2020, a total of 10 areas, of which certain preparations are under way, have been selected, and 4 areas are particularly promising. In the medium-to long-term development prospects of the offshore wind industry based on surveys and interviews from major companies, the first round and second round designated by the government are expected to total about 2.8 million kW. The wind power generation association (JWPA) estimates that the industry has the potential to introduce about 91 million kW based on the state of affairs. Further development is expected in the future. As one of the measures to solve the high cost which is one of the issues of the wind power generation, the giant wind turbine is effective, and the demand for the installation of the large-scale wind turbine of 10-12MW class in which this SEP ship can be constructed is expected to some extent in the future.³

³ Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, "The First

b. Negative Impact on the Environment

Negative effects on the environment associated with the operation of SEPs include CO₂, SO_x, NO_x emissions resulting from the consumption of fossil fuels, ocean pollution resulting from leaks of fossil fuels and oils, and waste generated from on-board activities.

The onboard equipment is operated by the electric power of the diesel generator on board. The fossil fuel used for diesel generators is A-type heavy oil, and the annual consumption is estimated to be about 3000 kl. In addition, this SEP vessel is a tugboat type, and a tugboat is required for moving. The fossil fuel used for towed vessels is heavy oil A, and its annual consumption is estimated to be about 700kl. Annual consumption of heavy oil A is about 3700 kl. When this figure is multiplied by 2.71 t-CO₂ of A heavy based on the GHG Emissions Calculation, Reporting, and Publication System, CO₂ annual emissions are approximately 10,000 t-CO₂. On the other hand, the construction of offshore wind turbines by SEPs can be expected to reduce CO₂ emissions by substituting existing electricity for the generated electricity. As this vessel is expected to construct an offshore wind turbine of 10MW-12MW, the annual CO₂ reductions of one 10MW (10,000kW) offshore wind turbine are estimated. Assuming that the capacity factor is 30%, the annual output of one 10,000kW offshore wind turbine is $10,000\text{kW} \times 8760 \text{ h} \times 0.3 = 26,280,000\text{kWh}$. The annual CO₂ reductions are about 12,141t-CO₂ by multiplying this by the national mean emission factor of 0.000462 tons per CO₂ per kWh for fiscal 2018. Given that dozens of wind turbines are generally constructed for an offshore wind farm and that SEP ships can be used to build more than one plant in a year, CO₂ emissions from SEP ships and tugboats are likely to be much less than CO₂ savings from the offshore wind farms constructed.

In addition to CO₂, SO_x, NO_x may be ejected due to the consumption of the fossil-fueling type A. SO_x will comply with the Sulfur Oxide Regulation stipulated in Annex VI, Regulation 14 of MARPOL Convention (The Protocol of 1997 to amend the 1978 Protocol to the International Convention for the Prevention of Pollution by Ships in 1973). NO_x will adopt Diesel power generators that comply with Tier II (secondary restrictions) of NO_x Regulation stipulated in Annex VI, Regulation 13 of MARPOL Convention. In this way, measures for SO_x and NO_x emissions are taken in accordance with international regulations.

Since Fuel Oil A is used as fuel for diesel generators and hydraulic oil is used for hydraulic equipment, there is a possibility of causing marine pollution by leakage of oil. As a countermeasure, the circumference of the fuel oil tank is made to be a double hull, and vertical steel plate wall (coaming) of about 75mm in height is provided in the whole circumference of the upper deck and about 300mm in height is provided in the vicinity of the fueling pipe connection. In addition, a deck drain tank is provided inside the ship, and piping is provided so that if fuel or equipment oil spreads on the deck, it can be guided to that tank. In this way, appropriate measures will be taken to prevent oil and other leaks to the ocean.

On-board work uses fossil fuels as the power for the operation of associated equipment, such as cranes and dynamic positioning systems, but the use of fossil fuels is expected to be minimized because of the use of the latest equipment.

In addition, waste oil and household waste from workers are generated. These are planned to be disposed of as industrial waste after being unloaded. In this way, the waste generated by the operation of SEP vessels is also expected to be properly disposed of.

As described above, it can be evaluated as a plan to take appropriate measures against negative impacts on the environment.

c. Consistency with SDGs Goals and Targets

This project is classified as "Renewable energy", and JCR evaluated these projects as contributing to the following SDGs targets and targets based on the SDGs mappings of the ICMA.



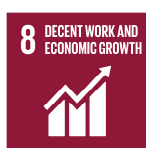
Goal 3: Ensure healthy lives and promote well-being for all at all ages

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.



Goal 8: Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve high levels of economic productivity through diversification, technology improvement and innovation, including through a focus on high-value added and labor-intensive sectors.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transboundary infrastructure, to support economic development and human welfare with a focus on affordable and equitable access for all.

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, With all countries taking action in accordance with their respective capabilities



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment



Goal 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptation capability to climate-related and natural disasters in all countries.

Evaluation Phase 2: Management, Operations and Transparency Evaluation

JCR assigns "m1", the highest rating on JCR evaluation Phase 2: Evaluation on Management and Operation and Transparency.

Rationale: The project has allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's Key Consideration in This Factor

In this section, JCR confirms that the objectives to be achieved through the green bond, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Goal

In the Medium-Term Management Plan announced in May 2020, Ocean Construction Co., Ltd. aims to become the "A Genuine Global General Contractor." The company has identified four priority issues.

Penta-Ocean Construction Medium-term Management Plan (from FY3/21 to FY3/23)

Goal to aim for "A Genuine Global General Contractor" with distinctive features in port, coastal and waterfront areas as well as overseas

1. An Advanced company in Work Style Reform and Productivity Improvement
2. An Advanced company in D&I (Diversity and Inclusion)
3. A company that challenges new frontiers with pioneering spirit
4. Practicing CSR oriented management with focus on ESG

In addition, in the specific efforts for ESG in the above-mentioned mid-term management plan, The Company has taken up the following items regarding the environment.

Creating a nature-rich environment ~A company that challenging new frontiers with pioneering spirit

[Environmental technologies] Offshore wind farm construction, Recycling of construction generated soil/dredged soil, ZEB (Zero Energy Building), Nearshore environmental conservation such seaweed beds/ tidelands, etc.

[Corporate activities] Operation/ evaluation of environmental management system, Reduction of environmental load (Use and remodeling of environment-friendly construction machinery such as work vessels)

SEP vessels, which is the use of proceed of the Bonds, are consistent with offshore wind farm construction in the environmental technologies described above. In the construction of the SEP vessels, the Company intends to contribute to the dissemination and promotion of offshore wind power generation in Japan through the realization of "safe and highly-efficient construction" and "reasonable construction costs," which are the goals of the construction of the SEP vessels. JCR evaluates that the construction of the SEP vessels contributes to the realization of the above-mentioned objectives.

b. Selection Criteria

The eligible criteria for the Penta-Ocean construction are as follows.

**Penta-Ocean Construction Co., Ltd. Green Bond framework
(Renewable Energy (Wind Power Generation Facility Construction Infrastructure))**

Verify that the following criteria are met:

1. CBI Climate Change Bond Standard ver.3.0, Marine Renewable Energy Criteria
2. ICMA Green Bond Principles
3. Ministry of the Environment Green Bond Guidelines

Other Eligibility Requirements

- The ship shall be used only for the construction of wind power generation facilities.
 - The ship shall be the towed type.
 - Identify the effects of environmental improvement and the negative impact on the environment in the operation of SEP vessels (what measures are planned to be taken if negative impacts are expected)

The eligible criteria above are defined in the Board of Directors. JCR evaluates the eligible criteria for the Company as having environmental improvement effects and being appropriate.

c. Processes

In the Company, the Offshore Wind Farm Businesses Division Group, Civil Engineering Divisions Group and Corporate Administration Divisions Group review, evaluate and select whether the construction of SEP vessels for offshore wind foundation and installation works meet the eligible criteria established by the Finance Division. The selected project is finally approved by the Board of Directors.

JCR has confirmed that the investment in constructing SEP vessels, which are subject to the use of proceeds of the Bonds, is determined in accordance with the above selection criteria and process.

These goals, selection criteria, and processes are described in this evaluation report, and will be disclosed on the shelf registration statement and other documents. Accordingly, JCR evaluates that transparency to investors is ensured.

2. Appropriateness and Transparency of Management of the Proceeds

(1) JCR's Key Consideration in This Factor

It is generally assumed that the methods of managing procurement funds vary widely among issuers, but it is necessary to confirm that funds procured through the issuance of green bonds are appropriated for green projects, and that mechanisms and internal systems are in place to easily track and manage the appropriations.

It also emphasizes whether funds raised through the bonds will be appropriated to green projects at an early stage, and also the evaluation of the management and management methods of unappropriated funds.

(2) Current Status of Evaluation Targets and JCR's Evaluation

- a. The proceeds of the bonds will be used for the construction of SEP vessels and will not be used for other purposes.
- b. The account is managed by the Finance Division after the bond issue is deposited into the account. The Finance Division will prepare a dedicated bookkeeping for managing the proceeds, and will manage the receipts and disbursements on the books. Withdrawals are approved by the Finance Manager each time they are allocated, and appropriate decisions are planned by the person in charge. Unallocated funds are managed in cash and cash equivalents.
- c. With regard to tracking management, the status of appropriation and unappropriated funds will be managed on a quarterly basis.
- d. Regarding the management of proceeds, internal control is carried out, and the documentation related to internal control is filed and managed. Documents related to this control will be subject to internal audits. In addition, external audits will be conducted to determine whether or not the management of unappropriated funds balances is appropriate.
- e. JCR confirmed that, in the event of the loss of the subject asset before the redemption of the Bonds, during the construction period, it will be covered by the performance guarantee received from the shipbuilding company, and after the construction, it will be covered by the insurance and the construction will be carried out again.

Thus, JCR evaluates that the management of funds for the Company is appropriate and that disclosure to investors is also appropriate.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the issuance of green bonds is planned in a detailed and effective manner at the time of the issuance of green bonds

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Reporting on the Proceeds Allocation

The proceeds of the Bonds will be used for the construction of SEP vessels. Approximately two years are planned until the full allocation, and as mentioned above, JCR confirmed that the unappropriated funds are managed in cash and cash equivalents.

The company will disclose the status of allocation of the bonds for SEP vessels to the public via their website and also disclose to JCR an evidence that the SEP vessels will be used exclusively for the construction of offshore wind power facilities.

If it is necessary to reallocate the proceeds in case of loss before the redemption of the Bonds, the entire amount of the Green Bond procurement funds will be disclosed on the Company's website annually until it is allocated to projects that meet the eligible criteria.

b. Impact Reporting

The Company plans to disclose the following three items as the reporting of the environmental improvement effect.

1. Completion of a SEP multi-purpose craft ship
2. Performances for the number of installed offshore wind farms by SEP vessels

The Company will be reviewed by JCR for the period until the bond is redeemed, focusing on the status of funding appropriations and the status of reporting, such as the content of disclosures as environmental improvement effects.

JCR evaluates that the above reporting is planned to be disclosed appropriately to investors in terms of both the appropriation of funds and the effects of environmental improvement.

4. Organization's Environmental Initiatives

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority management issue, and whether the green bond policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

(2) Current Status of Evaluation Targets and JCR's Evaluation

With the Corporate policy of "Affiliating with Society," "Creating a nature-rich environment," and "Cherishing a Pioneering Spirit," the Company aims to realize the above, and strives to create environmental value unique to the Company through its business activities, while constantly sincerely facing the challenges faced by its customers and society in order to realize a sustainable society. In order to realize the above corporate policy, the Company is pushing forward with the following environmental policies.

Penta-Ocean Construction Basic Environmental Policy

1. We shall contribute to a recycling-oriented society and preserve the natural environment by preventing global warming.
2. We shall prevent environmental accidents
3. We shall enhance mutual communication with local communities and conduct eco-friendly planning and construction, while developing technologies to preserve and restore the environment.
4. We shall communicate with all our stakeholders to enhance their awareness of the importance of environmental preservation.

In addition, as previously stated, in the Medium-term Management Plan (from FY3/21 to FY3/23), the Company formulated the theme of implementing CSR management with an emphasis on ESG, classified its initiatives into three categories: Environment (E), Society (S), and Governance (G), and announced that it would promote these initiatives.

In particular, regarding environmental issues, the following three points are taken up: 1. Challenging offshore wind farm business; 2. Expert in recycling of construction generated soil and dredged soil; and 3. ZEB (Zero Energy Building) initiatives. In addition, the SEP vessels, which are the targets of funding for the corporate bonds, are also taken up in "Building SEP (Self-Elevating Platform) Vessels" in 1 Challenging offshore wind farm business. In addition, the Company has contracted a memorandum of understanding with DEME Offshore of Belgium, which has an abundant of experience in the field of offshore wind power in Europe. The Company is promoting environmental initiatives, such as incorporating a wealth of technical know-how in the field of offshore wind power generation.

In the current Medium-term Management Plan, the emphasis on ESG initiatives, including environmental issues, reflects management's intention to more actively communicate the company's past efforts. It is conceivable that the company's management will focus more on and disseminate more information on environmental issues than in the past.

In order to contribute to the sustainable development of society as a whole, and to promote and develop sincere management activities based on its Corporate Policy, the Company has a CSR Promotion Committee chaired by the president and comprised of general managers and executive officers. In principle, the CSR Promotion

Committee meets once every six months to set environmental targets and formulate policies for reporting and addressing environmental accidents.

In addition, the Environment Health, Safety and Quality Division Group and Environment Department has been established as a department dedicated to environmental issues and business practices. The headquarters and branches has established the Quality and Environment Management Committee. In addition to discussing workplace safety and environment-related issues once a month, it formulates quality and environment management, sets environmental accident prevention and prevention targets, and sets environmental targets such as CO₂ emission reduction targets. In this way, the Company carries out concrete initiatives as a subordinate organization of the CSR Committee.

In offshore wind power generation, the Offshore Wind Farm Business Divisions Group has been established as a dedicated department for the Offshore Wind Project. Technical studies are being conducted on the appropriateness of the project and its negative impact on the environment, and collaboration is being carried out with external specialist organizations as necessary.

From the above, JCR confirmed that the management team of the Company positions environmental problems as a high-priority management issue, and that departments with expert knowledge are involved in the selection of green projects.

■ Evaluation Result

Based on the JCR Green Finance Evaluation Methodologies, JCR assigns "g1" for the preliminary evaluation of "Greenness Evaluation (Use of Proceeds)" and "m1" for the preliminary evaluation of "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1" as an overall "JCR Green Bond Preliminary Evaluation" to the bonds. The Bonds is considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.

[JCR Green Bond Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Subject

Issuer: Penta-Ocean Construction Co., Ltd. (Security Code: 1893)

[Assignment]

Subject	Issue Amount	Issue Date	Redemption Date	Interest Rate	Preliminary Evaluation
5th Unsecured Straight bonds	JPY 10 billion	To be determined	To be determined	To be determined	JCR Green Bond Evaluation :Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible Analysts in this Evaluation): Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

The JCR Green Bond Assessment granted and provided by the Japan Credit Rating Agency (JCR) represents JCR's comprehensive opinion as of the date on the extent to which the funds procured through the issuance of the Green Bonds to be assessed will be allocated to green projects as defined by JCR, and the extent to which management, operation, and transparency will be ensured in relation to the use of the funds of the Green Bonds. It does not fully indicate the appropriation of the funds procured from the Green Bonds and the degree of management, operation, and transparency initiatives to be made in relation to the use of the funds.

JCR Green Bond Evaluation assesses the plan or status of the appropriation of funds at the time of the green bond issuance plan or at the time of issuance, and does not guarantee the status of the appropriation of funds in the future. In addition, JCR Green Bond Evaluation does not prove the environmental effects of green bonds and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green bonds on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Method.

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-Party Evaluation of JCR Green Bonds

There is no capital or personnel relationship between the subject of this evaluation and JCR that may give rise to conflicts of interest.

6. Technical Cooperation from E&E Solutions

We invited environmental experts from E&E Solutions, our business partner, to verify the effectiveness of environmental improvements in this evaluation. E&E Solutions is an environmental and energy technology consulting company founded in 1972. In addition to providing environmental consulting services to financial institutions for many years, we have a large number of specialists with hundreds of experience in solar and wind power generation.

■Disclaimers

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■Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Members of the Working Group on Principles for UNEP FI Positive Impact Finance
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

■Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

■ For further information, contact

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