

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

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

JCR assigned preliminary Green1 to IINO KAIUN KAISHA, LTD. 2nd Unsecured Bonds (Green Bonds)

Subject	:	IINO KAIUN KAISHA, LTD. Second Unsecured Bond (with limited inter-bond pari passu clause) (Green Bond)
Type	:	Bonds
Issue Amount	:	JPY 5 billion (planned)
Interest Rate	:	To be determined
Issue Date	:	March 2021 (planned)
Redemption Date	:	March 2024 (planned)
Method of Redemption	:	Bullet, Redemption at maturity
Use of proceeds	:	Green Building construction project expenses

<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

IINO KAIUN KAISHA, LTD. (IINO Lines) is a shipping company mainly engaged in the shipping, which consists of Oceangoing shipping and Regional shipping business and the real estate business. IINO Lines is pursuing a deeper business model (IINO MODEL) based on the twin pillars of a shipping business with high market volatility and a real estate business that can secure stable incomes. In the shipping business, IINO Lines engages in ship operation and ownership (ship rental business), ship management, agency business and sale of ship supplies. In the real estate business, IINO Lines engaged in real estate leasing, building management, warehousing, and photo studio management, mainly for office buildings.

IINO Lines set "We will respect the law and uphold our social and environmental responsibilities" as one of its group philosophy, and in 2020, it formulated a Mid-term Management Plan, "Be Unique and Innovative: The Next Stage-

Towards 2030" which is based on the theme of "Aiming to create economic and social value through ESG management." Among them, "we will speed up our initiatives on sustainability" is listed as one of the "priority strengthening measures", and "strengthening of ESG and SDGs" is set as one of "Foundation items", and the three points of "prevention of global warming", "prevention of air pollution", and "maintenance of ecosystems" are set as environmental policy related to the promotion of ESG management. IINO Lines believes that addressing climate change is a particularly urgent issue among environmental issues. In its Mid-term Management Plan, IINO Lines Group has set numerical targets in order to promote concerted efforts to reduce greenhouse gases.

The subject of this evaluation is the second unsecured bonds (the Bonds) issued by IINO Lines. The proceeds of the Bonds will be fully used to refinance the project costs of the Hibiya Fort Tower, which is expected to meet the guidance criteria (three stars) in BELS certification. JCR evaluates that the use of proceeds falls under the category of "Green Buildings which meet regional, national or internationally recognised standards or certifications" in the Green Bond Principle and "Green Building Projects" in the Green Bond Guidelines, and it can be expected to have a high environmental improvement effect. Appropriate consideration has been given to the negative environmental impact of this use of proceeds. It is also expected that the use of the proceeds will contribute to SDGs Goal 7 "Ensure access to affordable, reliable, sustainable and modern energy for all", Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation" and Goal 11, "Make cities and human settlements inclusive, safe, resilient, and sustainable"¹²

JCR confirmed that IINO Lines' goal to be realized through the Bonds is to achieve energy conservation, etc., consistent with the above-mentioned "we will speed up our initiatives on sustainability" and "strengthening of ESG and SDGs." Eligibility Standards specified by IINO Lines, "3 stars or more in BELS certification," is appropriate in light of the goal, as buildings that satisfy them have high energy efficiency performance. In the process for project evaluation and selection, the Board Meeting makes final decisions after the review carried out by the department in charge; therefore, management is appropriately involved. The goals, selection criteria and processes related to the Bonds are disclosed in this Evaluation Report, thereby transparency to investors, etc. has been secured. The fund management is appropriate and transparent because the appropriation plan of the proceeds of the Bonds is properly formulated, and the funds are certainly allocated to the Green Project under it, the tracking and management of the appropriation status and its internal control are properly implemented, and there are no particular concerns regarding the operation of the unappropriated funds. Reporting is also planned to appropriately disclose both the appropriation of funds and the effects of environmental improvement to investors and others. In addition to the effective environmental certification for buildings, quantitative information of electricity consumption, water consumption, and CO₂ emissions solely on Hibiya Fort Tower will be disclosed and they are appropriate indicators to indicate environmental improvement effects of Green Building. With regard to the organization's environmental initiatives, the management has positioned environmental issues as a high priority issue. In addition, through the establishment of a department that specializes in the environmental field or through collaboration with external organizations, the Green Bond Policy and Process, the criteria for selecting green projects have been clearly positioned. Based on the above, JCR evaluates that the framework for management and operating the proceeds of the Bonds is appropriate and transparency is ensured.

Based on the JCR Green Finance Evaluation Methodologies, JCR assigned "g1" for preliminary evaluation of the "Greenness Evaluation (Use of Proceeds)", and "m1" for preliminary evaluation of the "Management, Operation, and Transparency Evaluation." As a consequence, JCR assigned "Green 1" for the "JCR Green Bond Preliminary Evaluation." Detailed evaluation is discussed in the next chapter. The Bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guidelines.

¹ ICMA(International Capital Market Association) Green Bond Principles 2018
(<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>)

² Ministry of the Environment 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

Based on the current situation described in detail below and JCR's assessment on this, JCR evaluated that proceeds of the Bonds are 100% used for a green project, and the evaluation phase 1: Greenness evaluation was made to be "g1," the highest.

(1) JCR's Key Consideration in This Factor

In this section, JCR first assesses whether the proceeds will be allocated to green projects that have explicit improvement effects on environment. Next, where a negative impact on the environment is assumed for the use of funds, the impact is sufficiently examined by a specialized department within the company or an external third-party organization, and whether necessary avoidance and mitigation measures are taken or not. Finally, JCR confirms consistent with the Sustainable Development Goals (SDGs).

(2) Current status of evaluation targets and JCR evaluation

Overview of Use of Proceeds

[Overview of Hibiya Fort Tower]

Project Name	Shimbashi Tamuracho Project
Name of Facility	Hibiya Fort Tower
Address	500 (lot number), Nishi Shimbashi 1-chome, Minato-ku, Tokyo
Principal Uses	Offices/stores/parking, etc.
Site Area	7,688.50m ²
Total Floor Space	105,633.16 m ² (planned)
Floors	Two Basement floors/ 27 floors above ground
Structure	Steel-reinforced concrete with steel frame, steel-reinforced concrete, steel frame
Expected Completion Date	Jun. 2021 (planned)
Operator	Shimbashi Tamuracho Project Partnership
Design and Supervision	Shimizu Corporation/Nikken Sekkei, design joint venture
Construction	Shimizu Corporation
Characteristics	<ul style="list-style-type: none"> -Various environmental considerations have been made such as installation of solar panels, rooftop greening, low heat storage type paving, use of Low-E glasses to reduce radiant heat by sunlight, and shielding of direct sunlight by eaves. -The building implements the latest double concentrated damper system. This ensures a level of safety that prevents collapse or breakdown in the event of an earthquake of the kind of intensity that occurs only once in a thousand years (intensity 7). This Protection contributes to the safety and safety and security of facility users. -This Building plans to have a power receiving system by multiple systems from electric power companies, which enable power receiving from other power transmission lines even if a power failure occurs somewhere in a single system.

a. On the environmental improvement effects of the project

- i. The proceeds is going to be fully allocated to the refinance the costs related to the construction of green building and expect high environmental improvement effects.**

IINO Lines pre-confirmed that Hibiya Fort Tower has the performance level equivalent to 3 stars in BELS certification in advance calculation and is expected to acquire BELS certification.

BELS is acronym for Building-housing Energy-efficiency Labeling System. It is a system that a third-party assessment bodies evaluate and accredit the energy efficiency performance of new and existing buildings. The evaluation targets are the outer skin performance and primary energy consumption, and require excellent energy efficiency performance for high evaluation. The rating is expressed as the number of stars and ranked from one to five according to BEIs (Building Energy Index). BEI is a measurement of energy efficiency performance against a standard value that uses the designed primary energy consumption as the numerator and the standard primary energy consumption as the denominator. One star indicates that the existing energy saving standard is satisfied, two stars indicate that current energy saving standard is satisfied, and three stars indicate that the guidance standard is satisfied.

The proceeds of the Bonds will be fully allocated to refinance the project costs of the Hibiya Fort Tower, which is expected to meet the guidance standard (three stars) in BELS certification. Therefore, JCR evaluates that the use of proceeds of the bond can be expected to have a high environmental improvement effect.

- ii. The use of proceeds of the Bonds falls under the "green buildings which meet regional, national or internationally recognised standards or certifications" exemplified in the "Green Bond Principles" and the "Green Building Project" in the "Green Bond Guidelines".**

b. Negative impact on the environment

Negative impacts on the environment related to the use of proceeds of the Bonds are soil contamination, noise, vibration, etc. associated with construction at the planned site. IINO Lines has conducted investigation and others to reduce probability of negative impacts given to the environment and society. JCR confirmed that appropriate consideration is given to the possible negative impact on the environment.

c. Consistency with SDGs goals and Targets

JCR has evaluated that the use of proceeds of the Bonds will contribute to the following SDGs goals and targets, with reference to SDGs mapping of the International Capital Markets Association (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.

Evaluation Phase 2: Management, Operations and Transparency Evaluation

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

Rationale: Based on the current status noted below and JCR's evaluation on it, JCR concluded that management and operation system are duly established with high transparency, and IINO Line will be able to carry out the businesses as planned and allocate proceeds of the Bonds as expected sufficiently.

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

(1) JCR's Key Consideration in This Factor

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

(2) Current status of evaluation targets and JCR evaluation

a. Goal

IINO Lines set "We will respect the law and uphold our social and environmental responsibilities." as one of its group philosophy, and in 2020, it formulated a Mid-term Management Plan, "Be Unique and Innovative: The Next Stage-Towards 2030," which is based on the theme of "Aiming to create economic and social value through ESG management." In the document, it indicates that its initiative for sustainability as one of the focused items and also "strengthening of ESG and SDGs" is set as one of the "Foundation items". IINO Lines determined the following three items as its environment policies in pursuing ESG management such as "prevention of global warming", "prevention of air pollution", and "maintenance of ecosystems".

The Bonds will refinance the construction cost the project of Hibiya Fort Tower with excellent environmental performance. In procuring the funds by IINO Lines, JCR confirmed that use of proceeds is consistent with the above mentioned initiatives for sustainability and its attitude to strengthening ESG and SDGs, which aim to achieve energy saving, etc.

b. Selection standard

IINO Lines' Green Finance Framework for the Bonds approved by the Board of Directors stipulates that the eligibility criteria are "three stars or more in BELS certification." As confirmed in Phase 1 of the evaluation, JCR has evaluated that the eligibility criteria are appropriate in light of the above goals, as buildings that satisfy them have high energy efficiency performance.

c. Processes

In IINO Lines, the Property Development Planning Department collected data and applied for BELS certification for the Hibiya Fort Tower Project, and the Finance Section of the Finance and accounting Department evaluated eligibility of use of proceed of the Bonds and selected the project. Final approval of the project was made at the board meeting. JCR evaluated that management is appropriately involved in the project selection process. As the goals, selection criteria and processes related to the Bonds are disclosed in the Amended Shelf Registration Statement and this Evaluation Report, JCR has evaluated that transparency of the use of proceeds is secured for investors, etc.

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 confirms 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 emphasizes evaluating whether proceeds are scheduled to be used for green projects at an early stage, and the management and operation methods of unallocated funds.

(2) Current status of evaluation targets and JCR evaluation

For the Hibiya Fort Tower Construction Project, IINO Lines is scheduled to spend cumulative total of more than JPY 5 billion, which is the total amount planned to procure through the Bonds as of February 2021. The full amount of the funds raised through the Bonds will be allocated to the project expenses immediately as funds for refinance with a look-back period from FY2018 to present. Therefore, unallocated funds are not expected. In case it occurs, an amount equal to the unallocated funds will be temporarily deposited into the bank accounts and managed as cash and cash equivalents. This management policy is disclosed to investors, etc. in the Amended Shelf Registration Statement, this evaluation report and others.

The Finance Section of the Finance and Accounting Department of IINO Lines shall manage the proceeds of the Bonds. The Section shall confirm that incoming and outgoing of the procured funds are conducted in accordance with the Internal Accounting Regulations. The status of appropriations and un-appropriation proceeds are tracked on a quarterly basis electronically by the section head or person in charge and report to General Manager of Finance and Accounting Department. Upon obtaining the General Manager's approval, approval of General Manager of Property Development Planning Department and the Corporate Audit office will be obtained. An exclusive book for the Bonds are electronically prepared and printed files are kept permanently in accordance with the Company's internal document retention rules. From the above, JCR has evaluated that the fund management related to the Bonds is appropriate and transparent because the appropriation plan of the proceeds from the Bonds is properly formulated and the funds are certainly appropriated to the Green Project under it, the tracking and management of the appropriation status and its internal control are appropriate, and there are no special concerns regarding the operation of the unappropriated funds.

3. Reporting

(1) JCR's Key Consideration in This Factor

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

(2) Current status of evaluation targets and JCR evaluation

a. Reporting on the proceeds allocation

IINO Lines plan to disclose the status of the allocation of proceeds at least once a year in its website or management report until full amount is allocated. The use of proceeds will be explained to investors and others based on the Amended Shelf Registration Statement, this evaluation report, etc. In the event of a major change in circumstances, such as sale or loss of the properties, the details will be promptly disclosed.

b. Reporting on environmental improvement effects

In addition to the outline of the project and the appropriation of the proceeds, the following items are disclosed as impact reporting. IINO Lines plans to show figures solely for Hibiya Fort Tower for each item.

1. (during construction) progress of environmental certification acquisition procedures
(after completion) Environmental certification acquired
2. Electric Power consumption
- 3 Water Usage
- 4 CO2 Emission

As mentioned above, in addition to effective environmental certification for buildings, quantitative electricity consumption, water usage, and CO2 emissions are scheduled to be disclosed on Hibiya Fort Tower alone, which is appropriate as an indicator of the environmental improvement effect of Green Building.

JCR evaluates the appropriation of funds and the reporting of environmental improvement effects to be properly disclosed to investors and others.

4. Organizational Efforts for the Environment

(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 evaluation

In the Mid-term Management plan, IINO Lines sets out "Sustainability initiatives" as one of the "Priority Strengthening Measures" aimed at realizing the "IINO VISION for 2030" and creating shared value. In addition, IINO Lines also sets "strengthening of ESGs and SDGs" as one of the "Foundation items" aimed at solidifying the foundations of a company in order to steadily execute the Priority Strengthening Measures. These are incorporated into the missions of the business execution plans of each division and group company, and concrete efforts are being made.



Figure 1 Structure of Corporate Philosophy³

In the Mid-term Management plan, IINO Lines advocates "Sustainability initiatives", one of the "Priority Strengthening Measures" aimed at realizing the "IINO VISION for 2030" and creating shared value. In addition, IINO Lines also set "strengthening of ESGs and SDGs", one of the "Foundation items" aimed at solidifying the foundations of a company in order to steadily implement Priority Strengthening Measures. These are incorporated into the missions of the business execution plans of each division and group company, and concrete efforts are made.



³ Source: IINO Report 2020

Figure 2 Overview of the Medium-Term Management Plan⁴

IINO Lines cited "Establishing a more environmentally friendly business system" and "Building the foundation of the business, which will be the third pillar " following the shipping and real estate businesses as the vision toward 2030 through "Sustainability initiatives." As the matters to promote related to this vision, efforts are being made to "Promote investment in assets that contribute positively to the environment," "Strengthening initiatives on next generation fueled ships," "Strengthening initiatives on sustainable cargo," and "Promotion of new business development."

IINO Lines determines the following three points, "prevention of global warming," "prevention of air pollution," and "maintenance of ecosystems", as its environmental policies related to promote ESG management. In the shipping business, efforts to reduce environmental loads are being actively promoted, including measures to comply with international regulations, such as ballast water regulations and NO_x and SO_x reductions, fuel efficiency improvement by improving operational efficiency and promotion on research on net-generation fuels such as methanol, LPG, etc. In the real estate business, IINO Lines is actively working to overcome environmental issues including promoting reductions in greenhouse gas and waste emissions at the owned buildings and a facility which is designed for biodiversity-conscious "IINO Forest" at the IINO Building, which boasts particularly outstanding environmental performance.

IINO Lines believes that addressing climate change is a particularly urgent issue among environmental issues. In its Mid-term Management Plan, IINO Group has set numerical targets in order to promote concerted efforts to reduce greenhouse gases.

In the shipping business, the goal is to reduce greenhouse gas emissions per transport unit by 40% from 2008 levels by 2030, and to reduce total greenhouse gas emissions by 50% from 2008 levels by 2050. This is in line with the goals set out as "levels of ambition " in the IMO Initial Strategy on Reducing Greenhouse Gas Emissions from Ships, adopted by the 72nd Maritime Environmental Protection Commission of the International Maritime Organization (IMO) in 2018 after the deliberation among countries around the world. Concrete measures for achieving the goal include: 1. adopting a dual-fuel main engine that uses fuel and heavy oil with a lower environmental impact in combination; 2. improving fuel consumption efficiency by increasing the size of the ship; 3. reducing fuel consumption by decelerating navigation according to transport demand; 4. adopting engines that meet the "Energy Efficiency Design Index (EEDI = an index for controlling CO₂ emissions as defined by IMOs); and 5 adopting other technological innovations such as new fuels⁵

The real estate business has set a target of reducing CO₂ emissions per unit area (CO₂kg/m²) by 40% from 2008 levels by 2030 and by 50% from 2008 levels by 2050 for all domestic rental buildings owned and managed by IINO Lines. In March 2016, IINO Lines was certified as an "Outstanding Specified Global Warming Countermeasure Office (Top-level Facility)" by the Tokyo Metropolitan Government and has been promoting measures to reduce environmental impact at each of its owned leased buildings, including the IINO Building, which has been continuously implementing measures to reduce CO₂ with the cooperation of tenants. IINO Lines will continue to implement measures in the future as well to achieve these targets, including those already implemented: 1. Energy-saving operation of air conditioning and other equipment in individual buildings; 2. upgrading facilities to high-efficiency equipment such as LED lighting; 3. Promoting CO₂ emissions control while maintaining environmental certification at Tokyo's top-level facility ; and 4 considering the utilization of

⁴ Source: IINO Lines Mid-term Management Plan Supplementary Materials

⁵ The International Maritime Organization (IMO) is a specialized organization of the United Nations established in 1958 to promote intergovernmental cooperation on various issues in the maritime area, such as maritime safety and prevention of marine pollution from vessels. As of June 2018, 177 countries and regions are participating.

renewable energy and the adoption of carbon offsets. The target will be reviewed based on the contents of the strategic energy plan of Japanese Government and industry trends in the future.⁶

The progress of efforts made by each department and group company related to the above-mentioned "Sustainability initiatives" and "strengthening of ESG and SDGs" are reported every three months to the Risk Management Committee, which is chaired by the president and CEO of IINO Lines. The Safety and Environment Committee, which is a subordinate body of the Risk Management Committee, in which IINO Line and managers of its group companies managers, and actively discusses and formulates group-wide policies on safety and the environment, and these discussed and formulated are ultimately resolved by the Executive Committee. In particular, IINO Environmental Task Force, which reports directly to the president was established in August 2020 for the purpose of taking cross-organizational actions to environmental issues. The Task Force, headed by a director of IINO Lines, is composed of mid-level employees from multiple companies in the IINO Group and multiple departments of IINO Lines. It examines concrete measures to overcome various environmental issues, prepares a roadmap, and manages progress, including periodic reports to the president and CEO, and promotes group-wide environmental responses.

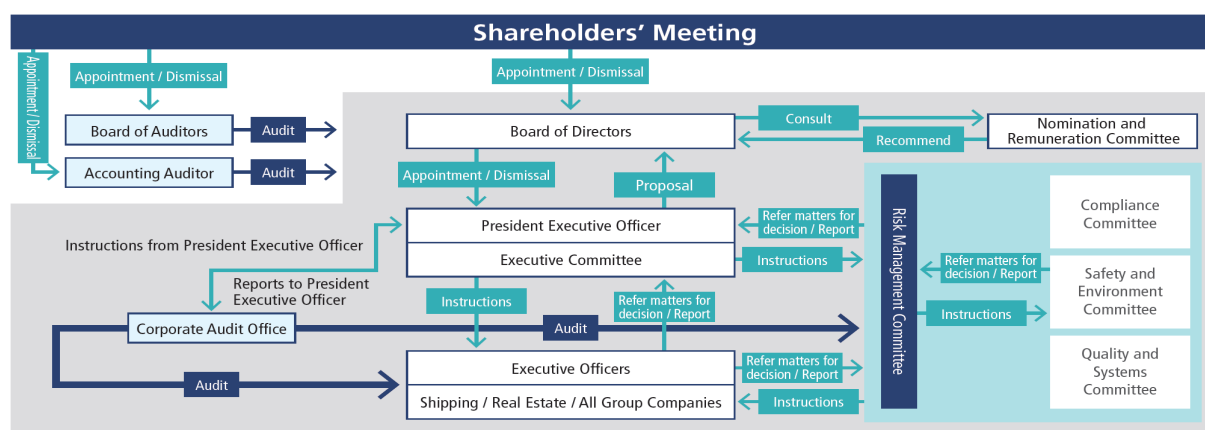


Figure 3 Organizational Structure⁷

In addition, IINO Lines acquired the certification of ISO14001 in 2004, and it has established environmental management system in line with the requirements of the standard. It has been operating the system through PDCA cycle to date. In formulating sustainability-related targets, etc., IINO Lines also refers to the indications of the Nippon Kaiji Kyokai (Class NK), which is the ISO14001's certification body. IINO Lines has established the Business Administration Department Safety and Environment Office, which has knowledge of the overall environmental management system, including the requirements of ISO14001 standards. In issuing the Bonds, the Office is involved in the preparation of a green finance framework and others. With regards to Green Building, which is the use of proceeds of the Bonds, IINO Lines plans to validate the effects of environmental improvement by using an external certification body and obtaining certification.

JCR evaluated that the management of IINO Lines regards environmental issues as a high priority, and that policies and processes for issuing green bonds, criteria for selecting green projects, etc. are clearly positioned by establishing a department that specializes in the environmental field or cooperating with external organizations.

⁶ Outstanding Global Warming Countermeasure Efforts (Top-Level Facility) is a facility certified by the Tokyo Metropolitan Government that meets the certification criteria established by the Tokyo Metropolitan Government as a business establishment with a particularly excellent degree of promotion of global warming countermeasures. When certified, the business unit is incentivized to reduce its obligation to reduce carbon dioxide emissions.

⁷ Source: IINO Report 2020

■Evaluation result

Based on the JCR Green Finance Evaluation Methodologies, JCR assigned "g1" for preliminary evaluation of the "Greenness Evaluation (Use of Proceeds)", and "m1" for preliminary evaluation of the "Management, Operation, and Transparency Evaluation." As a consequence, JCR assigned "Green 1" for the "JCR Green Bond Preliminary Evaluation." The Bonds are considered to meet the standards for items required by the Green Bond Principles and the 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

Issuer: IINO KAIUN KAISHA, LTD. (Security code: 9119)

[Assignment]

Subject	Issue Amount	Issue Date	Redemption Date	Interest Rate	Preliminary Evaluation
Second unsecured bonds (with limited inter-bond pari passu clause) (green bonds)	JPY 5 billion (planned)	March 2021 (planned)	March 2024 (planned)	TBD	JCR Green Bond Evaluation: Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible Analysts for this evaluation): Kosuke Kajiwara and Hiroshi Maruyasu

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.

■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. The JCR Green Bond Evaluation does not express any opinion on the various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) associated with the green bond subject to the assessment. The JCR Green Bond Evaluation is a comprehensive statement of opinion at the present time of the JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. JCR Green Bond Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from the JCR Green Bond Assessment, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from the JCR Green Bond Assessment, without the permission of JCR is prohibited.

■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/>).

■ For further information, contact

Information Service Dept. TEL:03-3544-7013 FAX :03-3544-7026

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.