

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

Japan Credit Rating Agency, Ltd. (JCR) announces the following preliminary Green Bond Evaluation Results¹.

JCR Assigned Green 1 (preliminary) to the 33rd Bond issued by Ricoh Leasing Company, Ltd.

S u b j e c t	:	The 33 rd unsecured bond of Ricoh Leasing Company, Ltd. (Green Bond)
Type	:	Bond
Issue Amount	:	10 billion JPY
Interest Rate	:	N. A. (to be determined on August 7th, 2018)
Issue Date	:	August 13th, 2018
Redemption Date	:	August 10th, 2023
Redemption method	:	Bullet
Use of Proceeds	:	Proceeds will be used for repaying CP issued for purchasing existing solar power panel plants which are leasing and installment contracts assets.

<Green Bond Evaluation Result (preliminary)>

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

Chapter 1 : Evaluation Overview

Ricoh Leasing Company Ltd. (hereinafter, “Ricoh Leasing”) was established in 1976 for supporting the sales of Ricoh Group products financially. Ricoh Company Limited (hereinafter, “Ricoh”), a parent company of Ricoh Leasing (Shareholding ratio at 53.0%) is a manufacturer whose major products are copy machines and medical machineries, etc. Ricoh leasing’s major business is to provide leasing and installing office appliances, IT related appliances, medical machinery, to provide financial services for loans to corporate and individuals and commission business.

¹ JCR will assign final Green Bond Evaluation after all the conditions of the issuance will be determined. In case of this issuance, issue amounts and redemption terms have been already finalized and it is possible to identify the exact use of proceeds. Therefore, the contents of this report are not likely to be modified in the timing of providing the final evaluation report.

JCR evaluates Straight Corporate Bond issued by Ricoh Leasing with the redemption period at five years. The proceeds shall be used exclusively for refinancing the purchased cost of existing solar power generating facilities, acquired as leasing and installment contract assets. JCR confirmed that the Ricoh Leasing's department in charge assessed the expected risk of solar power generating facilities and their operations. As a result, JCR resulted that these projects have little possibilities that the negative impacts on the environment may surpass the positive impacts and JCR considered it as a green projects which largely contribute to CO₂ emission reduction. JCR also confirmed its solid management and operation system and high transparency in implementing the green projects, as one of its various efforts for environmental issues as a member of Ricoh Group.

As a result, this bond obtained an overall evaluation of “Green 1” based on “JCR green bond evaluation methodology”, with the Corporation attaining both “g1” on “Greenness” and “m1” on “management, operation and transparency”. Please refer to the next chapter for more detailed descriptions. This bond is considered to qualify on the same standards and quality which were required to be determined as a Green Bond, in line with the Green Bond Principle of ICMA and Green bond Guidelines published by Ministry of Environment of Japan.

Chapter 2: Current status of the project on each evaluation factor and JCR's evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns “g1”, the highest grade, to “Evaluation phase 1: Greenness Evaluation”.

Rationale: 100% use of proceeds of this borrowing is allocated to green projects, considering the factors described below.

(1) JCR's key consideration in this factor

In this section, JCR first assesses whether the funding money will be allocated to green projects that have explicit improvement effects on the environment. Secondly, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove this satisfactorily, and in case of possibility that the use of proceeds have negative impact on the environment, necessary workaround or mitigation measures have been taken. Lastly, JCR shall confirm the eligible projects' alignment with SDGs.

(2) Current status of the project on each evaluation factor and JCR's evaluation.

Overview of the use of proceeds

a. Environmental Benefits of the Projects

i. 100% of the proceeds are used for refinancing solar power generation facilities, which will bring higher CO₂ reduction effect.

All the proceeds will be refinanced to 11 solar power generation facilities listed in Table 1. JCR confirmed that Ricoh Leasing invested in these solar power generation facilities from April 2017 to April 2018 and leasing or installment contract of these facilities were more than seven years. According to the estimates of Ricoh Leasing, total average power generation from these 11 facilities is expected to be 30,001 MW, which is expected to reduce CO₂ emission by 15, 170t annually.

ii. One of the facilities contributes to regional vitalization.

Nakanojo town Sawatari Onsen third solar power plant is leased to Nakanojo town, who plans to operate regional revitalization and local production for local consumption of renewable energy. Ricoh leasing cooperates with Ricoh Japan, Ltd. to conclude this leasing contract. This is in line with one of the Business Growth Strategies, "Deployment of lease + service business through collaboration with RICOH Group companies" in the area of energy-creation and energy-saving, where Ricoh leasing is focusing on. JCR found that such effort may enlarge new business opportunities for Ricoh leasing.

iii. The use of proceeds falls under Renewable Energy project listed in ICMA Green Bond Principle and MOE green bond guidelines.

b. Negative impact on Environment

Ricoh leasing considers any possible adverse risks of the project when choosing the eligible green project in the process of project appraisal stage. As a result of the appraisal, no possibility of adverse impact was expected. In addition, when facing unexpected natural disasters, Ricoh leasing shall try to reconstruct or restore the plant by using disaster insurance. JCR also confirmed that the Company will consider replacing the damaged asset to a new plant, if the damage will be too severe to restore.

(Eligible Green Project List)

Project Name	Location	Output capacity (kw)	Total project cost (mil. Yen)	Annual power of generation (estimate) (MWh)	Annual CO ₂ reduction (estimate) (t-CO ₂)**
Nakanojo town Sawatari Third	Agatsuma-gun Nakanojo-Town, Gunma	1,999	617	2,098	1,097
B	Nishi Shirakawa-gun Yabuki-cho, Fukushima	2,304	470	2,418	1,168
C	Izu-city Shizuoka	1,750	1,015	1,836	870
D	Osaka-city Osaka	6,500	1,496	6,820	3,362
E	Kasaoka-city Okayama	2,402	1,053	2,521	1,749
F	Izuka City Fukuoka	1,676	750	1,759	964
G-1	Tagawa-city Fukuoka	1,989	864	2,087	1,008
G-2	Tagawa-city Fukuoka	1,989	864	2,087	1,008
G-3	Kama-city Fukuoka	1,988	864	2,086	1,008
G-4	Kama-city Fukuoka	994	432	1,043	504
H	Goto-city Nagasaki	5,000	2,235	5,246	2,534
Total				30,001	15,272

* : Excepting Nakanojo-town Sawatari Onsen project, which have regional revitalizing effects, Project names shall not be disclosed, due to the Confidential Agreement with the leasing or installment contractors.

** : CO₂ Emission calculation method = Expected annual power generation × Coefficients after the adjustment (2016 basis (latest))

Coefficient after the adjustment is publicized by the Ministry of Environment by power producers and suppliers.

C . Alignment with SDGs goals and target

This project falls under the Renewable Energy Project type, which may contribute to the following SDGs goals and targets according to ICMA's SDGs mapping.

	<p>Goal 3 : Ensure healthy lives and promote well-being for all at all ages</p> <p>Target 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>
	<p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix</p>
	<p>Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>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</p>
	<p>Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation</p> <p>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</p> <p>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</p>
	<p>Goal 11 : Make cities inclusive, safe, resilient and sustainable</p> <p>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</p>
	<p>Goal 12: Ensure sustainable consumption and production patterns</p> <p>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.</p>
	<p>Goal 13: Take urgent action to combat climate change and its impacts</p> <p>Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>

Evaluation Phase 2: Evaluation on Management, Operation and Transparency

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

Rationale: These projects have allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

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

(1) JCR’s key consideration in this factor

JCR assesses whether the following information is appropriately disclosed to investors, such as the target through issuing a green bond, selection standard, and suitability of the processes and series of processes employed.

(2) Current status of the project on each evaluation factor and JCR’s evaluation.

a. Goal

To contribute to one of the important business strategies of Ricoh Leasing, "Contributing to decarbonized society and circular economy", it acquires solar power plant for leasing and installment contract by the use of proceeds.

b. Selection criteria

When selecting the solar power generation facilities, the responsible department of Ricoh leasing shall assess the grounds or any plausibility of landslide disaster.

When installing the solar power generation facilities, it assesses the following items, which may bring negative environmental impacts and takes appropriate measures to avoid or mitigate, if it necessary.

- i. Landslide disaster: in case of facilities’ location on sloping land profiles.
- ii. Leakage and electrification: damages to facilities of solar panel or wiring and generation facilities by earthquake disaster.
- iii. Improper siting of solar project that result in aesthetic impact to the landscape and glare reflection from solar installations.

When acquiring the subjected solar power generation facilities, a responsible person in the specific department of Ricoh Leasing conducted necessary surveys about the plausibility of landslide, natural disaster, etc. with the reference of hazard map.

In addition, it implemented explanatory meeting to the local residents to respond to any possible claims. As a result, JCR confirmed that there is small possibility of receiving claims from the residents in the future.

c. Process

Ricoh leasing acquired the solar power plants after the survey of operating department and got an approval of appraisal committee, which is a consultative body of the President and Executive Officer. JCR confirmed that all the projects were judged by the appraisal committee that there was small possibility of serious issue occurring in the future.

Survey items include the followings:

Compliance of O&M companies and construction companies, creditworthiness of debtors of leasing and installment contracts, environmental risks, etc. The responsible person sometimes implemented on-site survey upon necessity. JCR confirmed such survey results were appropriately recorded and retained.

The selection criteria and its process are documented in this evaluation report and prospectus, which ensure the transparency of these procedures to the investors.

2. Appropriateness and Transparency of Management of the proceeds

(1) JCR's key considerations

Management of the funding money varies with the issuer. In this section, JCR assesses whether the proceeds firmly allocated to the green project, the projects have internal systems to easily track the allocation of the proceeds and the money funded by the issuing the green bond will be allocated to the green bond at once. JCR also considers the evaluation of asset management of any unallocated money.

(2) Current status of the project on each evaluation factor and JCR's evaluation.

- a. According to the prospectus, proceeds are used for refinancing of CP issued for purchasing solar power generation facilities. JCR confirmed that any other purposes are not expected.
- b. About the account management, an account for proceeds and an account for CP financing are specified. Since the proceeds are promptly allocated to redemption of the commercial papers, JCR confirmed that it would be enough to track the account of the proceeds only one time, when it would be used for CP redemption.
- c. Ricoh leasing shall allocate the proceeds to CP redemption with the approval of the responsible executive officer. In addition, it plans to conduct internal audit for internal control purpose.
- d. It is expected that all the proceeds are promptly allocated to the project and there is no unallocated portion. If any unallocated portion may occur due to the clients of leasing or installment contract would purchase the solar power generation facilities, Ricoh leasing will promptly select an alternative facility to allocate the unallocated portion. It is also expected that any unallocated portion shall be stored as cash or the equivalent.

3. Reporting

(1) JCR's key considerations

In this factor, JCR assesses whether the disclosures to investors before and after the bond issuance or disbursement of the loans are effectively planned in detail, at the timing of issuing green bonds or disbursing the loans.

(2) Current status of the project on each evaluation factor and JCR's evaluation.

a. Reporting about the proceeds allocations

As was described in the previous section, no reporting during the past year about unallocated portion is planned, since all the proceeds are promptly allocated to CP redemption.

However, if any unallocated portion may occur due to the clients of leasing or installment contract purchasing the solar power generation facilities, Ricoh leasing will promptly select an alternative facility to allocate the unallocated portion. If such unallocated portion may occur, Ricoh leasing will report such allocated situation changes in its reporting.

b. Impact reporting for environmental benefits

Please find the list of all the solar power generation facilities of this proceeds and facilities' outline in Table 1. Ricoh leasing will report CO₂ emission reduction by using theoretical value of power generations and coefficients after adjustment. These reporting shall be disclosed in its website.

Ricoh leasing also plans to ask for the external review for reviewing the accuracy of such reporting conducted by JCR.

4. Efforts taken by the organization

(1) JCR's key considerations

In this factor, JCR assesses whether the issuer put a high priority on environmental issues or not, whether the policy for financing green projects and its process, criteria to choose the projects are clearly important, in cooperation with the department which is responsible for environmental issues or external institutions.

(2) Current status of the project on each evaluation factor and JCR's evaluation.

a. Environmental efforts of Ricoh Group

Ricoh Inc., a parent company, established environmental promotion division in 1976, established "Ricoh environmental policy" in 1992. Gotenba branch of Ricoh was the first corporation in Japan which took "ISO/DIS14001" in 1995. It sets goals using the back-casting method, aiming to improve the Earth's self-recovery capabilities.

Currently, Ricoh group is implementing the 19th Environmental Action Plan from April 2015 to March 2019. In order to achieve the following goals,

- ✓ <Goals for 2050>
Aim for zero GHG emissions across the entire value chain
- ✓ <Goals for 2030>
GHG scope 1, 2 : 30% reduction compared to the 2015 level
GHG scope 3 : 15% reduction compared to the 2015 level (Procurement, Use and logistics categories)

Ricoh group promote energy savings and utilization of renewable energy. In addition, It set numerical goals for each environmental category, such as energy efficiency, recycling, global warming prevention, resource saving, pollution prevention and conservation of biodiversity, as a measure of adapting climate change.

Ricoh Group took the third party verification from SGS Japan (French verification organization established in France in 1878), regarding IT systems and accuracy of collecting, calculating and analyzing method and the output data, such as environmental performance data, including but not limited to GHG emissions, etc. This verification is publicized in its website. JCR considers that such information disclosure process ensure the volume and quality of information disclosure of Ricoh group.

In April 2017, Ricoh joined global initiative, named RE100 (Renewable Energy 100) as the first Japanese corporation who joined this initiative. It also joins policy dialogue inside and outside Japan as a co-representative of Japan-CLP, which is a private initiative for realizing decarbonized society. It also joins

Japanese climate change initiative in July 2018. As such, Ricoh Group strongly commit to decarbonized society.

b. Environmental efforts taken by Ricoh Leasing

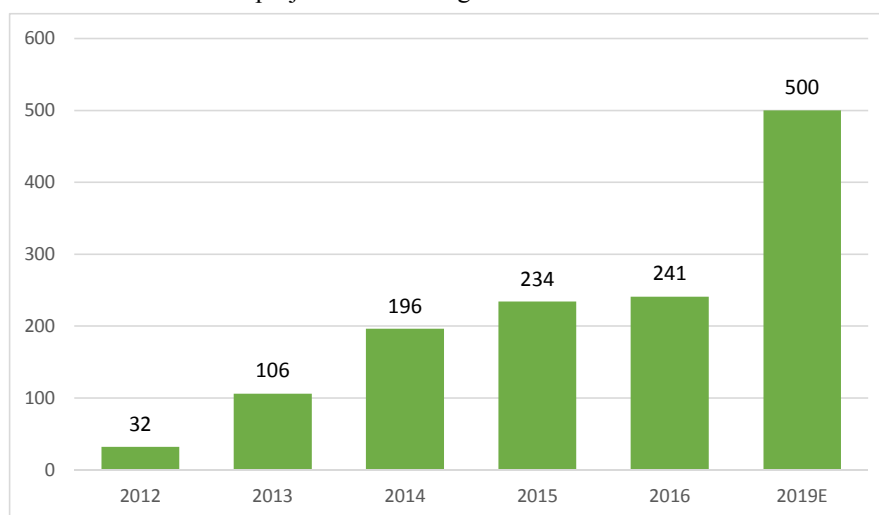
Ricoh Leasing has been providing services which would contribute to resolve issues related to environmental and social problems since 2000’s. It continues its activities which contribute environmental issues by setting issues and action goals by considering its characteristics as a leasing company.

In 2017, Ricoh Leasing has modified the material issues of the group in line with its new mid-term plan. As a result, it set 13 material issues related to the four important themes. “Contributing to decarbonized society and circular economy” is one of the important themes, which includes the following issues; “Continuous operation and improvement of environmental management system”, “Mitigation and adaptation of climate changes”, “Resource circulation” and “Conservation of biodiversity”.

In the mid-term management plan, which was made together with important them, Ricoh Leasing raised the target of 1,001t of CO₂ reductions and developing and providing 50 billion JPY of services and businesses related to environment. In order to reach these targets, Ricoh Leasing tries to reduce environmental burden by dealing more renewable energy facilities, LED, etc.

This time green bond issuance is in line with the above strategies. When issuing the bond, financial department and CSR promotion division of corporate planning department submitted the proposal to ALM committee, a President’s advisory, and approved. The reason of the above two department raised the proposal was that this eligible green projects will contribute to one of the mid-term target, “50 billion JPY of deals related to environmental area and to “contribute to decarbonizing society and circular economy”.

(Environmental related projects outstanding)



Source : Ricoh Leasing CSR REPORT 2017

■Green Bond Evaluation

<Summary>

This borrowing obtained overall evaluation of “Green1” based on “JCR green bond evaluation methodology”, as the project obtained both “g1” on “Greenness” and “m1” on “Management, Operation and Transparency”. This borrowing is considered to qualify the standards which were required to be determined as a Green Bonds, etc. in Green Bond Principle of ICMA and Green Bond Guidelines by Ministry of the Environment of Japan.

【JCR Green Bond Evaluation Matrix】

Management, Operation & Transparency	m1	m2	m3	m4	m5
Greenness					
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

<Assignment>

Structure	Amount (bn)	Execution Date	Final Repayment Date	Interest Rate	Evaluation
Bond No. 33	JPY 10 bil.	Aug. 13, 2018	Aug. 10, 2023	Note	JCR Green Bond Evaluation :Green1 Greenness Evaluation :g1 Management, Operation, and Transparency :m1

GB Analysts in charge of this evaluation: Atsuko Kajiwara, Rieko Kikuchi

*Green Bond Evaluation Methodologies

[https://www.jcr.co.jp/en/pdf/greenfinance/Green-Bond-Evaluation-Methodology\(EN\)_r.pdf](https://www.jcr.co.jp/en/pdf/greenfinance/Green-Bond-Evaluation-Methodology(EN)_r.pdf)

Important explanations about this green bond evaluation

1. Assumptions, meaning and limits of JCR Green Bond Evaluation

JCR Green Bond Evaluation assigned and provided by Japan Credit Rating Agency, Ltd. is the expression of its comprehensive opinion at this moment concerning both the degree of the proceeds allocated to green projects defined by JCR and Management, Operation and Transparency of the Use of proceeds of the green bonds. This evaluation is JCR's overall opinion at this moment, and it 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 allocation plan of the proceeds to green projects at the time of issuing green bonds or planning to issue green bonds and does not guarantee the future actual allocation of the proceeds. JCR does not guarantee the positive impacts on environment realized by the green bond nor is liable for the expected impacts. JCR affirms that the environmental impacts, which will be realized by the allocated proceeds, are calculated quantitatively or qualitatively by the third parties, but in principle, JCR will not calculate them by itself.

2. The relationship with credit rating business

Assignment and provision of JCR Green Bond Evaluation is an ancillary service provided by JCR and this is not credit rating business.

3. The relationship with credit ratings

This evaluation is not a credit rating, nor promising to provide and disclose a predetermined credit rating.

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JCR publishes its press releases regarding the evaluation actions both in Japanese and in English on the same day. In case that it takes time to translate evaluation rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days.

■Glossary

JCR Green Bond Evaluation: This is to evaluate the degree of the proceeds financed by the issuance of bonds or by any other financing tools which will be allocated to the green projects and the evaluation of ensuring the Management, Operation and Transparency of the proceeds. The evaluation symbols are 5 grades; Green 1, Green 2, Green 3, Green 4 and Green 5.

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

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