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March 26, 2020

_____ JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. _____

Japan Credit Rating Agency, Ltd. (JCR) announces following Green Finance Framework Evaluation Results.

JCR Assigns Green 1 (F) to the Green Finance Framework of GPSS Holdings Inc.

Subject : GPSS Holdings, Inc. Green Finance Framework

<Green Finance Framework Evaluation Results>

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

Chapter 1: Evaluation Overview

GPSS Holdings Inc. (GPSS) is a company that develops renewable energy, established in 2012 as Japan Megasolar Inc. As of December 2019, GPSS had 72 sites, 140 MW of renewable energy power generation facilities nationwide (including those under development), and has established a system for covering the upstream and downstream of renewable energy contracts, including development, construction, and management, with subsidiaries within GPSS Group. GPSS aims to form a sustainable society with "grid parity", where the electricity cost by renewable energy becomes less than the existing electricity cost. GPSS's policy is to contribute to the creation of a sustainable society and the creation of new value through the use of renewable energy.

GPSS has established a "Sustainability Policy" to achieve their policy. The Sustainability Policy identifies 10 items to be achieved in relation to environmental, social, and governance (ESG). GPSS is making efforts to achieve the policy. JCR has confirmed that GPSS established a framework for promoting sustainability, including the Sustainability Committee, in order to put the Sustainability Policy into practice, and is promoting activities related to sustainability.

The scope of evaluation is the green finance framework ("the Framework") established by GPSS to limit proceeds from green bonds or green loans (the "green finance") to the use of proceeds with environmental improvement effects. JCR evaluates whether the Framework complies with the Green Bond Principles (2018 edition), the Green Loan Principles, the Green Bond Guidelines 2020 edition, and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines 2020 edition. The Green Bond Principles, Green Loan Principles, Green Bond Guidelines 2020, Green Bond Guidelines and Sustainability Linked Loan Guidelines 2020 are not binding because they are the principles or guidelines voluntarily published by the International Capital Markets Association (ICMA), the Ministry

of the Environment, the Loan Market Association (LMA), and the Asia-Pacific Loan Market Association (APLMA), which are not regulated, but JCR evaluates with reference to these principles and guidelines as currently unified standards worldwide.¹²³

In the Framework, the funds procured through green finance will be used to capital expenditures, including development costs or the refinance of the capital expenditures of 1. solar power, 2. wind power, and 3. small and medium-sized hydroelectric power plants (centered on less than 1 MW). JCR evaluates that the use of proceeds is a green project that contributes to the decarbonization of renewable energy, and that it has a high environmental improvement effect. With respect to the negative environmental and social impacts assumed in the construction and management of the above-mentioned power generation facilities, several checks are conducted before the completion of the project by a department with in-house expertise. In the case of large-scale development, a third-party technical evaluation report and an attorney's opinion are prepared to identify risks and take countermeasures. As a result, there is little likelihood that the negative impacts will exceed the environmental improvement effects.

JCR confirmed that GPSS has established a robust management and administration system and has a high degree of transparency in green finance. This is because the selection process for green projects has been established, proceeds from finance are managed separately for each project to be appropriated, reports on proceeds appropriation and environmental improvement effects are scheduled to be published annually, KPIs for environmental improvement effects have been set appropriately, and environmental efforts by GPSS's each organizations are carried out under the leadership of management.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1(F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1(F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1(F)" for "JCR Green Finance Framework Evaluation." Detailed evaluation results are discussed in the next chapter. The Framework is considered to meet the standards for items required by the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines 2020 Edition, and the Green Loan Guidelines and the Sustainability Link Loan Guidelines 2020 Edition.

¹ ICMA(International Capital Market Association) Green Bond Principles 2018
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² LMA (Loan Market Association), APLMA (Asian Market Loan Association) Green Loan Principle 2018
<https://www.lma.eu.com/>

³ 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

JCR assigns "g1 (F)", the highest grade, to "Evaluation phase 1: Greenness Evaluation."

Rationale: 100% use of proceeds under the Framework will be allocated to green projects

(1) JCR's Key Consideration in This Factor

In this section, JCR first assesses whether the use of proceeds set out in the Framework are green projects with clear environmental improvement effects. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

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

<Framework for the Use of proceeds>

[Overview of the Use of Proceeds]

Capital expenditures including development costs or refinance of the capital expenditures for renewable energy power generation facilities (solar, wind, and small and medium hydro (centered on less than 1MW)) of GPSS Holdings which are existing or are to be constructed (including under construction).

<JCR's Evaluation of the Framework>

a. On the Environmental Improvement Effects of the Project

i. The green eligible projects in the Framework are renewable energy projects such as solar, wind, and small and medium-sized hydroelectric power, and have a high environmental improvement effect.

The use of proceeds is capital expenditures, including the costs of developing renewable power plants and refinance of them. Solar, wind power, and small and medium-sized hydro power are clean energy that can reduce CO₂ by substituting fossil fuels. The Paris Agreement, which came into effect in November 2016, states that it is necessary to reduce the amount of anthropogenic greenhouse gas emissions to virtually zero in the latter half of the century. In order to achieve "decarbonization," it is essential to promote renewable energy such as solar and wind power generation. Introduction of renewable energy sources such as solar power generation, wind power generation, and small and medium-sized hydroelectric power generation contributes to the construction of a decarbonization society aimed at by the Paris agreement, and the environmental improvement effect is high. For small and medium-sized hydroelectric power generation, which is the target of the use of proceeds by GPSS, satisfactory consideration of environmental and social risks is required, but eligibility as a green project is recognized internationally.

As of December 2019, GPSS constructed a total of 133 renewable energy power generation facilities with a capacity of 210MW (including those under development) and owned 72 renewable energy power generation facilities with a capacity of 140MW (including those under development), all of which are solar power generation facilities. In addition, all power generation facilities are located in Japan.

- ii. GPSS's renewable energy facilities fall under "renewable energy" among the green projects defined in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines 2020 Edition, and the Green Loan Guidelines and Sustainability Linked Loan Guidelines 2020 Edition.

b. Negative Impact on the Environment

In the development of projects, GPSS Group conducts an in-house examination of factors that may negatively affect the environment (e.g., wildlife sanctuary, special areas such as national parks, special areas subject to sediment-related disasters, rivers and soil erosion areas) and other factors (e.g., areas with cultural reserves, plans for use by local governments, etc.). GPSS Group then decides on projects based on its own in-house evaluation criteria. JCR confirmed through the interview with GPSS that it conducts due diligence not only at the beginning of the case, but also several times according to the progress made. In the event that there is a negative impact on the environment, GPSS suspends construction until measures are implemented. JCR also confirmed that it refers to the technical evaluation reports of third-party organizations and opinions of law firms depending on the scale of the project.

c. Consistency with SDGs Goals and Targets

These projects are classified as "Renewable energy", and JCR evaluated these projects as contributing to the following SDGs targets and targets based on the SDGs mappings of the ICMA.



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

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil 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 a high level of economic productivity through diversification, technical improvements, and innovation, including by focusing on high value-added sectors and labor-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 transboundary infrastructure, to support economic development and human welfare with a focus on affordable and equitable access for all

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



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

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



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment



Goal 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current status described below and the JCR's evaluation, JCR assessed that the management and operation system was well established, that the transparency was extremely high, and that the implementation of projects as planned and the appropriation of funding could be sufficiently expected. JCR assigned "m1 (F)" as the highest ranking to the evaluation phase 2: Management, Operation, and Transparency Evaluation.

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 the goals to be achieved through green finance, the selection criteria for green projects and the appropriateness of the process, and whether the process is properly disclosed to investors and others.

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

a. Goals

<Framework for the Goals of Green Finance>

(Investment policy based on long-term vision)

GPSS is promoting the development of renewable energy through joint projects with local communities and local governments with the aim of achieving the power cost necessary for building a sustainable society (grid parity).

There are valuable, unused and sustainable renewable energy resources in every region of Japan.

We started to aim at grid parity after we set our goal of creating new value in the region by considering the ideal form of energy that suits the environment, utilizing our knowledge and experience, and developing businesses necessary for building a sustainable society.

Recently, the projects which are subject to the use of proceeds are renewable energy such as solar, wind, and small and medium-sized hydroelectric power, which will directly contribute to the achievement of the above-mentioned issues.

<JCR's Evaluation of the Framework>

Since its foundation in 2012, GPSS has targeted "grid parity," which means that electricity costs from renewable energy (the "sustainable energy") will be less than the cost of existing electricity, which is origin of the company name "GPSS" (Grid Parity for Sustainable Society). According to NEDO (New Energy and Industrial Technology Development Organization), the definition of "grid parity" is to achieve power generation costs at the same level as electricity prices. NEDO estimates that solar power generation achieved grid parity in 2014 compared to residential electricity prices. Achieving grid parity with commercial power prices and grid parity with other renewable power generation is a challenge for the future, and JCR evaluates that GPSS's investment policy will play a role in solving this challenge.

In addition, the Government of Japan has set a numerical target of increasing the ratio of renewable energy to 22-24% of the total power supply by 2030 in the Fifth Strategic Energy Plan. Renewable energy accounted for 16% of the total in 2017, and continued investment in renewable energy is essential to achieving the goal. GPSS is working to increase regional sustainability and create value by introducing renewable energy in a way that suits

local conditions. JCR evaluates that the introduction of renewable energy will contribute not only to the achievement of the government's goals, but also to the revitalization of local communities.

Under the Framework, the use of proceeds of green finance will be existing or planned renewable energy facilities (solar, wind and small and medium hydro). JCR evaluates that the implementation of green finance will contribute to the achievement of the above GPSS's goals.

b. Selection Standard

The use of proceeds in the Framework is the existing and planned (including under-construction) renewable power generation facilities (solar, wind and small and medium-scale hydro) owned by GPSS. As mentioned above in Phase 1, JCR evaluates above selection standard targets projects with a high environmental improvement effect.

The above eligible criteria are determined through discussions in the Development Committee and the Investment Committee in Sustainable Society Investment Management Co., Ltd. (SSIM), a wholly owned subsidiary of GPSS. The CEO of SSIM also serves as the representative director of GPSS, and as a member of GPSS Group, SSIM determines eligible criteria.

c. Process

<The Framework for Processes>

(Selection Process for Projects)

Project Selection Participants

Projects to be used for the financing will be finalized through discussions in the Development Committee and the Investment Committee (including Directors) in our subsidiary, SSIM Co., Ltd. This subsidiary mainly provides investment support services for the development and structuring of projects by our subsidiary.

The committee examines compliance with eligible criteria and corporate policies (renewable energy business based on collaboration with the local community), and evaluations and selects projects through consultation with supervisors and the person in charge of the Development Committee, Finance Group, Risk Management Group, and SSIM.

Project Selection Process

The Investment Committee (including directors) in SSIM examines the overall feasibility of candidate projects through discussions between the various divisions and decides the budget. The final approval of the Investment Committee, the Representative Director, approves the candidate projects and executes the projects in each division (including subsidiaries).

<JCR's Evaluation of the Framework>

When selecting a project, SSIM reviews the eligibility criteria and conformance to the company policy, and the candidate project is selected after consultation with the Development Committee, Finance Group, Risk Management Group, and other divisions. Candidate projects are determined by approval of the President after review of the investment committees at SSIM.

The goals, selection criteria and process set forth in the Framework are described in this evaluation report and will be disclosed to investors through various agreements when procuring Green Finance. Accordingly, JCR evaluates that transparency to investors is ensured.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's Key Consideration in This Factor

It is generally assumed that the methods of managing procurement funds vary widely among issuers, but it is necessary to confirm that funds procured through the implementation of green finance are appropriated for green projects, and that mechanisms and internal systems are in place to easily track and manage the appropriations.

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

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

<The Framework for Proceeds Management>

(Method of Linking Proceeds and Assets)

- The proceeds are fully tied with selected individual project.

(Method of Tracking and Management of Procured Funds)

- Funds procured through green bonds are transferred to our account and then transferred again to the deposit account managed by SSIM. Subsequently, the funds will be allocated to the subject green project.
- The management of funds procured and the management of documents related to settlements are implemented by the Finance Group in SSIM and the asset management company, to which it entrusts the asset management business.
- Funding for the subject project is confirmed on a quarterly basis and unallocated funds are managed in deposits.

<JCR's Evaluation of the Framework>

As described in this evaluation report, the use of proceeds is to finance capital expenditures of solar, wind and small and medium-sized hydro power generation facilities which are existing and planned construction (including under construction), or to refinance them. Therefore it is not to be used for any other purposes.

The proceeds are transferred to accounts managed by SSIM through GPSS accounts. Subsequently, the proceeds will be allocated to the green projects. The transfer of funds from GPSS to SSIM is decided by the Board of Directors of GPSS, and the allocation of funds from SSIM to the subject green projects is done with the approval of the person responsible for SSIM's Finance and Accounting Department. JCR confirms that the allocation to the subject green project is carried out in the form of investment in SPC established for each project from SSIM, and separate management is carried out for each project. The proceeds are confirmed on a quarterly basis. JCR confirms that if there are unallocated funds, the funds are managed with deposits.

Based on the above, JCR evaluates that fund management is highly appropriate and transparent.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether the system for disclosing green finance to investors before and after implementation is planned in a detailed and effective manner by referring to the framework.

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

<Framework for Reporting>

1. Reporting on the Status of Funds Appropriation

- Reporting on the project is scheduled to be disclosed annually on our website.
- Disclosure reporting, which includes (1) funds allocation, (2) impact reporting, focuses on the following three items regarding the appropriation of funds.
 - * Outline of green project to allocate funds procured through green bond issuance
 - * Amount of funds appropriated for green projects
 - * The amount or proportion of unappropriated funds, the timing of allocation, and the method of investment, if any.
- GPSS will receive a review of the evaluation of green bonds by JCR until the bonds are redeemed, focusing on the status of the appropriation of funds and the status of reporting on the disclosure of environmental improvement effects.

2. Reporting on Environmental Improvement Effects

The following impact reporting is scheduled to be disclosed for each project as an environmental improvement effect.

- (1) Calculated CO₂ emissions reduced by eligible green projects
- (2) Amount of power generated by eligible green projects
(the amount of power generated from power conditioners, etc. installed at each power plant)
- (3) Household power consumption conversion (calculated value)

<JCR's Evaluation of the Framework>

a. Reporting on the Funds Allocation

The use of the proceeds from green financing will be disclosed annually on GPSS's website. The contents are outline of the green project to be appropriated, amount to be appropriated to the green project, item on the unallocated funds (amount or ratio, timing of appropriation, operation method). JCR evaluates that the above disclosure items are appropriate.

b. Reporting on Environmental Improvement Effects

GPSS plans to report its environmental benefits on three items: CO₂ emissions, power generation, and household-equivalent reductions from eligible green projects. These three items are quantitative indicators, and JCR has evaluated them to be appropriate.

JCR also evaluates that the above reporting is planned to be disclosed appropriately to investors, etc. in terms of both the funds allocation and the effects of environmental improvement.

4. The Organization's Environmental Initiatives

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority issue for management, and whether the implementation policy of green finance and process, green project selection criteria, etc. are clearly positioned by establishing a department that specializes in the environmental field or by cooperating with external organizations.

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

GPSS's corporate mission is to realize a sustainable society through a sustainable energy business that utilizes local resources. GPSS's business domain is the renewable energy business, and its business activities lead directly to environmental efforts through CO₂ reductions. In GPSS, with the aim of becoming a 100% sustainable energy society, the top priority is to increase the number of renewable energy power generation facilities in the future.

GPSS and its subsidiaries, including SSIM, have established a "Sustainability Policy" to accomplish the above-mentioned mission through their business activities, and are continuing to put it into practice.

GPSS Holdings Sustainability Policy (excerpt)

Environment

- (1) Contribution to the Decarbonization of Society through Sustainable Energy
- (2) Consideration for Local Environment
- (3) Effective use of Energy and Resources

Social

- (4) Contribution to the Development of Local Communities through Business
- (5) Health and Safety of Stakeholders
- (6) Initiatives for Employees
- (7) Cooperation with Suppliers

Governance

- (8) Responsibility as an Infrastructural Operator
- (9) Compliance
- (10) Information Disclosure and Transparent Communication

GPSS has established the "Sustainability Committee" as an organizational unit to put the above policies into practice as a group. The Sustainability Committee oversees issues related to sustainability in GPSS Group's business activities, and discusses and manages specific targets and activity plans. The members of the Sustainability Committee are the members of SSIM Sustainability Promotion Office, chaired by the president of GPSS.

The Sustainability Committee considers and makes decisions on issues related to sustainability in all business activities, and meets twice already. As an example of activities, decisions and reports are being made on the development of the Green Finance Framework.

In the selection of green projects, the Evaluation Department considers whether the project is in wildlife sanctuary or a sediment-related disaster special warning area with the participation of in-house experts. For large-scale projects, the project is decided based on third-party opinions, such as a technical evaluation report and opinions from law firms.

Furthermore, GPSS has participated in GRESB Infrastructure Asset Assessment since fiscal 2019, and has received four stars in its first year of participation. This is because it was evaluated in terms of "management" and "stakeholder engagement" and it is one of the proofs that GPSS's internal systems and initiatives are highly appreciated by third parties. The results of GRESB assessment are taken up by the Sustainability Committee and it is commendable that GRESB assessment is utilized to improve the company's initiatives, such as holding training sessions for employees that explain the points evaluated and areas requiring improvement.

JCR evaluates that GPSS is able to assess its own policies and the Framework not only from its own perspective but also from a third-party perspective, by receiving advice from external consulting firms in developing internal systems for receiving GRESB assessments, formulating sustainability policies, establishing and implementing the Framework, and conducting specific businesses.

JCR evaluates that the organization's commitment to the environment is appropriate in light of management's high priority on environmental issues, the involvement of expert or external entities in the selection process, the clarity of targets, selection criteria and processes achieved through the Framework, and the use of expertise from external experts to formulate sustainability policies and the Framework.

(Reference) GRESB Infrastructure Assessment

Established in 2009, GRESB refers to benchmarks and organizations that measure and evaluate the asset of ESG consideration of companies that holding and operate real estate and infrastructure. In 2016, GRESB began assessing infrastructure in addition to conventional real estate, and the results are shown on a scale of five (five stars, four stars, three stars, two stars, and one star). As of 2019, two funds and five assets from Japan participated in infrastructure assessment.

■ Evaluation Results

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation." The Framework is considered to meet the standards for items required by the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines 2020 Edition, and the Green Loan Guidelines and the Sustainability Link Loan Guidelines 2020 Edition.

[JCR Green Finance Framework Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	Not qualified
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	Not qualified	Not qualified
	g5(F)	Green 5(F)	Green 5(F)	Not qualified	Not qualified	Not qualified

■ Scope of Subject

Issuer: GPSS Holdings, Inc.

[Assignment]

Subject	Evaluation
Green Finance Framework	JCR Green Finance Framework Evaluation: Green 1 (F) Greenness Evaluation :g1(F) Management, Operation and Transparency Evaluation: m1(F)

(Responsible analysts for this evaluation): Rieko Kikuchi and Kosuke Kajiware

Important explanation regarding the evaluation of the Green Finance Framework

1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Assessment

JCR Green Finance Framework evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the Green Project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of funds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of funds for individual bonds and borrows implemented in accordance with this policy. In the event that green finance assessments are granted for individual bonds or individual borrowings based on this framework, such assessments need to be conducted separately. Furthermore, the JCR Green Finance Framework Assessment does not demonstrate the improvement effect on the environment of individual bonds or borrows implemented under this Framework and does not assume any responsibility for the environmental improvement effect. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

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

The JCR Green Finance Framework 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. Independence in JCR Green Finance Framework Assessment

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 Finance Framework Assessment is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) 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)
- 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 17 g-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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