

———— JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd. ————

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

JCR Assigned Green1 to Long-term loan borrowed by Nagoya Railroad Co., Ltd.

S u b j e c t : Long-term loan borrowed by Nagoya Railroad Co., Ltd.
T y p e : Long-term loan
L e n d e r : MUFG Bank, Ltd.
B o r r o w i n g
A m o u n t : JPY 1 billion
L o a n E x e c u t i o n
d a t e : March 29, 2019
M a t u r i t y d a t e : March 31, 2023
R e p a y m e n t
m e t h o d : Lump-sum repayment at maturity
U s e o f p r o c e e d s : New investment in Green Building

<Green Loan Evaluation Results>

Overall evaluation	Green 1
Evaluation of Greenness (use of proceeds)	g1
Evaluation on Management, Operation and Transparency	m1

Chapter 1: Evaluation Overview

Nagoya Railroad Co., Ltd. (Meitetsu) is one of major private railway companies in Japan. Meitetsu was founded in June 1894 as Aichi Horsecar and re-established in June 1921. Following the transfer of the city internal line to Nagoya City in 1922, Meitetsu was merged with Mino Electric Railway in 1930 and with Kagamihara Railway and Aichi Electric Railway in 1935, and the current foundation was established.

Meitetsu is engaged in a wide range of business activities, including transportation, real estate, and other businesses centered on railways. Among these, in the transportation business, as a result of expanding the route network in the main railway business, Meitetsu has 444.2 kilometers of railway route in Aichi and Gifu prefectures,

which is the third largest private railway in terms of the number of railway operating distances. In the Real Estate business, Meitetsu has many real estate leasing facilities in the vicinity of Nagoya Station and major stations along the railway lines. These two businesses are the main sources of profit.

Loan subject to evaluation is long-term loan borrowed by Meitetsu. The proceeds of the loan will be allocated to new investments in office buildings with environmental performance equivalent to CASBEE Nagoya A rank. JCR confirmed that the environmental performance of the building has sufficient environmental improvement effects and that is a green eligible project as defined in Meitetsu's Green Finance Framework. JCR has confirmed that there is few possibility of a serious negative impact on the environment from this building that will exceed the environmental improvement effect. JCR evaluate that the building which the use of proceeds to be allocated has environmental improvement effects, including the CO₂ emission reductions.

Regarding the management and operation, in the selection and process of the target project, a request for approval was made by the General Manager of Finance and Accounting Department. Target project is reported in “Meitetsu Group Action and Eco Promotion Committee” where the General Manager of Public Relations Department is chaired and it consists of Meitetsu's directors and executives of major Meitetsu Group companies. JCR confirmed that the project approval system was properly established and reported to top management. In addition, JCR also confirmed the robust management and operation system and high transparency of Meitetsu, as the internal control system for cash management was properly established and the disclosure system before and after the execution of green finance is appropriate.

As a result, JCR assigns "g1" for "Evaluation of Greenness (Use of Proceeds)" and "m1" for "Evaluation on Management, Operation and Transparency". Consequently, JCR assigns "Green1" as an overall evaluation results to the loan. The evaluation results are described in detail in the next chapter.

The loan is considered to meet the standards for items required by the Green Loan Principles and the Green Bond Guidelines issued by the Ministry of Environment of Japan.¹²

¹ Green Loan Principles composed by LMA (Loan Market Association), APLMA(Asia Pacific Loan Market Association)

² 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 loan 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 evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

i. 100% of the proceeds will be allocated to new investment classified into Meitetsu's green eligible projects, which have high environmental improvement effect.

In the Green Finance Framework, Meitetsu specifies the following uses of the proceeds as eligible for the use.

1. Use of proceeds

(Overview of Use of Proceeds)

Projects which have environmental improvement effects such as items listed on "Meitetsu Eco Plan: Actions to reduce environmental impact" and other projects.

- Projects related to clean transportation
 - Purchase of rolling stock equipped with variable frequency drive and weight reduction of rolling stocks
 - Introduction of heavy railway tracks and longer railway tracks than ordinary one.
- Projects related to energy efficiency
 - New construction and acquisition of environmentally-friendly buildings and energy-saving renovation of buildings, such as those evaluated by local governments, etc.

Eligibility Criteria

- Projects that comply with laws and regulations
- Projects where environmental improvement effects and negative environmental impacts are appropriately avoided
- Projects that measure environmental improvements (CO₂ emissions and reductions in energy consumption) in the railway business
- Projects to improve the efficiency of railway operations (such as shortening operating hours)

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- A Property that has obtained or plans to obtain the following environmental certification (including self-evaluation) in the real estate business.
CASBEE B+ or more, BELS certification three stars or more
- Renovations, Which energy efficiency effects of 10% or more or reduction in water consumption is expected.

The use of proceeds of the loan is new investments for the construction of office buildings "(tentative name) Meieki 1-chome Project", which belong to eligible projects as set forth in its green finance framework. This building is evaluated as Rank A (very good) in CASBEE Nagoya and submitted to local government. CASBEE Nagoya is Nagoya City's evaluation system using CASBEE, and CASBEE for building (New Construction) is used to evaluate the "(tentative name) Meieki 1-chome Project". It is planned to ensure sound insulation and sound absorption, to improve BEI values by adopting high-efficiency equipment, and operate efficiently by adopting BEMS. JCR evaluates this building as having an environmental improvement effect.³⁴

<Project>

Property Name	(Tentative name) Meieki 1-chome Project
Location	1004, Meieki 1-chome, Nishi-ku, Nagoya, Aichi
Principal uses	Office
Site area	2,236 m ²
Total floor area	18,860 m ²
Number of stories	Basement floor and 14 floors above ground
Completion	May 2020 (planned)
Environmental certification	CASBEE Nagoya A Rank
Features and environmental performance	<ul style="list-style-type: none"> • This project is constructing the building of Fourteen-story leased office located four minutes' walk from Nagoya Station. • In terms of environmental features, in addition to considering sound by ensuring sound insulation and absorption, They will improve the comfort of workers in consideration of the indoor temperature and heat environment and the light environment. • They are also adopting high-efficiency equipment, the BEI will be improved, and efficient operation will be promoted by adopting BEMS and ensuring operational control systems.

ii. The use of proceeds falls under the category of "Green buildings with regional, national or internationally recognised standards or certifications" and "Energy efficiency".

b. Negative impact on the environment

Meitetsu complies with environment-related laws for properties and verifies the negative impact on the environment through the assessment of energy efficiency conformance and the submission of CASBEE Nagoya. In addition, Meitetsu held explanatory meetings for local residents, and JCR confirmed that no specific complaints were received.

³ The BEI (Building Energy Index) is a measure of energy conservation performance relative to the reference value, using the primary energy consumption as the numerator and the primary energy consumption as the denominator.

⁴ BEMS(Building Energy Management System) is a system for reducing energy consumption by controlling the operation of equipment and facilities in buildings.

Above these, JCR has confirmed that there is little possibility of a negative impact on the environment caused by office building that will be financed by this loan.

c. Consistency with SDGs goals and Targets

This project is classified into "Green buildings with regional, national or internationally recognised standards or certifications" and "Energy efficiency". JCR evaluated this project as contributing to the following SDGs objectives and targets while referring to the SDGs mappings of ICMA.



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

Target 7.3. By 2030, double the global rate of improvement in energy efficiency.



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

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 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

(Reference) Certification System for each Green Building

① CASBEE

CASBEE is an acronym for the English name of Comprehensive Assessment System for Built Environment Efficiency.

This is a method for evaluating and rating the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for buildings was established as a joint project with industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Since then, the committee has been continuously conducting development and maintenance. In addition to CASBEE for Buildings and CASBEE for Urban Development, assessment tools include CASBEE for Real Estate developed to provide easy-to-understand environmental performance to the real estate market.

The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B (Slightly Poor), and Rank C (Poor) (CASBEE-real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)).

Some municipalities are obligated to submit environmental plans when constructing buildings of a certain size, using CASBEE.

② BELS

"BELS" is an English acronym for Building-housing Energy-efficiency Labeling System.

In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism formulated the "Guidelines for Labeling Energy Conservation Performance for Non-Residential Buildings (2013)." Based on these guidelines, a third-party organization was established with the purpose of properly evaluating and labeling the energy-saving performance of non-residential buildings. Subsequently, in July 2015, the Act on Improvement of Building Energy Consumption Performance (Building Energy Conservation Act) was promulgated, and Article 7 of the Act stipulates that business owner of housing business and other businesses selling or leasing buildings must make efforts to indicate the energy consumption performance of buildings. Along with the enforcement of the Act on the Rational Use of Energy in Buildings, BELS is positioned as a third-party certification system for the guideline for energy conservation performance labeling based on Article 7 of the Act. From April 2016, housing was added to the scope of evaluation and currently all new and existing buildings are subject to evaluation.

The evaluation results are expressed in stars by the achievement values of the energy efficiency standards.

They are represented by five stars, four stars, three stars (guidance criteria), two stars (energy efficiency criteria), and one star (existing energy efficiency criteria).

Evaluation Phase 2: Evaluation on Management, Operation and Transparency

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

Rationale: This project will be 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

This section confirms that the objectives to be achieved through the green loan, 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

In 1998, "Meitetsu Eco Vision" was formulated as an environmental policy to recognize the environmental burden of business activities and to reduce the burden on the environment, as Meitetsu is expanding its business mainly on railways and buses, which are said to be energy-efficient and environmentally friendly as a means of mass transportation. Meitetsu has been carrying out environmental activities on an ongoing basis. In 2006, the Meitetsu Group established "Meitetsu Group Eco Vision", an environmental policy for the entire Meitetsu Group, based on the recognition that it is necessary to develop and promote initiatives for global environmental conservation on a group-wide basis, with the aim of contributing to the realization of the basic philosophy and the four basic policies.

[Meitetsu Group Eco Vision]

Basic principle

Meitetsu Group aims to be an environmentally friendly company by considering environmental issues on a global scale and acting at the local and individual levels.

Basic policy

1. Improvement the Awareness of Environmental Issues among Every Employee

We will strive to raise awareness through environmental education and awareness-raising so that each and every employee can act in order to realize a sustainable society and to understand global environmental issues correctly.

2. We strive to improve and provide our environmental conservation-related technological capabilities

Leveraging the Group's wide-ranging businesses, each company aims to reduce its environmental burden by sharing its own and developing environmental conservation businesses and know-how and providing them to society.

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3. We value cooperation with local communities and make social contributions to environmental conservation. We will work with local communities and other stakeholders to improve global environmental conservation. We will also deepen dialogue with all stakeholders by disclosing environmental information.
4. Ensuring Proper Understanding and Compliance with Environmental Laws and Regulations
In accordance with Meitetsu Group Basic Policy on Corporate Ethics, we will strive to prevent and reduce environmental risks through mutual exchange of information among Group companies, as well as understanding and compliance with environmental laws and regulations.

In accordance with "Meitetsu Group Eco Vision", Meitetsu Group has formulated "Meitetsu Group Action and Eco Mid-Term Plan (FY2018 to FY2020)". As priority themes, Meitetsu Group is promoting concrete initiatives under the themes of "Enhancement of Environmental Awareness", "Reducing Environmental Impact", "Promotion of Environmental Communication" and "Compliance with Environmental Laws and Regulations". In addition, each Group company has established its own environmental policies and is implementing concrete initiatives.

The use of proceeds of this loan is new investment in "(tentative name) Meieki 1-chome Project". Among the basic principle and four basic policies set out in "Meitetsu Group Eco Vision", JCR evaluates that this project is in line with "2. We strive to improve and provide our environmental conservation-related technological capabilities" and contributes to the "introduction of energy-saving equipment" as second priority themes in "Meitetsu Group's Action and Eco-Mid-Term Plan (FY2018 to FY2020)".

b. Selection standard

The eligible project standards for Meitetsu's real estate under the Green Finance Framework are those properties that have obtained or are scheduled to obtain either CASBEE Certification B+ or more or three or more stars of BELS Certification. JCR evaluates the selection criteria for buildings with environmental improvement effects as described above in "Phase 1: Greenness Evaluation."

c. Processes

Public Relations Department checks whether the project is eligible for the use of green finance. Subsequently, an internal approval procedure to choose an eligible project, whose final approver shall be the director in charge of Finance and Accounting Department, is processed. "Meitetsu Group Action and Eco Promotion Committee", chaired by the director of Public Relations Department, is scheduled to report to the Board of Directors of Meitetsu and executives of major Meitetsu Group companies.

Finance and Accounting Department shall select a candidate project for the selection of the use of proceeds for this loan and the execution of the loan. After Public Relations Department confirms the eligibility of a green loan, a request for approval is submitted to the General Manager of Finance and Accounting Department. Subsequently, "Meitetsu Group Action and Eco Promotion Committee", which consists of directors of Meitetsu and directors of major Meitetsu Group companies, will be reported. Based on the above, JCR evaluate that Meitetsu Group has a system in place to evaluate and select eligible projects and to allocate proceeds from this loan in accordance with the environmental policy of Meitetsu Group, and that the management team is appropriately involved in the selection process.

Since the above selection criteria and processes are disclosed in this evaluation report, transparency is ensured for lenders.

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 firmly allocated to the green project, the project have internal systems to easily track the allocation of the proceeds and the money funded by the loan will be allocated to the green project at once. JCR also considers the evaluation of asset management of unallocated money.

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

(2) Current status of evaluation targets and JCR evaluation

- a The use of proceeds of the long-term loans will be fully allocated to the new investment for the construction of the "(Tentative name) Meieki 1-Chome Project" described in this report, and will not be used for any other purposes.
- b Meitetsu manages proceeds of this loan through its internal system. Remittance shall be approved by the person in charge of Finance and Accounting Department, and payment shall be approved by the head of the real estate development department and then finally approved by the person in charge of Finance and Accounting Department. For account management, Finance and Accounting Department will be tracking on the internal system so that the proceeds are used to pay for the target project. The proceeds from this loan will be allocated to new investment for the construction of the "(Tentative name) Meieki 1-Chome Project" within three years after the execution of this loan. Therefore, Meitetsu is planning to periodically confirm that the difference between the amount procured and the amount allocated to the project or the entire amount was allocated until the repayment of the Green Loan.
- c At Meitetsu, JCR confirmed that the audit corporation conducts quarterly accounting audits and that the accounting books are maintained appropriately in preparation for audits. In addition, JCR also confirmed that Internal Audit Department conducts accounting audits and audits of internal controls on a regular basis.
- d The proceeds from this loan will be fully allocated to new investment for the construction of "(Tentative name) Meieki 1-Chome Project" within three years after the execution of this loan. Unallocated proceeds are managed in cash or cash equivalents (including Certificate Deposits), and Meitetsu plans to regularly confirm the allocation of Proceeds as described above. JCR confirms that any unallocated proceeds will be disclosed by Meitetsu to the lender if such proceeds are generated due to the cancellation of the project before the repayment of this loan.

As a result, JCR evaluates the appropriateness and transparency of Meitetsu's cash management as high.

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 loans is planned in a detailed and effective manner at the time of the execution of green loans

(2) Current status of evaluation targets and JCR evaluation

a. Reporting on the proceeds allocation

The use of proceeds for this loan is described in the loan agreement with the lender and disclosed to the lender in this evaluation report. The amount of proceeds will be disclosed annually to lenders after approval by these General Managers of Finance and Accounting Department and Public Relations Department. This loan will be fully allocated to new investment for the construction of the "(Tentative name) Meieki 1-Chome Project". The entire amount of this loan will be allocated in three years after the loan is executed, and a report on the status of allocation will be submitted to the lender after the approval of these General Managers of Finance and Accounting Department and Public Relations Department once a year. In addition, JCR has confirmed that Meitetsu will disclose to lenders in the event of a major change in circumstances, such as the discontinuation of this project resulting in unallocated proceeds.

b. Reporting on environmental improvement effects

In the Green Finance Framework, Meitetsu plans to disclose the following items as reporting items related to environmental improvement effects in the "Projects related to energy efficiency".

- Status of CASBEE and BELS Environmental Certification (including self-evaluation)
- Introduction of energy-saving equipment

Meitetsu will be reviewed by JCR annually on the accuracy of its reporting until the loan repayment.

JCR considers that the reporting is intended to appropriately disclose to lenders both the use of proceeds and the effects of environmental improvement.

4. Organization's environmental activities

(1) JCR's key consideration in this factor

This section evaluates whether the borrower's management positions environmental issues as a high-priority management issue, and whether the green loan borrowing 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 evaluation

Meitetsu Group's management philosophy set forth in Meitetsu Group's Management Vision formulated in 2005 is "We, Meitetsu Group, aim to "be a top brand of trust" that is loved by local communities through businesses that realize affluent lifestyles". Based on this philosophy, we are committed to global environmental conservation activities as one of the fulfillment of our social responsibilities.

As part of this initiative, Meitetsu Group has established "Meitetsu Group Eco Vision" in 2006. To realize this vision, Meitetsu Group has been actively promoting environmental conservation activities on a group-wide basis, setting forth basic policies such as "Improving the awareness of environmental issues among every employee" and "We strive to improve and provide our environmental conservation-related technological capabilities". In addition, the "Action Eco Medium-Term Plan" was formulated for the three-year period from FY2018 to FY2020, and efforts are being made to reduce energy consumption and environmental impact by promoting concrete activities such as the introduction of energy-saving trains, eco-activities in offices, reduction of waste, and improvement of recycling rate.

"Meitetsu Eco Plan", an environmental policy that outlines the fundamental concept of environmental activities, was formulated in 2007 by Meitetsu as its action guidelines, which include "Reducing the environmental Impact", "Improvement in the convenience", "Contribute to local environment", and "Compliance with environmental laws and regulations". In addition, the "Action Targets" have been formulated in accordance with these Guidelines, and various concrete measures are being taken.

[Meitetsu Eco Plan (Nagoya Railroad Co., Ltd. Environmental Policy)]

Action guideline

<Reducing the environmental impact>

1. Reduce greenhouse gases by setting targets for energy efficiency and recycling.

Achieve the operating power reduction target (basic unit).

Achieve 100% recycling rate for end-of-life tickets.

<Improvement in the convenience>

2. We will provide efficient and convenient public transportation services and promote the use of environmentally friendly railways.

<Contribute to local environment>

3. We will work with local residents to promote environmental conservation activities and contribute to the creation of environmentally friendly local communities.

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<Compliance with Environmental Laws and Regulations>

4. We will awareness of environmental issues and ensure thorough compliance with environmental laws and regulations.

Action Targets

Each department sets environmental action targets in accordance with the business operations under its jurisdiction. All department managers declare the content as "Eco-Manifests" and review it annually.

"Projects related to clean transportation", which is an eligible project, indicated in Meitetsu's Green Finance Framework, is exemplified in the Environmental Report as a project that contributes to the reduction of environmental impacts under "Meitetsu Eco Plan". In addition, "Projects related to energy efficiency" is regarded as falling under the category of "We strive to improve and provide our environmental conservation-related technological capabilities" in basic policy of "Meitetsu Group Eco Vision". JCR evaluates Meitetsu Group Eco Vision as an example of how it is reflected in each company's environmental policies and embodied in more concrete projects.

In addition, Meitetsu encourages local residents to use public transportation, such as its own railway businesses, under the slogan "ECO MOVE by train" as "making it a simple and familiar environmental activity" compared to private cars. In railway businesses, Meitetsu introduced rolling stocks equipped with regenerative brakes that allow electric power generated by the train to act as a generator when the train brakes, return the electric power generated to the overhead line, and reuse (regenerate) the electric energy of other trains in operation. Rolling stocks equipped with variable frequency drive control functions, which control the acceleration and speed of the train by efficiently controlling the voltage and frequency of the alternating current motor, also have been successively introduced. The number of rolling stocks equipped with regenerative brakes or variable frequency drive has increased from 78% to 89.9% among the 1,072 vehicles registered at the end of FY2017 compared to 10 years ago. JCR evaluates this as an indicator of Meitetsu's efforts to reduce its environmental burden.

Meitetsu Group's Environmental Report 2018 also includes a message from the President. JCR evaluates these initiatives as an indication of management's high interest in environmental issues and high priority issues.

Meitetsu has Public Relations Department as a department with specialized knowledge of environmental issues. The department is responsible for preparing basic policies on environmental measures, the secretariat of "Meitetsu Group Action and Eco Promotion Committee", preparing environmental reports, and other information dissemination activities. Meitetsu also participates in meetings with private railway companies to exchange opinions on the environment, and regularly exchanges opinions with them.

In executing this loan, Finance and Accounting Department selects a candidate project and Public Relations Department confirms its eligibility as a green loan, and then Finance and Accounting Department General Manager makes a decision. Subsequently, report will be made on "Meitetsu Group Action and Eco Promotion Committee", which consists of directors of Meitetsu and directors of major Meitetsu Group companies.

JCR considers environmental issues to be a high priority for the management of these organizations, although it is not external expert, the departments with expert knowledge are clearly involved as organizations in the selection of green loan procurement policies and processes and green projects.

■ Evaluation result

Based on JCR Green Loan Evaluation Method, JCR assigns "g1" for "Evaluation of Greenness (Use of Proceeds)" and "m1" for "Evaluation on Management, Operation and Transparency". Consequently, JCR assigns "Green1" as an overall evaluation. This loan is considered to meet the criteria for items in Green Loan Principle and MOE's Green Bond Guidelines.

[JCR Green Loan Evaluation Matrix]

		Management, Operation, and Transparency				
		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

Borrower: Nagoya Railroad Co., Ltd. (Securities Code: 9048)

[Assignment]

Target	Amount	Execution date	Maturity date	Evaluation
Long-term loan	JPY 1 bil.	March 29, 2019	March 31, 2023	JCR Green Loan Evaluation: Green1 Evaluation of Greenness :g1 Management, Operation and Transparency :m1

Analysts in charge of this evaluation: Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Loan Evaluation

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

JCR Green Loan 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 green loans, 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 loans are ensured. JCR Green Loan Evaluation does not fully indicate the extent to which the funds procured from such green loans are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Loan Evaluation evaluates the appropriation of funds at the time of the Green Loan program or at the time of the loan execution. It does not guarantee the appropriation of funds in the future. In addition, JCR Green Loan Evaluation does not prove the environmental effects of green loans and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured green loans 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 Loan 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's Green Loan

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

■Disclaimers

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■Glossary

JCR Green Loan Evaluation: JCR Green Loan Evaluation evaluates the extent to which the funds procured from the Green Loan 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

- Registration of Green Bond Issuance Supporters by the Ministry of the Environment
- ICMA (Registered as an observer of 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 JCR website (<https://www.jcr.co.jp/en/>).

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