

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

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

## JCR Assigned Preliminary Green 1 to Alma Diode Solar Green Project Bond Trust (Shimane) Trust Beneficial Rights

Subject	:	Alma Diode Solar Green Project Bond Trust (Shimane) Trust Beneficial Rights
Type	:	Trust Beneficial Rights
Issue Amount	:	To be determined
Dividend Rate	:	To be determined
Trust Establishment Date	:	To be determined
Trust Termination Date	:	March 30, 2041
Redemption Method	:	Scheduled Redemption
Use of Proceeds	:	Funds for Construction of a Solar Power Generation Facility

### <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

This is a project finance for a solar power generation business carried out by Alma Global Infrastructure LLC and Diode Ventures LLC in Onan-cho, Ochi-gun, Shimane Prefecture. The operator in this project is FIP Acquisition Godo Kaisha (the “Acquisition GK”) and the investor in the silent partnership for the Acquisition GK is Suimei LP. The Acquisition GK plans to acquire the employee's interest in Suimei Solar Park (the “Project GK”), which possesses related contracts and licenses for this project, from DMM.com Godo Kaisha (“DMM.com”) and start the business at the end of March 2021.

The subject to be evaluated is trust beneficiary rights (the “Trust Beneficiary Rights”) issued by Hitachi Capital Trust Corporation, backed by loans for a solar power generation project to be conducted by Onan-cho, Ochi-gun, Shimane Prefecture. The use of proceeds of the Trust Beneficiary Rights is to acquire ownership of the solar power generation facility from DMM.com, the limited liability company that originally developed the solar power generation facility. The solar power generation facility, which is subject to the use of proceeds, has CO2 reductions and can be expected to have significant environmental effects. JCR confirmed that appropriate measures have been taken to deal with the negative environmental impacts assumed in the implementation of the project.

Under this scheme, Diode Ventures, LLC (“Diode”) provides part of the development funding in the form of a silent partnership investment, and also plays a central role in the construction of the solar power generation facility by leveraging its full turnkey development experience in solar power generation projects. Therefore, JCR confirms the initiatives of Diode and its parent company, Black & Veatch (“BV”).

Since its founding in 1915, BV has provided engineering, procurement, construction and consulting services for various infrastructures, and it has been designing and building renewable energy infrastructure for several years. In 2019, BV announced in a message from the CEO on the company website that BV has renewed its Mission, Vision, and Values to focus more on sustainability. Diode’s role in developing the solar power plant as a sustainable project will contribute to the achievement of the goal.

On developing this project, JCR confirmed that no environmental problems existed at the project through a hearing from DMM.com, and also confirmed that financially necessary measures were taken for risks such as sediment disasters. As a result, there is no possibility of a serious negative environmental impact exceeding the environmental improvement effect. JCR evaluated that the project is a green project that greatly contributes to the reduction of CO2 emissions. JCR also confirmed that BV’s management has a high priority in addressing environmental issues, that it has established a sustainability policy for those issues, and that it has established an appropriate organizational structure and is conducting its operations accordingly. JCR also confirmed that as a subsidiary of BV, Diode is conducting its operations in accordance with BV’s sustainability policy. In addition, JCR confirmed that the management and administration system for the project, which is the use of proceeds of the Trust Beneficiary Rights, is stipulated in various contracts and is highly transparent.

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" with regard to the Trust Beneficiary Rights. Consequently, JCR assigns "Green1" for overall "JCR Green Bond Preliminary Evaluation." Detailed evaluation results are discussed in the next chapter.

The Trust Beneficiary Rights meet the standards for the Green Bond Principles and the items required by the Ministry of the Environment's Green Bond Guidelines.<sup>12</sup>

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<sup>1</sup> ICMA(International Capital Market Association) Green Bond Principles 2018

<sup>2</sup> Ministry of the Environment Green Bond Guidelines 2017

## 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 Trust Beneficial Rights will be allocated to a green project, considering the factors described below..

### (1) JCR's Key Consideration in This Factor

In this section, JCR assesses whether the proceeds will be allocated to green projects that have explicit improvement effects on the 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

#### a. Environmental Improvement Effects of the Project

##### i. 100% of the use of proceeds are used as the funds for acquiring the ownership of a solar power generation facility, which is highly effective in reducing CO<sub>2</sub>.

The subject of the use of proceeds is a solar power generation facility (capacity: 47.099MW) as described below. The solar power generation facility is currently under construction and is scheduled to start operation at the end of March 2021. According to the technical evaluation report submitted by the Project GK, JCR considers it a project with a high environmental improvement effect although the specific amount of power generation is not disclosed.

The site for the project was once a golf course, but its use was changed to the solar power generation facility.

##### ii. The use of proceeds falls under “Renewable Energy” among the green projects defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines.

<List of the use of proceeds>

Project Name	Location	Power Generation (kW)
Project Suimei	Onan-cho, Shimane	47,099

(\*): Estimated power generation and assumed CO<sub>2</sub> reductions are not disclosed.

#### b. Negative impact on the environment

The site was used as the Suimei Country Club for 20 years from 1995 to 2015. No groundwater contamination or waste contamination was generated during the period. In conducting the project, DMM.com, which originally developed the solar power generation facility, represents and warrants the absence of environmental problems related to the project in the business transfer agreement with the Project GK. On the other hand, the site is designated as a warning area for debris flow and steep slope on the hazard map of Onan-cho by the Ministry of Land, Infrastructure, Transport and Tourism. JCR considers that there is little possibility that even if a sediment-related disaster does occur, those risk become apparent as only a portion of the site is specified as dangerous locations such as sediment-related disasters. In addition, JCR has confirmed

that insurance covers the costs of repairs and purchases of equipment caused by natural disaster, as well as the coverage of revenues during construction. JCR also confirmed that the aforementioned landslide disasters have not occurred since the site was used as a golf course.

### c. Consistency with SDGs goals and targets

The project is classified as renewable energy. JCR evaluated the project contributes to the following SDGs objectives and targets, referring to the SDGs mapping of ICMA.



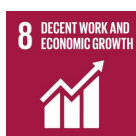
#### Goal 3: Ensure healthy lives and promote well-being for all at all ages

**Target 3.9. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and 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, Operation and Transparency Evaluation

JCR assigns “m1”, the highest rating of on JCR Evaluation Phase 2: Management, Operation and Transparency Evaluation.

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 Process 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

The sponsor, Diode, was established in 2017 as a wholly owned subsidiary of BV, a global EPC company. In 2019, BV renewed their Mission, Vision and Values stating, “The critical human infrastructure we design, build, optimize and enable improves the quality of life around the world, spurring economic growth and driving towards a more sustainable future.” Diode’s support in the development of the solar power generation facility contributes to the achievement of the above goal, as well as an overall contribution to the reduction of greenhouse gases.

##### b. Selection standard

In selecting solar power generation projects, Diode’s review includes evaluating if the project will contribute to environmental improvements, and ensuring it can be developed in compliance with relevant laws and regulations.

Specifically, Diode selects solar power generation facilities with consideration but not limited to the following:

- Ensure necessary procedures have been implemented and confirming the applicable laws and regulations such as the Forestry Law have been abided by when constructing the facility;
- Conduct prior explanations and proper notices to local residents before constructing the facilities.
- Confirm the site for the project meets certain standards and requirements for successful solar power delivery.
- Verify that the project will be operated continuously for more than 20 years meeting the standard power delivery requirements.

JCR evaluates the above selection criteria as appropriate.

### **c. Process**

The solar power generation selection process involves in-house meetings to analyze the projects with key members of finance, legal affairs, BV Power business, including leadership within both BV and Diode. Ultimately, the project will be reviewed through an executive review process within BV and Diode before a final decision will be made.

The above selection criteria and processes 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

It is usually assumed that the management of the proceeds varies widely depending on the issuer. JCR assesses whether the proceeds are securely appropriated to the green project and whether a mechanism and internal system are in place to enable easy tracking and management of the appropriation of funds.

JCR also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the proceeds will be allocated to the green projects at an early stage.

### (2) Current status of evaluation targets and JCR's evaluation

Proceeds from issuance of the Trust Beneficiary Rights will be used as funds for acquiring ownership of the solar power generation facility.

Tracking management is unnecessary as it is clearly stipulated in the Loan Agreement and the Trust Agreement that the proceeds from issuance of the Trust Beneficial Rights is directed to funds for acquiring ownership of the solar power generation facility.

Transactions until the Trust Beneficiary Rights are delivered and transferred to investors are clearly stipulated in the agreements. Therefore, as long as businesses are carried out in accordance with the various contracts, the control is considered to be secured.

In addition, the entire amount of the proceeds has been appropriated for the acquisition of the loan receivables by paying the charge to Hitachi Capital Trust Corporation on the date of the transfer of the Trust Beneficiary Rights, and no unallocated funds will be generated. In addition, if the loan is repaid before the last repayment date, the Trust Beneficial Rights will also be repaid in accordance with the waterfall predetermined in the trust agreement, and therefore, JCR considers that it is not necessary to reallocate the proceeds.

### 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 funds allocation

As confirmed in the previous section, the funds raised by the Trust Beneficiary Rights will be immediately appropriated for funds for acquiring ownership of the solar power generation facility. Therefore reporting of unappropriated funds during the period is not necessary. However, in the event of a major change in circumstances, such as the suspension or termination of the solar power generation project subject to the use of proceeds prior to the end of the trust term of the Trust Beneficiary Rights, Alma Global, one of the sponsors of the silent partnership of the project, is scheduled to disclose the information to investors in accordance with the agreement.

##### b. Reporting on environmental improvement effects

Reporting on the target facility will be disclosed annually in the materials sent to investors by the Hitachi Capital Trust Corporation, which is the trustee of the Trust Beneficiary Rights. Reporting on the environmental effects to be disclosed is as follows.

- Amount of power generated by the solar power generation facility
- Details of inspections and defects in the solar power generation facility

JCR evaluates the above reporting detail as appropriate.



## 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

#### **Black & Veatch and Diode's Environmental Initiatives**

BV, the parent company of Diode, is a technical, procurement, construction and consulting firm that specializes in various infrastructure sectors including water, telecommunications and power. BV's headquarters is in Overland Park, Kansas which is located in the Kansas City metropolitan area. In the renewable energy sector, BV designs and builds solar power, storage batteries, and wind infrastructure. In the conventional power generation sector, it is engaged in the improvement of the atmospheric environment, recovery of carbon in the atmosphere and exhaust gases, and low-carbon power generation using new technologies. In other sectors (distribution, water, communications, agriculture, and federal government relations), it is working to promote environmentally friendly businesses.

In accordance with its own safety and environmental management system, BV has positioned environmental problems as the most important issue in its business. It carries out its business after confirming compliance with all applicable environmental laws and regulations and approval for development. In particular, in the case that it is in charge of construction, it carries out the project after confirming that EPC contractors, including subcontractors, are in compliance with all applicable laws and regulations.

BV has been working on its sustainability initiatives after the Sustainability Committee set the Sustainability Policy in 2008. The initiatives are conducted under the leadership of BV's officers and reported to Chairman and CEO. In addition, BV has its "BV 2023 Strategy", and sustainability is a core element. It calls for helping customers achieve their sustainability goals and focusing on expanding their sustainability programs. BV also made signatories to three principles and pledges (United Nations Global Compact, United Nations Caring for Climate pledge and United Nations CEO Water Mandate pledge) advocated by the United Nations, which show its clear commitments to human rights, labour, the environment, anti-corruption, water resources management, and climate change.

During the first half of 2020, BV is conducting a materiality assessment with stakeholders, including customers and business partners to develop a cross-functional sustainability agenda for environmental protection, social justice, economic development, and good governance. The principles and commitments in the three principles proposed by the United Nations will form the core agenda, and the outcome of the assessment will be a new set of priorities, quantitative commitments and detailed action plans.

These activities are driven by the Innovation Team, which plays a leading role in the implementation of the sustainability program, and the Sustainability Program Manager directs the sustainability program under the guidance of the Sustainability Steering Committee. The Sustainability Steering Committee is composed of representatives of the departments in BV, subsidiaries and operating countries, who are responsible for all of their sustainability programs. They are also in charge of collaborative work with each business division on the initiation of a new service of the innovation team, the development of a new business with the axis of sustainability, and the sharing of collaboration and experience across business departments.

In addition to the Sustainability Steering Committee, the Sustainability Program manager is supported by a network of office sustainability champions, Sustainability Analysts, and other professionals whose role relates to a specific commitment and/or action.

BV has approximately 200 experts engaged in environmental activities in the power generation, water resources, telecommunications and federal business sectors, and conducts environmental activities in each sector.

Diode, a subsidiary of BV, also has expertise in managing and operating photovoltaic power generation projects and conducts business with full support from BV. Diode's President reports to Chairman and CEO of BV, confirming that BV's sustainability policy will be implemented as a group.

Based on the above, JCR evaluates that management positions environmental issues as a high-priority issue for BV and Diode organizations, and that departments with specialized knowledge are clearly involved in the selection of green bond procurement policies and processes and green projects.

(BV 2023 Strategy)



## ■Evaluation result

Based on JCR Green Bond 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” to the Trust Beneficiary Rights. Consequently, JCR assigns “Green1” as overall "JCR Green Bond Preliminary Evaluation." The Trust Beneficiary Rights meet the standards for the Green Bond Principles and the items required by 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

## ■Scope of Evaluation

### [Assignment]

Subject	Issue Amount	Trust Setup Date	Trust Termination Date	Dividend Rate	Preliminary Evaluation
Trust Beneficial Rights	TBD	TBD	March 30, 2041	TBD	JCR Green Bond Evaluation :Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

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## 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.

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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)

### ■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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