News Release

Japan Credit Rating Agency, Ltd.

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March 24, 2021

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

The Japan Credit Rating Agency, Ltd. (JCR) publishes the results of its Green Bond Evaluation as follows.

JCR Assigned Green 1 to Canadian Solar Dual Tenor Green Project Bond Trust (Ibaraki/Hiroshima) Beneficial Interest

Subject	:	Canadian Solar Dual Tenor Green Project Bond Trust (Ibaraki/Hiroshima) (Beneficial Interest)
Type	:	Beneficial Interest
Issue amount	:	JPY 2.48 billion
Date of Trust Period	:	March 24, 2021
Last day of the term of trust	:	March 13, 2041
Method of redemption	:	Scheduled redemption
Use of proceeds	:	Refinancing and new construction funds for the development of solar power facilities

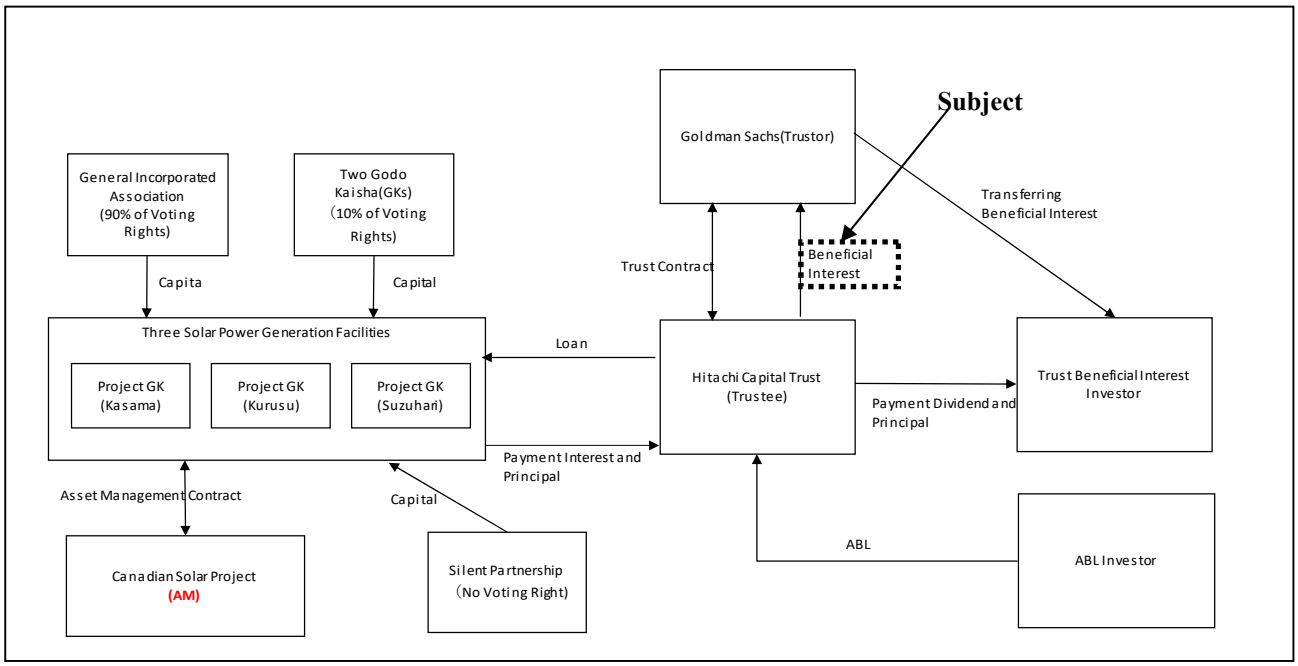
<Green Bond Evaluation Results>

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

Chapter 1: Evaluation Overview

The Project finance covers three solar power generation projects (the "Project") conducted in Kasama City, Ibaraki Prefecture, and Hiroshima City, Hiroshima Prefecture. The Project is carried out in Kasama City, Ibaraki Prefecture (Kasama site in Ibaraki Prefecture, and Kurusu site in Ibaraki Prefecture) and Hiroshima City, Hiroshima Prefecture (Suzuhari site in Hiroshima Prefecture). The main subject of the Project is each of project GKs for the Kasama site in Ibaraki Prefecture, the Kurusu site in Ibaraki Prefecture, and the Suzuhari site in Hiroshima Prefecture ("Project GKs"). The Project GKs receive investments from silent partnerships (without voting rights), general incorporated associations (90% of voting rights), and two limited liability companies (10% of voting rights). Due to the nature of the silent partnerships, no instructions are given to the Project GKs by the silent partnerships. The two Godo Kaisha have 10% of the voting rights in the Project and cannot affect their management. Therefore, general corporation

associations (voting rights ratio: 90%) have management rights, but the employees of the general incorporated associations of the Project are assumed by a third party, such as a certified public accountant, who has no interest in the scheme of the Project. Thus, assets such as power generation facilities of the Project GKs are managed by Asset Manager ("AM"), Canadian Solar Project ("CSP"), a subsidiary of Canadian Solar, Inc. ("CSI"), which is headquartered in Canada. As mentioned above, since the investors cannot influence the Project under the scheme, the Project will actually be operated by CSP, which is the AM of the Project.



The subject of this evaluation is the Beneficial Interest (the "Beneficial Interest") which is issued by Hitachi Capital Trust Corporation ("Hitachi Capital Trust") with loans for the Project set as an underlying asset. The Beneficial Interest's use of proceeds is to fund the refinancing of costs related to the acquisition of land in the construction of three solar facilities and to fund the construction cost of solar facilities. The funding ratio for refinancing and new construction is approximately 1:9. Solar power generation facilities, for which funds are to be used, have CO_2 reduction effects, and can be expected to be highly effective in improving environmental conditions. JCR has confirmed in interviews that appropriate countermeasures and good post-practice measures were taken with regard to negative effects on the environment anticipated in the implementation of the Project and actual events occurring.

CSP is engaged in the development of solar power plants in throughout Japan as a developer of solar power plants. As a CSI group company, CSP conducts the development business of solar power generation facilities with the aim of contributing to the expansion of the popularization of renewable energy in our country and the realization of a sustainable environmental society.

As mentioned above, JCR confirmed with CSP that the construction of the three solar power generation facilities has been carried out in accordance with appropriate procedures, and that appropriate measures had been taken to deal with the impact on the surrounding areas that occurred during the construction stage. In addition, risks to earthquakes, windstorms, hazards, and other natural disasters are investigated, and JCR confirmed that insurance is scheduled to be provided for anticipated risks. Consequently, the possibility of serious negative environmental impacts that exceed the benefits of environmental improvements is small, and JCR has evaluated it as a green project that greatly contributes to reducing CO_2 emissions.

JCR confirmed that CSP, as a member of the CSI Group, is working on environmental issues with a higher level of priorities based on CODE OF BUSINESS CONDUCT AND ETHICS (Business Ethics Code of Conduct) and environmental policies formulated by CSI. In addition, JCR confirmed that the management and operation system for

the green project, which will be use of funds of the Beneficial Interest, is stipulated in various contracts and is highly transparent.

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigned “g1” for the "Greenness Evaluation (use of proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green 1" for overall "JCR Green Bond Evaluation." Detailed evaluation is discussed in the next chapter.

The Beneficial Interest is considered to meet the standards for items required by the Green Bond Principles[1] and the Ministry of the Environment's Green Bond Guidelines.[2]

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's Green Bond Guidelines 2020
(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: use of proceeds of the Trust beneficial Interest will be allocated 100% to a green project, considering the factors described below.

(1) JCR's key consideration in this factor

In this section, JCR 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 evaluation

Overview of use of proceeds

a. On the environmental improvement effects of the Project

i. A substantial CO_2 reductions can be expected as 100% of the proceeds will be used to finance the construction of new solar facilities and the refinancing of the related funds.

The proceeds are used to the refinance of the cost of acquiring the land for the construction of the three solar power facilities (generating capacity: approximately 42.370 MW) described below and to finance new construction of the three solar power facilities. The three targeted facilities are scheduled to commence commercial operations from 2021 to 2022 as follows. According to the technical evaluation report submitted by CSP, the annual average power generation volume for the 20 years after the start of commercial operation is about 49,000 MWh, which is a project that is expected to reduce CO_2 by about 26,000 tons. Accordingly, JCR evaluates the Project as a project that can be expected to have a strong environmental improvement effect.

ii. The use of proceeds corresponds to "renewable energy" among the green businesses defined in the Green Bond Principles, and "renewable energy projects" among the green projects exemplified in the Ministry of the Environment's and Green Bond Guidelines.

Project Name	Location	Panel Output (kW)(*)	Expected Annual Power Generation (20 years average)(MWh)	Annual CO2 Reduction (t-CO_2)(**)	COD
Kurusu Site	Kasama, Ibaraki	11,340.00	13,633	6,203	2021/09
Kasama Site	Kasama, Ibaraki	13,569.36	15,462	7,035	2021/04
Suzuhari Site	Hiroshima, Hiroshima	17,461.08	19,992	12,715	2022/06
Total		42,370.44	49,087	25,953	

*: Power generation output based on output scale is described.
*: Methods of calculating CO_2 savings = Assumed annual power generation × Adjusted emission factor (FY2018 (latest figures))

b. Negative impact on the environment

Regarding the planned sites for the Project, the Kurusu site and Kasama site in Ibaraki Prefecture used to be mountainous forests. The Suzuhari site in Hiroshima Prefecture has been a vacant land after development was discontinued.

In the Project, the Kurusu site and Kasama site in Ibaraki Prefecture has cleared the mountainous forests and install solar power generation facilities. In terms of the development, JCR confirmed that the construction is properly carried out in accordance with laws and regulations that must be observed, such as the Forestry Law, and the development of the Project has already begun by signing an agreement in advance with the administrative district where the construction is to be carried out. In addition, several briefing sessions and meetings for neighboring residents were held prior to the start of construction, and JCR also confirmed that construction work had begun after briefing in advance.

Construction of the Suzuhari site in Hiroshima Prefecture is also carried out after obtaining the necessary development permits, as at the aforementioned two sites.

At the Kurusu site in Ibaraki Prefecture, in October 2019, Typhoon Hagibis, which caused a record-breaking heavy rainfall over a wide area including the Chubu, Kanto and Tohoku regions, caused some of the sediment at the construction site to flow into the premises (ponds, etc.) of neighboring residents. In regard to this matter, JCR confirmed from interviews with CSP and explanatory materials for neighboring residents that CSP was subsequently considering appropriate countermeasures as described below:

- Disposal of spilled soil
- Piping work that makes it easier to flow water
- Compensation for damage suffered by residents
- The contents of construction work will be changed so that similar events will not occur in the future
- Restoration of nature changed by sewage inflow

CSP complied with various laws and ordinances as mentioned above, but it was an event that occurred due to an unexpected amount of rainfall. CSP is proposing and implementing measures to prevent the recurrence of such an event after the CSP has responded to the inhabitants who suffered damage after the occurrence of the event, and after the measures mentioned above have been taken, CSP is expected to be equipped to withstand the rainfall that is one of the largest in the history of observation in Kasama City, where the Project site locates. Based on the foregoing, JCR evaluates that the assumed negative impact on the environment at the Kurusu site is identified, mitigated, and controlled.

In addition, at the Suzuhari site in Hiroshima Prefecture, there is a part of the site designated as a stream endangered by water on the hazard map of Hiroshima City by the Ministry of Land, Infrastructure, Transport and Tourism. JCR confirms that there are no cases of sediment disasters occurring in the vicinity of the site, and that if a sediment disaster occurs, recovery costs such as repairs and purchases of the facility are scheduled to be covered by damage insurance and other means. Based on the above, it is evaluated that the negative impact on the environment anticipated at the Suzuhari site is also identified, mitigated, and managed.

c. Consistency with SDGs Goals and Targets

The Project is categorized as a renewable energy among the projects exemplified by the Green Bond Principles and Green Bond Guidelines of the Ministry of the Environment. In light of ICMA's SDGs mapping, it contributes to the following SDGs goals and targets.

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 higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-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 transborder infrastructure, to support economic development and human well-being, 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 adaptive capacity to climate-related hazards and natural disasters in all countries

Evaluation Phase 2: Management, Operations and Transparency Evaluation

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

Rationale: The Project has allocated the funds 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

This section 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 evaluation

a. Goal

CSP's parent company, Canadian Solar, aims to contribute significantly to the maintenance of a sustainable environment as a so-called pure player specializing in the renewable energy field of solar power generation facilities. Through interviews with the management, JCR confirmed that it aims to contribute to the expansion of the dissemination of renewable energy in our country and the realization of a sustainable environmental society through the Projects covered by the Beneficial Interest.

b. Selection standard

JCR confirmed that CSP, which is engaged in development as an AM, is striving to mitigate the negative impact on the environment and to implement stable power generation projects over the long term by paying attention to the following points in the planning and development of the three solar power generation facilities.

i. Careful selection of land for facility construction

In the planning and basic design stages of development projects for photovoltaic power plants, the site for facility construction is selected after careful consideration of the following items.

(a) Environmental conditions

(b) Cooperation with interconnected electric utilities

(c) Easiness of securing premises

ii. Ensuring robustness of facilities

In the development project of solar power plants, business engineers such as second-class and third-class chief electricity engineers and first-class electricians are in charge of the promotion of project manager work. Under the supervision of these qualified engineers, prime contractors are placed with major EPCs with a wealth of track record.

In addition to structural checks by partnering engineering companies that take into account the structure and geology of facilities construction sites, design checks are conducted by CSI.

iii. Adoption of highly efficient and stable output modules

Canadian Solar Group modules are used in the solar power plant development project. The Canadian Solar Group provides 25-year output guarantees for solar modules it supplies.

iv. Minimization of power generation loss at facilities

In the design of development projects for photovoltaic power plants, efforts are being made to optimize the composition of equipment and materials to be procured and the design of equipment, etc., in order to control the loss of facility power generation due to external factors such as shadow effects and transmission loss.

JCR evaluates that the above selection criteria are appropriate.

c. Processes

With regard to the selection of the Project, CSP made the final decision on the investment after confirming the above selection criteria and consultation with CSI whose investment committee decide the allocation of funds with respect to project size, finance structure.

The selection criteria and process described above are outlined in this evaluation report to ensure transparency to investors.

2. Appropriateness and Transparency of Management of the Proceeds

(1) JCR's key consideration in this factor

The management method of the procured funds is usually assumed to be diverse by the borrower. JCR assesses whether the proceeds funded through issuance of the Green Bond are firmly allocated to the green project and a structure and internal system to easily track the allocation of the proceeds are in place.
JCR also attaches importance to confirming that the funds procured from the issuance of Green Bond will be allocated to the green project promptly, as well as evaluating the management and operation methods of the unallocated funds.

(2) Current status of evaluation targets and JCR evaluation

As previously discussed, the proceeds of the Beneficial Interest are expected to refinance the cost of related to the acquisition of land and the construction of the three solar facilities in the future through a loan to Project GKs. The ratio of refinancing and new construction is planned to be about 1:9.

Tracking management is not required because it is explicitly specified in the trust agreement for this matter that the proceeds of the Beneficial Interest will fund the refinancing of costs relating to land acquisition and future construction costs in connection with the construction of three solar facilities.

The deal until the Beneficial Interest has been issued and transferred to the investors are clearly defined in the trust agreement and the beneficial interest purchase and sales agreement. Therefore, JCR considered that controls are secured as long as businesses are conducted in accordance with the agreements.

The proceeds of the Beneficial Interest is expected to be used to refinance of land acquisition costs and new construction cost related to three solar facilities through Project GKs, with the entire amount paid to the Trustee, Hitachi Capital Trust, on the date of transfer of the Beneficial Interest. Loans from Hitachi Capital Trust to Project GKs are not made until the condition precedent are satisfied, and until then they are properly managed by Hitachi Capital Trust. In addition, if the solar facilities subject to funding are repaid prior to the final repayment date, the Beneficial Interest is also redeemed in accordance with the pre-determined waterfall in the loan agreements and trust agreements to the Project GKs. There is no required to be re-appropriated.

3. Reporting

(1) JCR's key consideration in this factor

In this section, JCR assesses that, at the time of issuance of the Green Bond, whether the disclosure system to investors and others before and after the issuance of the Green Bond is planned in detail and in an effective manner.

(2) Current status of evaluation targets and JCR evaluation

a. Reporting on the proceeds allocation

The Proceeds are expected to be used to refinance the cost of acquiring land for the construction of the three solar facilities and to make new investments for the construction of the three solar facilities. The drawdown of the loan to project GKs will be implemented in multiple times until August 2022. To investors, Goldman Sachs (Japan) Ltd., arranger on this matter, will in advance display its financial model through a product explanatory document, cash flow statement.

Regarding the status of appropriation of funds, the total project amount, fund amount procured from Trust Beneficial Interests and Trust ABL, and appropriated amount will be announced annually on the website. In the event of a material change in circumstances, such as the suspension or termination of the solar project prior to the end of the trust period of the Beneficial Interest, Hitachi Capital Trust is going to make disclosure to investors.

b. Reporting on environmental improvement effects

The following items are scheduled to be disclosed on the website for reporting on the three solar power generation facilities.

- Amount of power generated by the three solar power projects
- Reductions in CO_2 emissions from the generation of three solar power projects

JCR evaluates that the above reporting content is appropriate.

4. Organization's environmental activities

(1) JCR's key consideration in this factor

This section assesses whether the management team, the core of the Project, considers environmental issues to be of high priority in management, whether the Green Bond issuance policy and process, criteria for selecting green projects, etc. are clearly positioned by establishing a department that specializes in the environmental field or through collaboration with external organizations, etc.

(2) Current status of evaluation targets and JCR evaluation

a. CSI's environmental and social initiatives

CSI, CSP's parent company, is contributing more extensively and deeply to environmental and social considerations. According to the 2019 sustainability report published in September 2020, the Company's achievements in terms of environmental and social considerations are shown below:

i. Power Generation at CSI's holding PV plants has increased 19% over the past year. (December 2017: 3149 MW, June 2019: 4700 MW, June 2020: 5600 MW)

ii. Water consumption was reduced by about 10% per MW compared to 2018.

iii. As of 2020, CO_2 emissions per manufacturing 1 KW were reduced by about 7% compared to 2018.

CSI has also achieved excellent performances in terms of social considerations.

i. CSI has been engaged in social projects on six continents in the world, such as supporting Thailand's Buddhist International Solidarity Conference as installing 12kW solar power facility and the installation of solar power generation facilities at a medical center in Sierra Leone.

ii. In 2019, an average of 14.89 hours a year of training programs were provided for the total number of employees (14,346).

iii. CSI has principles on fair trade and provides a pleasant working environment for its employees and stakeholders through, for example, not doing business with mines with labor problems or with corporates that are engaged in forced labor.

In addition, there are clear indications of management's commitment to environmental and social considerations.

Chairman and CEO Dr. Shawn Qu describes environmental and social considerations as follows:

"Canadian Solar is looking at connecting our corporate strategy locally to sustainable goals. To do so we are basing ourselves on the United Nation's 17 sustainable development goals, which address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice."

In addition, CSI has the health and safety department as an environmental department and implements ISO14001 and other environmental management. In addition, when acquiring ISO14001, CSI conducts its operations in collaboration with outside experts such as TÜV Rhineland.

b. Environmental initiatives of CSP

As a subsidiary of CSI, CSP complies with CSI's environmental and social policies and conducts operations, based on CSI's "CODE OF BUSINESS CONDUCT AND ETHICS" (Business Ethics Code) and environmental policies.

As concrete initiatives, CSP and Canadian Solar Asset Management, the asset manager of Canadian Solar Infrastructure Investment Corporation ("CSIF"), donated to Marumori Town, Miyagi Prefecture, which was severely damaged by Typhoon Hagibis, CSIF currently owns the CS Marumori-machi Power Plant developed by CSP. In addition, CSP donated Daisen Canadian Garden to Daisen Town, Tottori Prefecture, where CS Daisen-cho Power Plant developed by CSP is located. Shown by these, CSP and other CSP-related companies such as CSAM are engaged in ESG initiatives and social contributions as members of the CSI Group.

JCR evaluates these as indications of the fact that management has positioned environmental issues as high priority management matters and is undertaking specific initiatives in the CSP.

(Reference) AM and AM Group Parent Company Overview

<Canadian Solar Project (CSP)>

Established in 2014, CSP is a group company of CSI listed on the U.S. NASDAQ market, a global manufacturer of photovoltaic modules and developer of photovoltaic power plants. CSP is engaged in the development of photovoltaic power plants in various places of Japan as a developer of photovoltaic power plants.

On its own website, CSP states: "CSP will be the first to link advanced technologies for solar modules that continue to be developed by group company CSI in order to power generation businesses in Japan, and provide a stable supply of environmentally friendly and safe energy in Japan."

<Canadian Solar, Inc. CSI)>

Established in Canada in October 2001, CSI is a global manufacturer of solar modules and the parent company of a sponsor and asset management company. It is oriented toward a vertical integration model in which the Group handles not only integrated production in manufacturing but also from development through operation of mega-solar power plants.

CSI have acquired the EMS certification of "ISO14001:2004" which specifies the specifications of the environmental management system in 2010.

In addition, the Company has established an Environmental Policy as one of its management policies, and CSP, as a CSI Group, conducts operations in compliance with the Environmental Policy.

The Environmental Policy stipulates that employees should be engaged in businesses to achieve and maintain the highest environmental standards. It also sets out, among other things, recognizing the importance of the surrounding environment and striving to provide projects and services that actually improve the environment.

Furthermore, the appropriateness and effect of environmental targets and performance, etc. are reviewed annually and reviewed, and the Environmental Policy is also reviewed periodically to ensure continuous conformity and performance. As a corporate group engaged in renewable energy business, management is conducted with an emphasis on the environment.

■Evaluation result

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigned “g1” for the "Greenness Evaluation (use of proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green 1" for overall "JCR Green Bond Evaluation."

The Beneficial Interest is considered to meet the standards for items required by the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

[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

[Assignment]

Subject	Issue amount	Trust Setup Date	Trust Termination Date	Evaluation
Canadian Solar Dual Tenor Green Project Bond Trust (Ibaraki/Hiroshima) (Beneficial Interest)	JPY 2.48 billion	Mar. 24, 2021	Mar. 13, 2041	JCR Green Bond Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible Analysts for this evaluation): Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, meaning and limits of JCR Green Bond Evaluation

   JCR Green Bond Evaluation, which is granted and provided by the Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured from the issuance of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. JCR Green Bond Evaluation does not fully indicate the extent to which the funds procured from such green bonds are allocated and the management, operation, and transparency of the use of the funds are ensured.

   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 & ESG in https://www.jcr.co.jp/en)) as JCR Green Finance Evaluation Methodology.

3. Relationship with Acts Related to Credit Rating Business

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

4. Relationship with Credit Ratings

   The Evaluation differs from credit ratings and does not promise to provide or make available for inspection a predetermined credit rating.

5. Third-party character of JCR

   There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

■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 Bond 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 UNEP FI Positive Impact Finance Principles
- 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 17g-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/).

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