

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

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

## JCR Assigned Green 1 to the Bonds of West Holdings Corporation

Subject	:	West Holdings Corporation 3rd Unsecured Bond (Guaranteed by THE NISHI-NIPPON CITY BANK, LTD. and Qualified Institutional Investors Only)
Type	:	Private Placement Bonds
Issue Amount	:	JPY 200 million
Issue Date	:	February 25, 2020
Redemption Date	:	February 25, 2025
Method of Repayment	:	Timely redemption every six months
Use of proceeds	:	Refinance of the construction cost for solar power generation facilities

### <Green Bond Evaluation Results>

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

### Chapter 1: Evaluation Overview

West Holdings Corporation (the “Company”), as a total energy solutions company, is a holding company of the West Group, which conducts renewable energy businesses centered on solar power generation, energy-saving businesses, and electric power businesses. The Company was established as Nishi-Nihon Kanesho Corporation in May 1984. The Company changed its name to Seibu House Kogyo Corporation in April 1985 and to West Corporation in June 1989. In March 2006, the Company shifted to a holding company structure. When the Company was first established, it operated a residential services business. After entering the solar power generation business in 2006, in 2012 the Company positioned solar power business as its main business, and in that time it successively embarked on initiatives in all areas of the solar power business, from mega-solar to small and medium sized industrial solar power generation, residential solar, including the solar power business development, installation, and O&M. Since 2014, in

In addition to these initiatives, the Company has been developing a wide variety of services in order to realize total energy solutions in its renewable energy-centered business domain. Examples of these services are West-ESCO, which aims to provide optimal energy-saving services, new electric power businesses aimed at utilizing renewable energy, regional revitalization utilizing energy solutions, and overseas expansion in Thailand.

The Company has a unique management stance of promoting environmental initiatives in partnership with regional financial institutions and local governments throughout Japan. The main management stance of the Company is to aggressively expand its business through environmental and regional revitalization initiatives.

The Private Placement Bonds (the “Bonds”) subject to this evaluation will be used to refinance the construction costs for two solar power generation facilities. The annual reduction of CO<sub>2</sub> emissions of these facilities is estimated to be approximately 739 t-CO<sub>2</sub>, and it has an environmental improvement effect. The Company identifies potential negative environmental effects in the implementation of its businesses through in-house applications for permits and licenses, preliminary explanations, and environmental assessments, and takes appropriate avoidance and mitigation measures. JCR confirmed that the use of proceeds of the Bonds has an environmental improvement effect.

The use of proceeds is allocated in accordance with the process stipulated in the Green Finance Framework, and will be determined by the board of directors of the Company and West Energy Solutions, the Group company. JCR confirmed that the proceeds are fully linked to specific eligible projects, and systems for tracking and internal control are well established. JCR also confirmed that the reporting after the issuance which includes the fund allocation status and the environmental improvement effects are also appropriately designed. Accordingly, JCR evaluates that the Framework as being transparent to investors as well as having established the management and operation structure of funds.

Based on JCR Green Finance Evaluation Methodology, JCR assigns “g1” for “Greenness Evaluation (Use of Proceeds)” and “m1” for “Management, Operation and Transparency Evaluation.” Consequently, JCR assigns “Green1” for overall “JCR Green Bond Evaluation.” The evaluation results are discussed in detail in the next chapter.

JCR has also evaluated that the Bonds meets the requirements of the Green Bond Principles, 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 Edition  
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> Ministry of the Environment Green Bond Guideline 2017  
[http://greenbondplatform.env.go.jp/pdf/greenbond\\_guideline2017.pdf](http://greenbondplatform.env.go.jp/pdf/greenbond_guideline2017.pdf)

## Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's

### Evaluations

#### Evaluation Phase 1: Evaluation of Greenness

Based on the current situation and JCR's assessment of it, JCR assessed that 100% of the funds of this Private Placement Bond were green projects, and Phase 1: Evaluation of Greenness was at the top of the target: 'g1'.

#### (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 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 the 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. The environmental improvement effects of the project

**i. All of the funds will be allocated to refinance of the construction cost for solar power generation facilities, which have the environmental improvement effect.**

The use of proceeds of the Bonds is to refinance of the construction cost for the two solar power generation facilities described below. All of these facilities started operation in 2014 and are still in operation. The annual power generation by these solar power generation facilities is estimated to be about 1,599,000kWh, and the annual reduction of CO<sub>2</sub> emissions are estimated to be about 739 t-CO<sub>2</sub>.

The Company owns West Energy Solutions Corporation, which developments and builds solar power generation facilities, and West O&M Corporation, which provides monitoring, management, and maintenance services for solar power generation facilities. After entering the solar power generation business in 2006, The Company positioned solar power as its core business in 2012. It has a wealth of experience in business development and construction, from mega-solar to small and medium sized industrial solar power generation, residential solar. For O&M after the start of power generation, the Company has established a system to provide services that utilize the expertise of a large number of engineers, including the First Class Electric Works Specialist, and the know-how accumulated through numerous construction and management achievements.

The solar power generation facilities are expected to steadily reduce CO<sub>2</sub> emissions because of its CO<sub>2</sub> emissions reductions effects and business developments, construction, and O&M by the Company and its group companies, which have a wealth of experience and know-how.

JCR evaluates that the use of proceeds of the Bonds has an environmental improvement effect by the reduction of CO<sub>2</sub> emissions.

(Summary of Projects)

Project Name	Location	Power Generation Output (kW)	Annual Power Generation (kWh / year)	Annual CO <sub>2</sub> Emission Reductions (t-CO <sub>2</sub> /year)
Kurate-machi Nakayama MS Power Station	Kurate- machi, Kurate-gun, Fukuoka Prefecture	805	844,000	390
Munakata City Kawahigashi Haranoki MS Power Station	Munakata-City, Fukuoka Prefecture	721	755,000	349

※ Power Generation Output and Annual Power Generation are based on materials provided by the Company.

※ Methodology of calculating CO<sub>2</sub> Emission reductions = Annual Power Generation × Adjusted Emission Factor for FY 2018 (latest figures)

**ii. The Use of Proceeds falls under the category of "renewable energy" as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines.**

The Fifth Strategic Energy Plan approved by the Cabinet in 2018 states that "Japan contributes to the development of the Japanese economy and society, and the sustainable development of the world by providing stable, sustainable and independent energy over the long term." Renewable energy is positioned as an important low-carbon energy source. The plan considers renewable energy to be important for energy security, regional revitalization, and reduction of environmental negative impact, focusing on the fact that renewable energy is produced domestically and does not emit CO<sub>2</sub>, while there are various issues such as stable supplies and costs at present. The plan aims to convert renewable energy sources to mainstay domestic power sources with benchmarks for 2030 and 2050, and to actively promote the introduction of renewable energy sources.

Solar power generation can be used not only as distributed power system for large-scale development, in-house consumption and local consumption, but also as emergency power sources in times of disaster. It is expected to overcome issues such as stable supplies and costs and demonstrate the potential. Not only does solar power generation not emit CO<sub>2</sub> at the time of power generation, it also accounts for a few tenth of thermal power generation in terms of life-cycle CO<sub>2</sub> emissions that take into account CO<sub>2</sub> in the production of power generation equipment, and its CO<sub>2</sub> emissions reductions are significant.

Renewable energy is emphasized as a policy issue in Japan from various viewpoints, and it is regarded as a high-quality social capital that should be truly passed on to the next generation. The solar power generation business, for which the Company is used to allocate the Bonds, contributes to the introduction of such renewable energy sources, falls under "renewable energy" defined in the Green Bond Principles and the Green Bond Guidelines, and contributes to resolving policy issues in Japan.

## b. Negative impact on the environment

In the Green Finance Framework referred to by the Bonds, the Company sets out the negative environmental effects as follows:

### ■ Negative environmental effects of projects and how to deal with them

#### 1. Basic policies for Possible Risks and the measures to be taken by West holdings

- Negative impacts on the environment and communities caused by the installation of solar power generation facilities (sediment-related disasters, light damage, aesthetics, etc.)

When developing a mega-solar power plant, the company sometimes needs permission to convert agricultural land and to develop forest land under the jurisdiction of local governments. In addition, the cooperation with and understandings of landowners and local residents are necessary for obtaining the permission. The company conducts a preliminary survey and takes necessary measures to obtain permission for land under development. It plans to promote the commercialization of land with the understanding of local residents through briefings for them.

#### 2. Specific Risk Mitigation Measures

When developing and implementing solar power generation facilities, the Company shall identifies possibility of negative impacts on the environment according to Construction Specification Documents and Civil Engineering Specification Documents. Then it establishes necessary measures to avoid, reduce or manage any negative environmental impacts. .

##### (1) Field Survey

Conduct field survey in consideration of the conditions of roads surrounding the construction site, existing buried objects, existing buildings, surrounding environments, etc.

##### (2) Compliance with laws and regulations (environment-related)

It identifies relevant laws and regulations in advance and compliance with them.

Environmental assessments will be conducted for land modifications over a certain scale.

##### (3) In the Civil Engineering Specification Documents, the following matters are stipulated as particularly related to the environment. In the execution of construction work, the Company must comply with various laws and regulations related to environmental preservation (the protection of the surrounding environment, air pollution, soil and water pollution, and the prevention of the lowering of groundwater levels, etc.).

i) The Company makes efforts to prevent pollution during construction, paying attention to the selection of construction methods for preventing pollution such as vibrations, noise and pollution water.

ii) When a construction vehicle moves out of a construction site, etc., the contractor must try to prevent contamination of public roads by not carrying soil and sand from a construction site. In the event of contamination of public roads, the contractor will promptly clean the roads at its own expense and responsibility.

iii) It should be made to protect the surrounding flora and fauna.

iv) In the event that public roads and temporary roads for construction are damaged as a result of construction work (including passage of construction vehicles, etc.), the Company who contract to provide the civil work should restore at its own expense and at in principle. Prior to recovery, however, it is necessary to promptly contact the ordering party and the road manager regarding the extent of damage, and take necessary measures after consultation with the parties concerned.

The Company, based on the Green Finance Framework, applies for permits and approvals, provides advance explanations, and conducts environmental assessments for the construction of the solar power generation facilities in-house. JCR confirmed that the Company identified the negative impact on the environment and implemented avoidance and mitigation measures, referring to the cases of defective construction work at the site described in the civil engineering specifications.

### c. Consistency with SDGs goals and Targets

This project is classified into renewable energy. JCR evaluated the projects as contributing to the following SDGs goals and targets, while referring to ICMA's SDGs mappings.



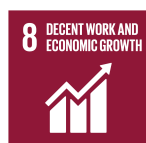
#### Goal 3: Ensure healthy lives and promote well-being for all at all ages

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination



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

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix



#### Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors



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

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



#### Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries



#### Goal 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

Based on the current status detailed below and JCR's evaluation of the status, JCR assessed that the management and business system was well developed, transparency was extremely high, and that the planned implementation of the project and the appropriation of the proceeds could be sufficiently expected. Phase 2: Management, Operation and Transparency Evaluation was the highest “m1.”

### 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 Bonds, 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 Green Finance Framework referred to by the Bonds sets out the following Goals to be achieved through the Bonds.

##### ■ Investment policies based on the long-term vision

Based on our Group Vision of "Creating a Beautiful Future with Total Energy Solutions", we focus on the use of energy, the provision of renewable energy-based power generation and energy-saving services. The project is being promoted with the aim of realizing a virtuous circle of regional economies.

In these business activities, our group provides total energy solutions that take into account the global environment. In particular, centered on solar power generation, our group provides solution to create society with renewable energy and energy conservation. In this way, our group contributes to the realization of a "decarbonizing society" that does not rely on fossil fuels and the creation of a sustainable society, and actively promotes the achievement of SDGs.

The use of proceeds is refinance of the construction cost for solar power generation facilities. It is in line with the Green Finance Framework's goal—contributing to the realization of a "decarbonizing society" that does not rely on fossil fuels and the creation of a sustainable society, and actively promoting the achievement of SDGs. JCR confirmed that use of proceeds is consistent with the Green Finance Framework and group vision—Beautiful Future with Total Energy Solutions.

##### b. Selection criteria

The selection criteria for the use of proceeds under the Green Finance Framework are set out as follows:

##### ■ Eligibility criteria

The use of proceeds shall be a project that can be expected to perform a sound business operation that has been subjected to risk verification in light of our examination standards (construction specifications and civil engineering specifications), and shall meet the following eligibility criteria.

- When constructing and installing the facility, the necessary procedures for compliance with the Forest Law and other laws and regulations must be implemented.
- When the construction and installation of the facility is carried out overseas, it is required to be certified by the country in which the facility is installed. These procedures include obtaining licenses and for environmental assessment.
- Before constructing and installing the facility, explain it to the local residents.

The selection criteria in the framework seek to avoid or mitigate negative environmental effects through appropriate applications for permission, environmental assessments, and preliminary explanations to local

residents. JCR evaluates that the selection criteria are appropriate because green finance covers only renewable energy power generation facilities that have environmental improvement effects.

### c. Processes

The company defined selection processes of projects within the Green Finance Framework as follows.

#### ■ Project selection processes

##### 1. Project Selection Participants

- The projects for which the use of proceeds are examined, evaluated, and selected by the mega solar business review meeting of West Energy Solution Corporation, the core operating company of our group, in terms of conformity to the eligibility criteria.

##### 2. Project selection processes

- The mega solar business review meeting is composed of the development department, business and information management department, sales department, engineering department, and quality control department of the company's mega-solar business division, and it is analyzed and examined comprehensively.
- All projects subject to development are discussed and decided by the Board of Directors of West Energy Solutions Corporation.
- Development projects worth JPY50 million or more are discussed and decided by the Board of Directors of West Holdings Corporation.

JCR evaluates that the management is appropriately involved in the project selection process. It was also confirmed that the use of proceeds of the Bonds was decided in line with the procedures defined in the above framework.

The Goal, Selection Criteria, and processes have been disclosed to investors in the agreement on the Bonds, and transparency to investors has been ensured.



## 2. Appropriateness and Transparency of Management of the Proceeds

### (1) JCR's key consideration in this factor

The management method of the proceeds is usually assumed to be diverse by the issuer. JCR evaluates 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 bond 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 bond will be allocated to the green projects at an early stage.

### (2) Current Status of Evaluation Targets and JCR's Evaluation

- a. The funds raised through the Bonds shall be fully allocated to refinance of the construction cost for solar power generation facilities and shall not be allocated to any other purposes. The funds raised through the Bonds shall be allocated in a lump sum at the time of issuance of the Bonds for refinance.
- b. The funds raised through the Bonds are managed in a dedicated account and are fully linked to Green Projects for the use of proceeds. Such fund management is verified based on the job authority standards established by West Holdings and West Energy Solutions.
- c. Documents and electronic files related to fund management, such as vouchers for deposits and withdrawals and contracts with financial institutions, shall be retained until the redemption period of the Bonds.
- d. Management of the funds raised through the Bonds shall be audited in accordance with the annual plan.
- e. Since the funds raised through the Bonds are allocated in a lump sum at the time of issuance of the Bonds, no unallocated funds will be generated. It is also disclosed to investors in interviews, etc.

JCR evaluates that the Company's management of the proceeds is appropriate and transparent in light of the fact that the allocation plan is appropriately prepared to secure the proceeds will be allocated to the green projects, the tracking of the fund allocation is expected to properly implemented, the internal control for the tracking is secured, and there are no particular concerns about the operation of unallocated funds. JCR also evaluates that transparency for investors is secured because methods of management of the proceeds are disclosed in this report.

### 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 proceeds allocation**

The Company intends to disclose to investors the status of account management for the solar power generation business, which is the use of proceeds of the Bonds, every six months. In addition, as the funds raised through the Bonds shall be immediately appropriated through full refinance, no unallocated funds will be generated.

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

The Company intends to disclose to investors the status of the solar power generation business and the amount of power generated, which is the use of proceeds of the Bonds, every six months.

Considering the subject bond is privately placed, JCR evaluates that this is an appropriate reporting plan because it discloses both the proceeds allocation and the environmental improvement effects in a detailed and effective manner to its investors.

## 4. Environmental Initiatives of the Organization

### (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

The Company's Group Vision is "Creating a Beautiful Future with Total Energy Solutions". The Company focuses on the use of energy, the provision of renewable energy-based power generation and energy-saving services. The project is being promoted with the aim of realizing a virtuous circle of regional economies. In March 2006, the Company shifted to a holding company structure. When the Company was first established, it operated a residential services business. After entering the solar power generation business in 2006, in 2012 the Company positioned solar power business as its main business, and in that time it successively embarked on initiatives in all areas of the solar power business, from mega-solar to small and medium sized industrial solar power generation, residential solar, including the solar power business development, installation, and O&M. Since 2014, in addition to these initiatives, the Company has been developing a wide variety of services in order to realize total energy solutions in its renewable energy-centered business domain. Examples of these services are West-ESCO, which aims to provide optimal energy-saving services, new electric power businesses aimed at utilizing renewable energy, regional revitalization utilizing energy solutions, and overseas expansion in the Kingdom of Thailand.

The Company has a wealth of experience in the renewable energy business, particularly in the solar power business as a whole. The Company has constructed 269 mega-solar stations with a total power generation output of over 350MW, and these are realized through its technological capabilities that enable it to develop, implement, and conduct O&M projects tailored to the characteristics of various sites, such as slopes, deformations, mountainous areas, and first floating water mega-solar power stations in Japan. The Company has a track record of installing and selling industrial solar power generation at 10,557 locations, installing and selling solar power for housing at 49,035 properties, and providing O&M services at 415 sites at 433MW. It is steadily accumulating results in each of these fields.

In addition to generating power from renewable energy and providing energy-saving services, the Company is focusing on efforts to realize a virtuous cycle of regional economies centered on energy utilization. One such example is "CoCoLo projects" that donate profits earned by converting renewable energy and energy conservation into environmental value through the J-Credit System to support child-rearing and tree-planting projects. The Company is promoting regional revitalization in cooperation with local financial institutions across the country. The Company is collaborating with local governments on "the Japanese version of the Stadwerke Initiative", which aims to create regions through comprehensive energy management businesses centered on renewable energy. The Company is also actively working on solar sharing, which aims to achieve both agriculture and solar power generation, cooperating with The Norinchukin Bank and JA nationwide. These initiatives aimed at regional revitalization and revitalization has developed in line with the business growth of the Company. The Company has a unique management stance of promoting environmental initiatives in partnership with regional financial institutions and local governments throughout Japan. The unique management stance forms a virtuous cycle in which the Company's business activities are expanding together through initiatives for the environment, regional revitalization, and revitalization.

The Company itself is positioned as possessing specialized knowledge of the environment. It operates the renewable energy business with many experts from its own group. The company also cooperates with external specialist organizations as necessary, and makes use of their knowledge. Such expertise is fully reflected in the formulation of the Green Finance Framework to be referred to by the Bonds and in the selection and process of the use of proceeds.

JCR evaluates that the Company's management addresses the environmental issues as a high priority issue, and that the selection criteria for green projects, green bonds procurement policies, and processes are clearly positioned through the establishment of the departments specializing in the environment or through cooperation with external organizations.

#### ■Evaluation result

Based on JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." As a result, JCR assigns "Green 1" for overall "JCR Green Bond Evaluation." The Bonds are considered to meet the standards for the items required by the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

[JCR Green Bond Assessment Matrix]

		Management, Operations 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

Issuer: West Holdings Corporation (Securities code:1407)

[Assignment]

Subject	Issuance amount	Issue Date	Redemption Date	Evaluation
3rd Unsecured Bond (Guaranteed by THE NISHI-NIPPON CITY BANK, LTD. and Qualified Institutional Investors Only)	JPY 200 million	February 25, 2020	February 25, 2025	JCR Green Bond Evaluation : Green1 Greenness Evaluation : g1 Management, Operations and Transparency Evaluation : m1

(Responsible analysts for this evaluation) Atsuko Kajiwara and Hiroya Kakiuchi

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## Important explanation of the Green Bond Evaluation

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### 1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is assigned and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the proceeds 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. This does not perfectly disclose all the efforts taken by the issuer/borrower to ensure the use of proceeds, administration, management of the proceeds and the transparency.

JCR Green Bond Evaluation is to evaluate the plan or status of the proceeds to green projects at the time of issuing green bonds or planning to issue, and does not guarantee the future actual allocation of the proceeds. JCR does not guarantee the positive environmental effects of green bonds nor is liable for their expected impacts. JCR confirms that the environmental impacts, which will be realized by the allocated proceeds, are calculated quantitatively and qualitatively by the issuer or by a third party requested by the issuer, but in principle JCR does not calculate them by itself.

### 2. Methodologies used in the conduct of this evaluation

The methodology 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 a related business, which is different from the activities related to the credit rating business.

### 4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating 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 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 reviewer 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
- CBI Approved Verifier

#### ■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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