

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

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

## JCR Assigned Green 1 to the Trust Beneficiary Rights 00012747

Scope of Evaluation	:	Trust beneficiary rights 00012747
Type	:	Trust beneficiary rights
Amount	:	JPY 2 billion
Provisional dividend rate	:	6month JPY Tiber+0.70%
Trust setup date	:	September 28, 2018
Date of transfer of beneficial interest	:	September 28, 2018
Trust Expiration Date	:	September 30, 2036
Method of repayment	:	Scheduled repayment
Use of proceeds	:	Acquisition of loan claim for use of proceeds for capital investment in solar power generation facilities

### <Green Bond Evaluation Results>

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

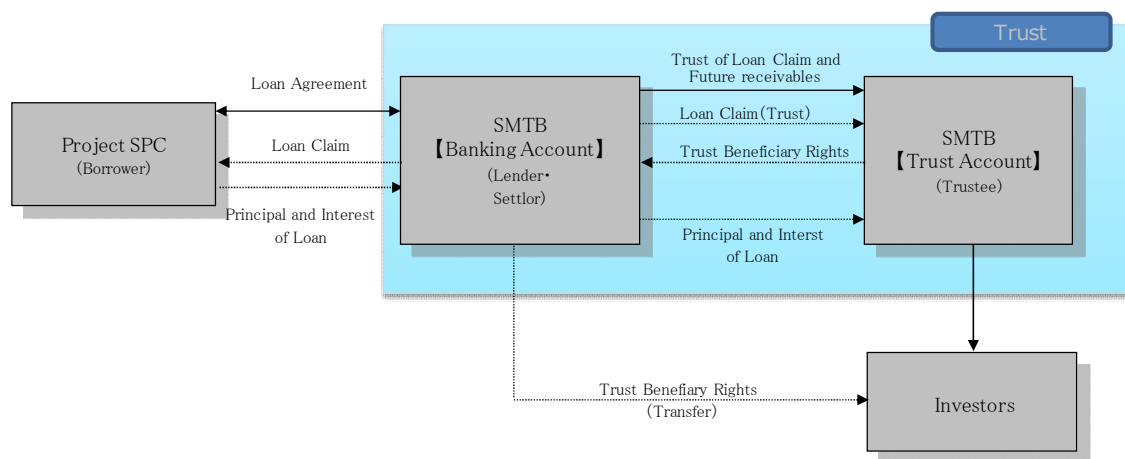
## Chapter 1: Evaluation Overview

Sumitomo Mitsui Trust Bank, Limited (SMTB) was founded as Mitsui Trust and Banking Corporation in 1924 and Sumitomo Trust and Banking Corporation in 1925, and is the core company of the Sumitomo Mitsui Trust and Banking Corporation Group. SMTB was established in 2012 through the merger of Sumitomo Trust and Banking, Chuo Mitsui Trust and Banking, and Chuo Mitsui Asset Trust and Banking. The Sumitomo Mitsui Trust Group, to which SMTB belongs, is the largest asset operation and management group in Japan. It is a trust banking group with industry-leading businesses, mainly in the fiduciary business (asset management).

The Sumitomo Mitsui Trust and Banking Corporation have formulated the "Action Guidelines for Climate Change" in response to climate change. "2. Provision of Products and Services" in the "Action Guidelines for Climate Change", stipulates that "the Group will strive to develop and provide products and services that contribute to climate change mitigation, such as promotion of energy conservation through financial functions and promotion of the use of renewable energy." The Group aims to contribute to the resolution of climate change issues by utilizing the functions of trusts.

The subject of this evaluation is trust beneficiary rights backed by a loan receivable from a project SPC that operates a solar power generation facility in SMTB's banking account. The schematic diagram of this financing is shown below.

(Scheme Diagram)



SMTB entrusts its loan to the SPC held in the bank account to its own trust account. The Trustee SMTB shall deliver the trust beneficiary rights to the bank account and SMTB shall transfer the trust beneficiary rights to investors.

Through this scheme, SMTB provides investors with opportunities to invest in ESGs. The loan from SMTB underlying the trust beneficiary rights to the SPC will be used to fund the construction of a solar power generation facility owned by the SPC.

SMTB also confirmed that this project may not have a serious negative environmental impact that would outweigh the environmental impact of the project. Based on the above, JCR has evaluated the use of the loan, which is the underlying asset of this assessment, as a green project that contributes significantly to reducing CO<sub>2</sub> emissions.

In addition, JCR confirmed that the management system and transparency of the trust beneficiary rights in SMTB are high, for example, due to the fact that the management of the trust beneficiary rights is managed in an appropriate manner internally and that the internal management system is in place.

As a result, the trust beneficiary rights to be evaluated are set as "g1" in the "Green Bond Assessment (Purpose of Use of Funds)" and "m1" in the "Management/Operation System and Transparency Assessment" based on JCR Green Bond Assessment Method, and the "Overall evaluation" is set as "Green1." Evaluation results are discussed in detail in the next chapter. In addition, the trust beneficiary rights are considered to meet the standards for items required under the Green Bond Principles and the Green Bond Guidelines of the Ministry of the Environment of Japan.<sup>12</sup>

<sup>1</sup> ICMA (International Capital Markets Association) Green Bond Principles 2018 Edition

<sup>2</sup> Ministry of the Environment's Green Bond Guidelines, 2017 Edition

## 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 the trust beneficiary rights is allocated to green projects, considering the factors described below.

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

In this section, we first assess whether the funding money will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency proves 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 the project on each evaluation factor and JCR's evaluation.

##### Overview of Use of Proceeds

##### a. On the environmental improvement effects of the project

##### i. 100% of the proceeds is for the acquisition of a solar power generation facility, which is highly effective in improving the environment.

A solar power generation facility under construction (this project) in the table below is subject to the use of proceeds for the loan receivable that underlies the trust beneficiary rights that are subject to evaluation. SMTB will provide the loan to the SPC in five installments beginning in March 2017. According to the SMTB's 19-year projection of electricity generation, the target asset has an average annual effect generation of 14,875 MWh, and when converted into CO<sub>2</sub> reductions, the target asset has an average annual power generation of 7,051 t-CO<sub>2</sub>.

(List of Target Assets)

Location	Power output	Projected annual power generation Amount of electricity (19-Year Average)	Annual CO <sub>2</sub> reductions (Forecast) (19-Year Average)*
Tochigi prefecture	14,244.48kW	Approximately 14,875 MWh	Approximately 7,051 t-CO <sub>2</sub>

(Source: Technical Due Diligence Report)

\* Method of calculating CO<sub>2</sub> reductions = Estimated annual power generation × Adjusted emission factor (FY2016 (latest figures))  
Adjusted emission factors are published by the Ministry of the Environment for each electric power business and each fiscal year.

##### ii. Solar power generation facilities are highly schedule to be completed and put into operation as planned.

The construction company (EPC), the post-operational operation and management contractor (O&M) and the asset management company (AM) of this project are each conducted by experienced companies engaged in a number of solar power generation businesses, including mega-solar power generation in Japan. The

solar modules and the power conditioners (PCS) used in this project will also be made by the companies with extensive domestic supply performance.

JCR confirms that the construction of the solar power generation facility is also proceeding smoothly through interview with SMTB. Based on the above, JCR has evaluated this project as a green project that contributes greatly to the reduction of CO<sub>2</sub> emissions, as it is highly likely that the solar power generation facility will be completed as scheduled and power generation will be implemented.

**iii. The use of proceeds falls under the category of renewable energy among green projects as defined in the ICMA's Green Bond Principles or Green Bond Guidelines of the Ministry of the Environment of Japan.**

**b. Negative impact on Environment**

In selecting the project subject to green bonds, SMTB assumes risks that may have a negative impact and conducts preliminary examinations. As a result of such preliminary examination, no negative impact on the environment has been anticipated for the target asset.

This project site uses land that had previously been used for other specific purposes, and no large-scale development has been carried out as a business of the implementation of this project.

According to the technical report obtained by JCR, the project site is not designated as a risk area for sediment-related disasters, and it is considered unlikely that sediment-related disasters such as debris flows would occur. In addition, since the project site is far from rivers, flood risk due to flooding is considered to be low. Also, JCR confirms through the interview that the project has developed smooth relationship with neighboring residents.

In addition, JCR confirmed that the target asset is adequately insured against unanticipated natural disasters and that the continuity of the project is secured.

### c. Alignment with SDGs goals and target

This project is classified as renewable energy. JCR evaluated the project to contribute to the following SDGs targets and targets, referring to ICMA's SDGs mapping.



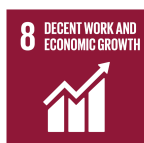
#### **Goal 3: Ensure healthy lives and promote well-being for all at all ages**

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

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

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

##### a. Goal

As a result of the interview regarding the SMTB's objectives to be realized through the trust beneficiary rights, JCR received the following answers.

SMTB places importance on initiatives related to sustainability and is promoting these initiatives based on the following concepts.

##### 1. Actively promoting sustainability initiatives as a management commitment

SMTB regards ESG as a vital management foundation and therefore strives to identify and manage sustainability problems that need to be addressed as management priorities.

##### 2. Sustainability initiatives in our business

SMTB aims to build a sustainable society together with its customers by providing total solutions to the social issues that customers face by leveraging the functions of the dedicated trust banking group. SDGs will be used as a standard for identifying (validating) the social value created by the products and services it provides.

##### 3. Providing value to communities

Providing value to communities, which are a component of society, helps to maintain a sound business base and is therefore considered as a social license necessary for conducting business. From this point of view, SMTB implements a variety of ways to provide value to communities, while also incorporating SDGs perspectives.

To promote ESG management based on this policy, we believe that issuance of green bonds and providing green financing support to customers are effective entry points not only from a financial perspective, but also from the viewpoint of accumulating our and customers' knowledge and improvement our market presence, in order to link our initiatives with business development for customers. "

From the above, JCR confirmed that SMTB would like to expand its investments from the perspectives of ESG and green through its own products.

##### b. Selection criteria

SMTB has selected this project based on the following criteria:

1. This project is a renewable energy project and this project may not have a serious negative environmental impact, such as serious natural disasters and negative effect on neighboring residents.
2. This project is sufficiently profitable in light of the screening standards.
3. This project is expected to be highly capable of being executed by the EPC, O&M, AM, and other parties.
4. They have visited the site and confirmed that the risk of sediment-related disasters is small and that smooth relations with local residents have been established.

### c. Process

SMTB recognizes ESG as a key management platform and considers providing ESG-related products in its various businesses. In this context, JCR confirms that each department within the company has taken up candidate projects and that these selection criteria are consistent with the "a. Goal" stated above.

In addition, JCR confirmed in the interview with SMTB that this project was also adopted through the above process.

Specific processes are as follows:

1. Sales of the trust beneficiary rights to investors are drafted and approved by the Corporate Planning Department based on the methodology and conditions.
2. Entrustment of loan claim for the SPC is drafted by the business department, checked by the Asset Financial Department, which is the product management department, and approved by the Credit Department.

JCR believes that disclosure of the summary in this assessment report ensures transparency to investors with respect to objectives, standards, and processes.

## 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 varied depending on the issuer. To confirm whether the proceeds from the issuance of green bonds are allocated to the green projects and whether a mechanism and an internal system are in place so that the appropriation status can be tracked and managed easily.

JCR also considers it important to evaluate the management and operation of the unallocated funds, as well as to confirm that the proceeds from the bond will be allocated to the green projects at an early stage.

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

The loan claim underlying the trust beneficiary rights to be evaluated will be used in full amount to fund the construction of the solar power generation facility by the project SPC and will not be used for any other purposes.

According to SMTB, the Asset Financial Department/Trustee Team, which is the trust asset management department, implements the accounting and settlement operations related to the trust, and distributes dividends to the beneficiaries and administrative the principal redemption operations. In addition, a report on the status of trust property shall be prepared for each trust account settlement, and the settlement of accounts of the trust shall be reported to investors. The status of the SPC and the progress of the project will be monitored by the Sales Department and reported to the Asset Financial Department/Contract Management Team. JCR has confirmed that

the use of proceeds is limited to the solar power generation project by the loan agreement between SMTB and the SPC, the borrower.

During the remaining term of trust beneficiary rights, the aforementioned Asset Financial Department/Trustee Team conducts accounting and settlement operations and performs dividend payments to investors during the term and repayment of principal at the expiration of the trust period. In addition, a report on the status of trust assets will be prepared for each accounting period and reported to investors. JCR also evaluates whether or not appropriate management and operation are being carried out by the Internal Audit Department on an irregular basis, and that the internal control system is in place.

SMTB, the trustee, will promptly allocate the proceeds from the trust beneficiary rights to the loan to the SPC, and the SPC will allocate the funds to the construction of the solar power generation facility, etc. in accordance with the loan agreement concluded with SMTB. Therefore, SMTB does not schedule to accrue unallocated funds. The loan from SMTB to the SPC will be made multiple times, but every time they are made, the amount of the trust beneficiary rights will be increased, and the proceeds of any additional issuance will be used promptly for the loan to the SPC. In the event of the sale of the solar power generation facility by the SPC prior to the full repayment of the loan, the full amount of loan will be repaid at the request of the lender. In that case, JCR confirms that trust beneficiary rights will also be redeemed.

JCR has confirmed that the loan will be allocated to the construction of the solar power generation facility, that the internal management system is in place, and that the trust beneficiary rights will be repaid if the solar power generation facility to which the loan is applied is sold. Thus, JCR considers the fund management to be highly appropriate and transparent.

### 3. Reporting

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

This section 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 evaluation**

##### **a. Reporting about the proceeds allocations**

The trust beneficiary rights shall be posted to the trust account after the establishment of the trust and shall be managed in the management system of SMTB. JCR confirms that the trust account settlement is to be conducted semiannually and that the trust property status report is to be delivered to investors at that time.

On the other hand, with regard to the loan claim that is the underlying asset of the trust beneficiary rights, the SPC appropriates for the construction of the solar power generation facility immediately after each loan is made, no reporting of unappropriated funds during the term is currently anticipated.

##### **b. Impact reporting for environmental benefits**

The solar power generation facility is shown in Evaluation Phase 1 of this report.

In the ESG/CSR report, SMTB schedules to disclose the effects of environmental improvements status by the CO<sub>2</sub>, and to receive a third-party review by JCR once a year to confirm the accuracy of the reporting.



JCR has evaluated the above reporting as a plan to disclose both the appropriation of funds and the effects of environmental improvements to investors and others in an appropriate manner.

## 4. Efforts taken by the organization

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

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. Sumitomo Mitsui Trust Group's environmental initiatives

The Sumitomo Mitsui Trust Group, to which SMTB belongs, has long been involved in ESG investment in Japan, starting with the establishment of Japan's first environmental fund in 1999, the establishment of a full-fledged ESG fund for pensions in 2003, the signing of the Principles for Responsible Investment (PRI) in 2006, and the launch of ESG integration in 2015.

In 2015, the company identified a theme called "Materiality" that would affect the company's value creation process and sorted out the theme that the board of director should address. In addition, the department in charge of sustainability held an "Internal Engagement" in which the department communicated with the department in charge of materiality items, and created a mechanism to reflect the evaluations of ESG investors in management. The company is actively working to improve the company's corporate value over the long term, including the environmental.

In 2017, in addition to the ESG/CSR report, the group has been making steady efforts with an emphasis on ESG. For example, it begins to issue integrated reports which sophisticate its original disclosure and refer deeply on the relevance between the materiality and the financial information.

In addition, in the Synthesis Report, the group has set the "Five Major Themes to be Focused on" as initiatives for sustainability in the business. In the area of the environment, the group has set three themes: climate change issues, natural capital (biodiversity), and environmental real estate. The group aims to build a sustainable society by providing specific products and services as solutions to the social issues it faces by leveraging the functions of trusts on these themes.

In this project, "renewable energy project finance" is an example of solutions to environmental and social issues in the "climate change issues" section. This project is considered as part of the Sumitomo Mitsui Trust Group's commitment to sustainability.

In addition, the group has been promoting its environmental finance business under the name of "Eco-Trustution," which contributes to solve environmental problems, with the aim of "contributing to solutions by utilizing the functions of trusts for environmental problems." JCR has confirmed that the mechanism of the trust beneficiary rights is part of "Eco-Trustution".

In addition, the group has established the environmental policies listed below and conducts business operations in accordance with these policies.

**1. Goods and services**

We will strive to reduce the environmental risk and improve the environmental value of society as a whole by providing products and services that contribute to the preservation of the global environment and the realizing a sustainable society.

**2. Reduction of environmental burden**

We recognize the environmental impact of our business activities, such as the consumption of resources and the discharge of waste, and strive to realize an environmental conservation and sustainable society through energy-saving and resource conservation and resource recycling.

**3. Pollution prevention**

We work to continuously verify and improvement our response to environmental issues and prevent pollution.

**4. Legal Compliance**

We comply with all laws, regulations, and agreements related to environmental conservation.

**5. Monitoring**

We set short-and medium-term environmental targets and periodically review them in order to continually improvement our environmental activities.

**6. Education and training**

We strive for thorough implementation of this policy and environmental education at each group company.

**7. Information disclosure**

We will disclose this policy to the public and promote environmental conservation activities through communication with the outside world.

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In accordance with the above environmental policy, the ESG/CSR Report reports the achievement status of environmental targets for large-scale office buildings within the group, changes in energy consumption and CO<sub>2</sub> emissions, and performance related to paper and water consumption, waste discharge, and recycle.

**b. SMTB's environmental activities**

SMTB's management recognizes the importance of ESG as a core company of the Sumitomo Mitsui Trust Group.

As noted above, the issuance of the green bonds is a part of proactive approach to ESG by previous management initiatives.

SMTB has established the Sustainability Promotion Office within the Corporate Planning Department as a department with specialized knowledge of environmental problems. The office oversees the entire ESG of SMTB and supports ESG activities of each business. In addition, JCR confirms through the interview that it is collaborating with environmental NGOs, consulting firms, and auditing firms, which are external specialist organizations.

As for renewable energy, SMTB has established and operates a renewable energy fund that specializes in large-scale power generation businesses. In order to promote the introduction of renewable energy, in addition to the fund, project finance is also used. According to the 2017 ESG/CSR report, the CO<sub>2</sub> reductions from renewable energy financing have performance a 9.66 million t-CO<sub>2</sub>.

(Contribution to Reducing CO<sub>2</sub> through Renewable Energy Financing)

Type of Power Generation	number	power generation capacity (MW)	power generation (GWh/year)	CO2 reduction effect (ten thousands tonne-CO2/year)
Solar Power	70	3,453	5,430	299
Onshore Wind Power	24	1,540	4,241	227
Offshore Wind Power	6	2,489	10,166	434
Other	3	151	109	6
Total	103	7,633	19,947	966

(Source: Sumitomo Mitsui Trust Group 2017 ESG/CSR Report)

As with this project, SMTB finances 70 solar power generation facilities and generates 3.45 GW of electricity. In recent years, the number of mega-solar power generation facilities has increased. SMTB is promoting the introduction of solar power generation facilities, including mega-solar power facilities, by financing a mega-solar project with a power generation capacity of about 11 MW in Ibaraki Prefecture and this project.

In addition, SMTB has further increased its efforts to ESG by developing its own Green Bond Framework and obtaining a third-party evaluation from an external certification body in August 2018 that the Green Bond Framework complies with ICMA's Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

The trust beneficiary rights are not considered to be compliant with the Green Bond Framework since it has been projected before the establishment of the Green Bond Framework. However, JCR recognizes that the trust beneficiary rights are in line with the environmental initiatives of the Sumitomo Mitsui Trust Group and SMTB and contribute to the achievement of the SDGs. It also evaluates the ability of investors to invest in businesses that have environmental improvement effect through the products created by the SMTB.

## ■Green Bond Evaluation

Based on JCR Green Bond Assessment Method, the trust beneficiary rights to be evaluated are designated as "g1" in the "Greenness Evaluation (Use of Proceeds)" and "m1" in the "Management, Operation and Transparency" so the "Overall Evaluation" is designated as "Green1." In addition, the trust beneficiary rights are considered to meet the standards for items required under the Green Bond Principles of ICMA and the Green Bond Guidelines of the 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

<Evaluation Subject>

Issuer: Sumitomo Mitsui Trust Bank, Limited

[Assignment]

Type	Amount	Date of transfer of beneficial interest	Trust Expiration Date	Schedule Dividend rate	Evaluation
Trust beneficiary rights	JPY 2 billion	September 28, 2018	September 30, 2036	6month JPY Tibor+0.70%	JCR Green Bond Evaluation :Green1 Green evaluation :g1 Management, operation, and transparency: :m1

GB Analysts in charge of this Evaluation: Rieko Kikuchi and Kosuke Kajiwara

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## Important explanations about this Green Bond Evaluation

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

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

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

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

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

### 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 Assessment 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 conflicts 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 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)

#### ■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 (<http://www.jcr.co.jp/en>).

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