

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

Japan Credit Rating Agency, Ltd. (JCR) announces the Annual Review Results of its Green Bond Evaluation.

## JCR Reviewed Green Bond Evaluation on Bonds of Orient Corporation

Subject	:	Orient Corporation's 21st unsecured corporate bonds (with inter-bond pari passu clause) (Green Bond)
Type	:	Bonds
Issue amount	:	JPY 5 billion
Interest Rate	:	0.50%
Issue Date	:	April 12, 2019
Redemption Date	:	April 12, 2024
Method of Repayment	:	Bullet
Use of Proceeds	:	Refinancing of funds for the implementation of renovation loans for the main purpose of installing solar power generation systems, etc.

### <Green Bond Review Results>

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

### 1. Evaluation Overview

On April 5, 2019, JCR assigned the JCR Green Bond Assessment "Green 1" to the 21st series of unsecured bonds issued by Orient Corporation (or the "Company"). The outline is as follows.

Orient Corporation was founded in 1954 and operates four core businesses: installment sales finance, credit cards and loans, bank guarantees, and payment and guarantee services. In particular, the company is one of the industry leaders in terms of auto loans and shopping credit transactions, as well as the balance of bank guarantees outstanding.

Bonds evaluated (the "Bonds") are unsecured bonds issued by the Company with a term of five years. The proceeds from issuance of the Bonds are to be used to refinance funds raised to execute eco solar loans to install solar power systems and their ancillary facilities provided by the Company's nationwide franchisees to retail and corporate customers. JCR confirmed that the use of proceeds for the eco solar loans are solar power generation systems and their ancillary equipment, and that they are facilities with high energy-saving performance. On the target project, the following were confirmed: (1) because of the installation of relatively small-scale solar power generation systems, there is no anticipation of a situation that would have a serious negative impact on the environment; (2) there is a high

likelihood that environmental improvement effects will be appropriately realized by the construction being conducted in accordance with the Building Standards Law; and (3) for implementation, there is a compensation system for the work in progress and after the construction, so that risks of environmental concern are appropriately avoided. Accordingly, JCR evaluated the use of proceeds as a green project that contributes to environmental improvement as a renewable energy project. It was also confirmed that a management system has been established for the loans subject to appropriation of eco solar loans, and that a system has been built to ensure that these loans are appropriated to the target project throughout the period until the redemption of the Bonds, and that the Company recognizes environmental issues as important issues and is working on them with clear targets.

Based on the review, it was confirmed that the loan pool of Green Reform Loans subject to the use of proceeds is managed within the Company at a balance greater than the amount of the Bonds issued. It was also ascertained that the management and operation systems are maintained as initially planned and that appropriate disclosure is made.

As a result of the above reviews based on the JCR Green Finance Evaluation Methodology, JCR maintained "g1" for "Greenness Evaluation (Use of Proceeds)" and "m1" for "Management, Operation and Transparency Evaluation." Consequently, JCR maintained "Green 1" as the overall evaluation to the Bonds. The evaluation results are described in detail in the next chapter. The Bonds are also considered to meet the standards for items required by the Green Bond Principles<sup>1</sup> and Ministry of the Environment's Green Bond Guidelines<sup>2</sup>.

## 2. Post-issuance Review Items

In this section, JCR describes the items to be confirmed in the post-issuance review. The review focuses on items whose content has changed compared with the previous evaluation period.

### (1) Use of Proceeds (Status of Appropriation)

JCR evaluates if the management of funds procured by the Bonds and the appropriation of funds procured for green projects been properly carried out in a manner specified by the issuer at the time of assigning the Green Bond Evaluation.

### (2) Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

JCR evaluates if there are any changes to the objectives to be achieved through the Bonds, the criteria for selecting green projects, the adequacy of the process, and the series of processes to be implemented.

### (3) Appropriateness and Transparency of Management of the Proceeds

JCR evaluates whether the proceeds have been certainly allocated for green projects or not. JCR also evaluates if there is a system and internal system in which the allocation status can be easily tracked and managed.

### (4) Reporting

JCR evaluates if the environmental improvement effects resulting from the green project financed by the funds procured by the Bonds are appropriately calculated according to the method stipulated by the issuer at the time of assigning the Green Bond Evaluation.

### (5) Environmental Initiatives of the Organization

JCR evaluates if the issuer's management is continuing to regard environmental issues as a high priority issue.

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

### 3. Contents of Review

#### (1) Use of Proceeds (Status of Appropriation)

The proceeds from issuance of the Bonds have been used to refinance funds raised by Orient Corporation for the execution of Green Reform Loans, which is intended to install solar power generation systems and their ancillary facilities provided by the Company's nationwide franchisees to retail and corporate customers.

Through interviews with the Company, JCR confirmed that the Green Reform Loan pool exceeded the issuance balance of the Bonds. From this, JCR judged that the proceeds are appropriately used for funds.

#### (2) Appropriateness and Transparency Concerning Selection Criteria and Processes of the Use of Proceeds

JCR evaluated the criteria for selecting the use of proceeds and the process as appropriate at the time of the previous evaluation. As the review confirms that there are no particular changes, JCR judged that the selection criteria and process for selecting the use of proceeds are continued to appropriate.

#### (3) Appropriateness and Transparency of Management of the Proceeds

JCR evaluated the fund management as appropriate at the time of the previous evaluation. The entire amount of the proceeds from issuance of the Bonds was already appropriated for the refinancing of funds for the purchase of solar-related equipment promptly after the issuance, and there are no unappropriated funds. The Company, until the bonds are redeemed, will also extract Green Reform Loans that meet predetermined eligibility criteria by using an internal system so that the amount of the Bonds issued exceeds 5 billion yen, and separately manage them. JCR confirmed through interviews with the Company that the separate management has been appropriately conducted from the issuance to the present. Accordingly, JCR judged that fund management continues to be appropriate.

#### (4) Reporting

##### a. Reporting on the Status of Fund Allocation

It was disclosed on Orient Corporation's website that the entire amount of proceeds from issuance of the Bonds have already been used to refinance funds for acquisition of Green Reform Loans. Reporting on fund appropriations is therefore undertaken appropriately.

##### b. Reporting on Environmental Improvement Effects

For reporting on environmental improvement effects, the Company estimates the amount of power production and CO<sub>2</sub> saving from the installation of solar power generation systems that are eligible for Green Reform Loans at the time of publication of the reporting. JCR confirmed that the above impact indicators were disclosed on the Company's website.

#### (5) Organizational Environmental Initiatives

Orient Corporation's corporate philosophy is "We value our relationships of trust and aim to act as a company that contributes to society by enabling customers to realize lifestyles of abundance." Since its foundation, the Company has contributed to development of a financial infrastructure by providing products centered on the individual installment sales business and finance for individuals, such as shopping credits. The goal of the Company is to contribute to society through provision of products and services that satisfy customer needs, under the brand slogan "Orico (Orient Corporation) will stand by your side, working tirelessly to help your dreams become a reality."

The Company has formulated a medium-term management policy for the period from fiscal year ended March 2020 (FY2019) through FY2022. One of the basic strategies for rebuilding a robust profitability structure and

creating new business models is "Enhancing Sustainability Initiatives." The Company sees it important to give consideration to sustainability when conducting all businesses, and has established the Basic Sustainability Policy.

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#### Basic Sustainability Policy

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In light of the expectations and requests of our stakeholders,  
we selected priority themes from among various social issues  
Appropriate for a company that contributes to society as stated in its basic philosophy.  
Through initiatives such as the provision of financial products and services,  
We aim to realize a sustainable society and increase corporate value.

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Orient Corporation's priorities for environmental and social issues have been determined by examining the relevance of SDGs (Sustainable Development Goals) to the social issues surrounding the Company and its industries as well as the relevance to the value-creation process, and have been publicly disclosed as material topics described below. The Sustainability Report, etc. disclose the contents of specific initiatives and targets that should be promoted by the Company for each important theme, and indicates that by providing its own products and services, it will realize the resolution of social issues and the enhancement of corporate value at the same time. The Company concluded the Saitama Prefecture Forest Creation Agreement with Saitama Prefecture and Chichibu City in July 2020 as one of the important themes of "Environmentally-conscious initiatives," and is working to reduce CO<sub>2</sub> emissions by restoring forests through forest development activities such as planting, harvesting and thinning. The Company recognizes that solar power generation facilities, which are eligible for the use of proceeds from the Bonds, are also important initiatives included in such "Environmentally-conscious initiatives" and is striving to provide relevant products.

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#### Important themes

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- 1) Provision of highly convenient financial products and services offering safety and security
  - 2) Contribution to development of sustainable communities
  - 3) Environmentally-conscious initiatives
  - 4) Human resource diversification and development, and working style reforms
  - 5) Enhancement of governance
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Such sustainability initiatives are being pursued by the Sustainability Promotion Office, incorporating not only the opinions of investors, franchisees and other stakeholders, but also the opinions of outside experts. In addition, the Business Promotion Group has specialized knowledge with respect to products eligible for the use of proceeds from the Bonds and is involved in the selection of the use.

Based on the above, JCR evaluates that Orient Corporation is actively tackling environmental issues.

## 4. Conclusion

As a result of verifying the matters described in the previous section, JCR confirmed that 100% of the proceeds of the Bonds have been allocated for the green projects, which was originally assumed to be used for funding, and that the assets subject to funding have sufficiently realized the effects of environmental improvement that were originally assumed.

[JCR Green Bond Evaluation Matrix]

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

### ■ Scope of Subject

Issuer: Orient Corporation (Security Code: 8585)

Subject	Issue Amount	Issue Date	Redemption Date	Interest Rate	Evaluation
21st unsecured corporate bonds	JPY 5 billion	April 12, 2019	April 12, 2024	0.50%	JCR Green Bond Evaluation: Green1 Greenness Evaluation : g1 Management, Operation, and Transparency Evaluation : m1

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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 granted and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured from the issuance of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. JCR Green Bond Evaluation does not fully indicate the extent to which the funds procured from such green bonds are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Bond Evaluation evaluates the plan or status of the appropriation of funds at the time of the green bond issuance plan or at the time of issuance, and does not guarantee the status of the appropriation of funds in the future. In addition, JCR Green Bond Evaluation does not prove the environmental effects of green bonds and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green bonds on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

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

The methods used in this evaluation are listed on JCR website (Sustainable Finance & ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Methodology.

### 3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as 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 Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

#### ■Status of registration as an external 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)
- Climate Bonds Initiative Approved Verifier
- Members of the Working Group on UNEP FI Positive Impact Finance Principles

#### ■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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