

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	RENOVA, Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	RENOVA, Inc. Green Bonds Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	July 21, 2020
Publication date of review publication:	July 21, 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

RENOVA, Inc. (the “Company”) is an independent power producer and developer of renewable energy. The Company was established in 2000 as Recycle One, Inc. (renamed in 2013 as RENOVA, Inc.) and initially engaged in surveys and consulting in the environment and energy fields. The Company subsequently entered the plastic recycling business, developed into the renewable energy business in 2012, and is now focusing on the business as a special renewable energy company. The Company went public in 2017 and listed on the First Section of the Tokyo Stock Exchange in 2018. Its business model is development and possessing renewable energy power generation businesses, such as large-scale solar power and large-scale biomass, and obtaining income from selling electricity by utilizing FIT (Feed-in Tariff system). It is distinguished by its integrated business model, from the development of projects to the promotion of development, financing, and operational management after commencement of operations. On a consolidated basis, the Company is an aggregate of SPCs established for each power plant, and plays a holding company’s role.

The Company develops, constructs, and operates renewable energy generation facilities under the corporate slogan "Creating out future with renewable energy." In addition, it has a mission of "To create green and sustainable energy systems for a better world" and a vision of "To become Asia’s renewable energy leader." It has steadily built up a track record of achieving its SDGs commitment of 10 million tons of CO2 savings by 2030.

The subject to be evaluated is the Green Bond Framework (the “Framework”) to limit the Company’s bond financing to the use of proceeds with environmental benefits, and JCR evaluates whether the Framework complies with the Green Bond Principles (2018 version) and the Green Bond Guidelines (2020 version). These Principles are not binding as they are principles or guidelines voluntarily published by the International Capital Markets Association (ICMA) and the Ministry of the Environment, respectively, but JCR evaluates the Framework with reference to those principles and guidelines on the basis of globally unified standards. Proceeds raised under the Framework will finance eligible projects such as the development and construction of solar, wind, biomass, and geothermal power facilities. The Company would identify potential negative environmental impacts for eligible projects subject by the Framework and will implement avoidance and mitigation measures. Based on the above, JCR evaluates that the target projects for the use of proceeds stipulated in the Framework have high environmental improvement effect.

The Company evaluates and selects eligible projects in accordance with the process established in the Framework, and the Finance and Planning Division selects projects and the CFO determined as the projects for the use of proceeds. Funds raised by green bonds are fully linked to pre-selected individual projects, and a tracking system and internal control is sufficiently established. Reporting regarding allocation of proceeds and environmental improvement status are also appropriate. JCR evaluates the Framework has in place both a governing and administering framework for funding and transparency to investors.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1(F)" for overall “JCR Green Bond Framework Evaluation.” JCR also evaluates that the Framework meets the standards for requirements under the Green Bond Principles, and the Green Bond Guidelines.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. The eligible green projects listed in the Framework for use of proceeds are renewable energy projects, such as solar power and wind power, with strong environmental benefits.
- ii. The funds are used for "renewable energy" of the green projects defined in the Green Bond Principles and the Green Bond Guidelines.

b. Negative impact on Environment

Possible negative environmental and social impacts of the projects covered by the Framework include the following:

- Destruction of the natural environment through deforestation and large-scale development of the target areas for the project
- Failure to reach agreement with the parties concerned in the surrounding areas of the project
- Noise and vibrations caused by the construction of the project (in the case of a project under construction)
- Impact on the environment due to damage to power generation facilities

In developing, constructing, and operating renewable energy facilities, including those subject to use of the proceeds, the Company will fully exploit expert knowledge and assess the potential negative environmental and social impacts. Target projects will be promoted after avoidance measures and countermeasures have been formulated to minimize the negative impacts of each case. JCR considers that the measures for these risks are appropriate.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify) : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

Funds raised by green bonds are managed by the Finance and Planning Division using a dedicated form. Receipts and withdrawals are booked by the Finance and Planning Division on the form, and are then approved by the CFO, and are scheduled to be periodically reported to the Management Committee. In addition, the Accounting Development Department carries out cash receipts and disbursements.

Tracking management is scheduled to be reviewed regularly by the Finance and Planning Division. In addition, the tracking control will be checked in the course of accounting audits by the auditing firm.

Funds raised by green bonds will be allocated within 3 years, and unallocated proceeds are expected to be generated from the issuance of green bonds for a certain period of time. The Company stipulates that unallocated proceeds will be managed in cash or cash equivalents in a particular account. In principle, businesses that can be covered by green bonds are held and operated in-house. However, in the event that the projects subject to the use of proceeds are no longer subject to the use of proceeds due to loss or impairment, the event will be disclosed on the Company's website and re-allocated to eligible projects as alternatives.

JCR evaluates the fund management as appropriate in light of the mechanisms by which funding is reliably dedicated to the eligible project, the appropriateness of follow-up fund management, the adequate construction of internal control for fund management, and robust management about the unallocated funds.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING**Overall comment on section (if applicable):****a. Reporting on proceeds allocation**

The Company will disclose the proceeds allocation of green bonds on an annual basis. If there is a change in the use of proceeds of the green bonds and unallocated funds are generated, the content will be disclosed in the same manner. JCR considers that the scheduled reporting on the status of fund appropriations is appropriate.

b. Impact reporting for environmental benefits

The Company plans to update annually on its website the annual GHG reductions and annual power generation, as defined in the Framework as an indicator of the impact of the assets covered by the green bonds. For businesses under development or construction, estimates of annual power generation and GHG reductions are planned to be disclosed at the time of green bond issuance but may not be projected depending on the progress of the projects. In such cases, as the project proceeds, the Company will promptly disclose the impact indicator as soon as the technological review proceeds and the calculation of the power generation forecast is completed.

JCR evaluates that the indices necessary for calculating environmental improvement effects are sufficiently disclosed and appropriate for the Company's planned reporting of environmental improvement effects.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Impact reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

frequency:☒ Annual☐ Semi-annual☐ Other (please specify):**Information reported (expected or ex-post):**☒ GHG Emissions / Savings☐ Energy Savings☐ Decrease in water use☒ Other ESG indicators (please specify):*Power Output,***Means of Disclosure**☐ Information published in financial report☐ Information published in sustainability report☐ Information published in ad hoc documents☒ Other (please specify):
Show on the website☐ Reporting reviewed

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Action for SDGs by RENOVA

<https://www.renovainc.com/en/corporate/sdgs/>JCR's website about green bond evaluation
methodology<https://www.jcr.co.jp/en/greenfinance/>**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**☐ Second Party Opinion☐ Certification☐ Verification☒ Scoring/Rating☐ Other (please specify):**Review provider(s):****Japan Credit Rating Agency, Ltd.****Date of publication:****July 21, 2020**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.