
Third-Party Opinion for MUFG Bank, Ltd.'s Positive Impact Finance to Mitsubishi Heavy Industries, Ltd.

Japan Credit Rating Agency, Ltd. (JCR) provided a third-party opinion on MUFG Bank's positive impact finance to Mitsubishi Heavy Industries.

*Please refer to the following pages for details of the opinions.



Japan Credit Rating Agency, Ltd.

Third Party Opinion

For

MUFG Bank, Ltd.'s positive impact finance to Mitsubishi Heavy Industries, Ltd.

March 14, 2022

Japan Credit Rating Agency, Ltd.

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I. Positioning and purpose of the third party opinion

JCR conducted a third party evaluation of the PIF to be provided by MUFG Bank to Mitsubishi Heavy Industries (MHI) in accordance with the PIF Principles and the Model Framework formulated by UNEP FI. PIF refers to an operation to identify and evaluates the positive impact of the corporate activities, and to provide and monitor loans and other finance with the aim of contributing to the realization of a sustainable society by promoting corporate activities aimed at achieving the goals of the SDGs through the review and evaluation of such activities by financial institutions and the like.

The PIF Principles consist of the four principles: The first principle is to ensure that positive results have been achieved on the three pillars (environmental, social and economic) that contribute to the SDGs, and that negative impacts have been identified and mitigated; the second principle is to develop an evaluation framework that includes adequate processes, methodologies and evaluation tools for providing the PIF; the third principle is to ensure transparency in the details of the project to measure positive impact and the like, evaluation and monitoring processes, and positive impacts; and the fourth principle is to ensure that PIF products have been assessed internally or by a third party.

To ensure the transparency and objectivity of the evaluation recommended in the PIF Principle 4, the third party opinion was issued by JCR as an independent third party to confirm the rationality of the PIF evaluation concerning Mitsubishi Heavy Industries and the impact of the Finance, as well as compliance with the PIF evaluation framework of MUFG Bank (MUFG) and Mitsubishi UFJ Research and Consulting Co., Ltd. (MURC) and the Finance's PIF Principles, and to confirm the conformity of the Finance to the PIF Principles and the Model Framework.

II. Summary of the third party opinion

The third party opinion is an expression of opinion on the PIF with an unspecified use of funds, for which MUFG Bank, Ltd. enters into an agreement with Mitsubishi Heavy Industries, Ltd., and consists of the following items.

< PIF evaluation and the like concerning Mitsubishi Heavy Industries, Ltd. >

1. Appropriateness of holistic impact analysis of Mitsubishi Heavy Industries and Impact Identification
2. Appropriateness of KPIs and the Impact
3. Appropriateness of Monitoring Policies
4. Alignment to the Model Framework

< MUFG's PIF Evaluation Framework, etc. >

1. Whether the products structured by MUFG (PIF) comply with UNEP FI's PIF Principles and the relevant guidelines (including whether processes and product structuring methods are appropriate, and whether they have been set out in internal documents).

2. Whether MUFG and MURC have properly structured the PIF for Mitsubishi Heavy Industries in accordance with its internal rules and regulations.

III. PIF Evaluation and Other Matters Concerning Mitsubishi Heavy Industries, Ltd.

In this section, JCR reviews the use of the holistic impact analysis (impact identification, evaluation, and monitoring) of the Model Framework in the PIF evaluation for Mitsubishi Heavy Industries and the impact of the Finance (i.e., (1) Variety, (2) Magnitude, (3) efficiency, (4) leverage, and (5) additionality).

1. Appropriateness of Holistic impact analysis and Impact Identification

1-1. Overview of Holistic impact analysis and Impact Identification

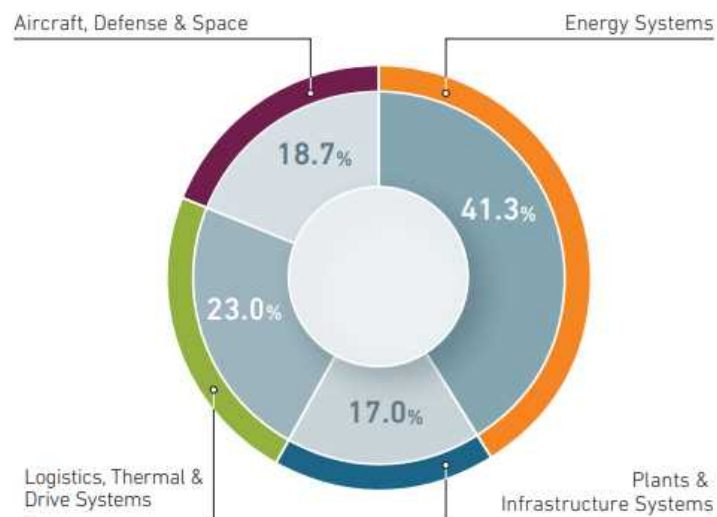
Regarding the Finance, a holistic impact analysis of Mitsubishi Heavy Industries' overall business activities was conducted, and impacts were identified based on the sustainability activities described in this section.

(1) Holistic impact analysis

In this finance, the impacts in the following business areas are holistically examined.

Target areas of business segments

Chart 1: Sales Breakdown by Segment (Fiscal 2020)



(Source: MHI REPORT 2021)

Areas covered by business activities

According to Mitsubishi Heavy Industries' published materials, the company's sales by region are as follows.

Chart 2: Net Sales by Region (Billions of yen)

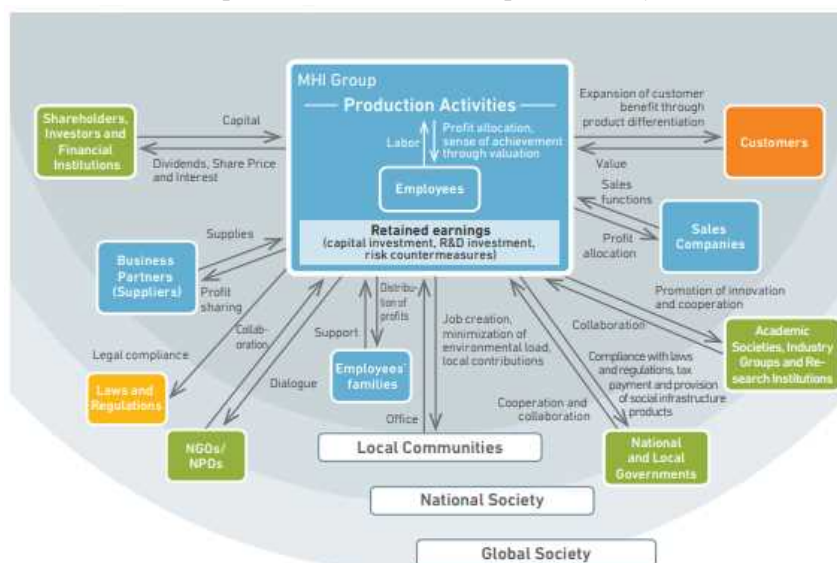
Region	FY2018 (IFRS)	FY2019(IFRS)	FY2020(IFRS)
Japan	1,877.4 (46.0%)	1,944.7 (48.1%)	1,947.9 (52.6%)
Overseas total	2,200.8 (54.0%)	2,096.6 (51.9%)	1,752.0 (47.4%)
North America	671.0 (16.5%)	714.7 (17.7%)	618.0 (16.7%)
Latin America	132.0 (3.2%)	131.7 (3.3%)	83.8 (2.3%)
Asia	737.6 (18.1%)	700.3 (17.3%)	573.1 (15.5%)
Middle East	123.7 (3.0%)	91.2 (2.3%)	79.6 (2.2%)
Europe	418.5 (10.3%)	374.4 (9.3%)	318.7 (8.6%)
Africa	91.3 (2.2%)	60.3 (1.5%)	51.3 (1.4%)
Oceania	26.5 (0.7%)	23.7 (0.6%)	27.1 (0.8%)
Total	4,078.3	4,041.3	3,699.9

(Source: Mitsubishi Heavy Industries Group website; percentages in parentheses are sales ratios by region)

Value Chain

In promoting sustainability management, the Mitsubishi Heavy Industries Group identifies materiality in consideration of the following relationships with society.

Chart 3: Relationship between the MHI Group and Society



(Source: MHI REPORT 2021)

The impact identification of this finance comprehensively examined the factors that generate the impact throughout the group from segments, areas, and the entire value chain.

(2) Impact identification

With the impact analysis tool established by UNEP FI, the categories where positive and negative impacts occur were confirmed. In principle, the impact analysis was conducted based on publicly available data from Mitsubishi Heavy Industries. For material issues, however, the procedures were supplemented by confirming supporting internal documents and the like and conducting interviews.

1-2. Evaluation by JCR

JCR has reviewed the holistic impact analysis and impact identification in the Finance in line with the points indicated in the Model Framework as shown in the table below. As a result, JCR evaluates that the analysis was appropriately conducted.

Points to be confirmed in the Model Framework	Confirmation result by JCR
Consider the business environment, including key sustainability issues relevant in the region/country of operation and whether its business activity contributes to these issues, based on the operating company's sector and type of business activity.	A holistic impact analysis of MHI's overall business activities has been conducted in terms of business segments, business areas and supply chain to identify the impact.
Consider relevant market practices and standards (e.g., the 10 principles of the UN Global Compact) and whether the business company complies with them.	MHI is a signatory to the United Nations Global Compact and focus on ISO26000. In addition, it is confirmed that MHI supports the TCFD recommendations and is working to implement them.
Consider the strategic intentions and commitments of the operating company toward achieving a positive impact or mitigating a negative impact, as publicly expressed in CSR reports, integrated reports, and other publicly available information.	Impacts have been identified based on Materiality, MHI Group Vision (MHI REPORT 2021), 2021 Medium-Term Business Plan , MISSION NET ZERO, and the like published by MHI.
Use international initiatives such as the Green Bond Principles and country level taxonomies to deductively identify sectors, business	Impact areas have been identified by utilizing UNEP FI's impact analysis tools.

<p>activities, geographic locations (e.g., low- and middle-income countries), and types of economic agents (e.g., small and medium-sized enterprises) where positive impacts are likely to occur.</p>	
<p>Consider the PIF commodity originator's exclusion list, if any.</p>	<p>It has been confirmed that MHI does not fall under the category of an ineligible company based on the financing and other policies set forth by MUFG Bank.</p>
<p>Consider the involvement of the operating company in business activities that, if not managed in a sustainable manner, could have significant negative impacts.</p>	<p>Identified important negative impacts concerning MHI's operations, including greenhouse gas emissions, waste, and emissions of hazardous chemicals. These have been recognized as matters to be reduced in MISSION NET ZERO, Materiality, Environmental Targets and the like.</p>
<p>Review available information on possible issues to identify the potential negative impact related to the business activities of the operating company and obvious inconsistencies between publicly stated intentions and actual actions (e.g., actions toward supply chain stakeholders and those among employees).</p>	<p>In principle, MUFG Bank identified impacts based on publicly available information of MHI. For material issues, however, the procedures were supplemented by confirming supporting internal documents and the like and conducting interviews. JCR interviewed MHI based on the PIF evaluation report prepared by MUFG Bank, and confirmed that there is a consistency between the disclosed information and the actual actions.</p>

2. Appropriateness of KPIs and the Impact

2-1. Overview of KPI Selection

In this finance, the impacts to be monitored by this finance were selected based on the impact identification by the holistic impact analysis described above and the sustainability activities of Mitsubishi Heavy Industries, based on the evaluation of each of the increase in the positive impact and the decrease in the negative impact. MUFG Bank and Mitsubishi UFJ Research and Consulting established the following themes for future initiatives by Mitsubishi Heavy Industries, their goals, and items (KPIs, etc.) to be monitored by the bank in order to maintain the generation of identified positive impacts and to mitigate and manage the negative impacts.

<KPI selected in this finance>

Theme: Provide Energy Solutions to Enable a Carbon Neutral World

Contents	Targets and monitoring items (KPIs, etc.)
Strive to continue using existing facilities and promote carbon recycling by significantly improving energy efficiency, capturing and fixing CO ₂ , introducing carbon-free fuels, and expanding the use of nuclear power and renewable energies that meet the world's highest safety standards.	<p>[Goal]</p> <ul style="list-style-type: none"> • Decarbonize the MHI Group's business activities by 2040 (Scope1, Scope2) • Contribute to building up energy infrastructure toward a carbon neutral world by 2050 • Contribute to decarbonization in the energy demand sector by 2050 • Contribute to building circular economy <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Scope1, Scope2 emissions • Contributing to CO₂ Reduction through Product-Use • Renewable Energy Use • Amount of renewable energy facility installed

Theme: Transform Society through AI and Digitalization

Contents	Targets and monitoring items (KPIs)
Seek to realize a society that balances economic development with the resolution of social issues	<p>[Goal]</p> <ul style="list-style-type: none"> • Expand lineup of convenient and sustainable AI/digital products that meeting needs of customers and user

<p>(Society 5.0) by breaking away from preconceived notions and maximizing the use of AI and digitalization</p>	<ul style="list-style-type: none"> • Create a future-oriented energy management structure • Build a foundation to produce creative products <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Status of Initiatives Related to Targets
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Theme: Build a Safer and more Secure World

Contents	Targets and monitoring items (KPIs)
<p>Contributed to the development of society by building critical infrastructure and taking on challenges in the unknown worlds of space and the deep sea. By drawing on this wealth of knowledge and experience, we will build a flexible, robust, and labor-saving system that will contribute to the realization of a safer and more secure society</p>	<p>[Goal]</p> <ul style="list-style-type: none"> • Make critical infrastructure more resilient • Make critical infrastructure unmanned or requiring fewer people • Continuously strengthen cybersecurity measures for all MHI products • Commercialize cross-domain security technologies • Develop engineers keenly aware of safety and security needs in all products <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Status of Initiatives Related to Targets

Theme: Promote Diversity and increase Employee Engagement

Contents	Targets and monitoring items (KPIs)
<p>Support the growth and health of human resources through the promotion of diversity and health management. Our goal is to train human resources who are full of vitality and can contribute to society not only during their</p>	<p>[Goal]</p> <ul style="list-style-type: none"> • Create new value through participation of diverse human resources • Ensure safe and comfortable workplaces • Support the health and vitality of employees, so they can contribute to society • Foster self-sustaining growth in all employees • Increase employee engagement

<p>employment but also after retirement</p>	<p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Employment ratio of the disabled: • Number of Female Managers • Percentage of Female Employees • Female management level ratio • Percentage of Female Employees in the General Manager Level • Percentage of Female Directors and Audit & Supervisory Board Members • Percentage of Female Employees in Managerial Positions at Profit Centers
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Theme: Enhance Corporate Governance

Contents	Targets and monitoring items (KPIs)
<p>Promote compliance management and strengthen internal controls to ensure compliance with laws and regulations and promote honest, fair, and equitable business practices. We will promptly identify opportunities and risks for the organization and take appropriate action. In addition, to earn the trust of society, we will implement timely and appropriate information disclosure regarding management, while ensuring fairness and transparency.</p>	<p>[Goal]</p> <ul style="list-style-type: none"> • Further improve Board of Directors meetings • Promote legal compliance and honest and fair business practices • Further promote responsible (CSR) procurement in the global supply chain • Create opportunities to explain non-financial information <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Number of compliance violations • Number of violations of advertising • Number of environmental-related violations • Number of companies familiar with the CSR Procurement Policy • Number of suppliers evaluated over the past three years

Theme: Reduce Environmental Impact

Contents	Targets and monitoring items (KPIs,)
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<p>Reduce Water Consumption</p>	<p>[Goal]</p> <ul style="list-style-type: none"> • Improve water consumption per unit of production in fiscal 2023 by 7% compared to fiscal 2014 (water: industrial water, water supply, groundwater, rivers, lakes, and seawater are excluded) <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Water consumption per basic unit
<p>Reduce waste generation</p>	<p>[Goal]</p> <ul style="list-style-type: none"> • 7% improvement in waste emissions per unit of production in fiscal 2023 compared to fiscal 2014 (excluding valuable resources but including hazardous waste) <p>[Monitoring items (KPIs)]</p> <ul style="list-style-type: none"> • Landfill waste reduction per unit production

2-2. Evaluation by JCR

After reviewing the impacts based on the KPIs of the Finance in accordance with the evaluation criteria exemplified in the PIF Principles as follows, JCR's evaluation is that diversity, effectiveness, efficiency, and scaling can be expected. The said KPIs are also appropriate given the impact identification and sustainability activities described above.

① Diversity: Will it have diverse positive impacts?

The Finance is expected to generate various positive impacts and reduce negative impacts throughout the entire value chain of Mitsubishi Heavy Industries.

Each of the five impacts indicated by their respective KPI is related to a wide range of impact categories, as shown below.

- (1) Impact ① "Climate" and "Energy"
- (2) Impact ② "Climate," "Housing," "Energy," and "Mobility"
- (3) Impact ③ "Integrity and Security of Person" and "Mobility"
- (4) Impact ④ "Employment"
- (5) Impact ⑤ "Corporate Governance"
- (6) Impact ⑥ "Water" and "Waste"

The scope of coverage also considers the impact of all business segments, the entire value chain, and major areas of activity (Japan, North America, etc.).

② Magnitude: Will it have significant impacts?

The finance is expected to have significant positive impacts and reduce negative impacts.

The Mitsubishi Heavy Industries Group is Japan's largest comprehensive heavy machinery industry company with four business areas: Energy Systems, Plants & Infrastructure Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space. The Group's "binomial harmonization" product development aimed at in "energy transition" and "new mobility and logistics," which are emphasized by reallocating its business portfolio toward 2030, is expected to contribute to the decarbonization of multi-emission industries around the world. With regard to the impacts ② and ③, both are expected to have significant positive impacts, as they contribute to the realization of Society 5.0 and the strengthening of national land.

From a social perspective, the Group had 79,974 employees (consolidated) as of March 31, 2021, so it is expected to realize a significant positive impact on CSR procurement in the governance of ⑤ the impact promotion by the Group, as it has the impact of ④ initiatives to promote diversity and has a diverse range of suppliers globally.

Regarding the reduction of negative impacts, the Group's water consumption in fiscal 2020 was 7,410,000 m³, and the total amount of waste generated was 146,000 tons. However, because the total amount is large, it is expected to have a significant impact on the Group's reduction efforts.

③ Efficiency: Will it have bigger impacts than the capital invested?

The Finance is expected to efficiently generate positive impacts and reduce negative impacts.

The Mitsubishi Heavy Industries Group reviewed materiality in 2020 and is tackling five themes. In this finance, all of these themes will be targeted and monitored.

The Mitsubishi Heavy Industries Group has established an organizational structure for promoting sustainability management and monitoring items related to materiality, and has also established a system for managing progress.

From the above, it is expected that the impact will be efficiently realized and curbed by the support of this finance.

④ Level of leverage: Will it use more private funds than public funds and donations?

Regarding the impacts indicated by the respective KPIs, in particular, technological developments contributing to a carbon-neutral society are eligible for subsidies from NEDO, GI funds, etc.

While effectively utilizing these public funds, the Mitsubishi Heavy Industries Group is working to implement innovative technologies by utilizing private funds in cooperation with other industries, and is expected to have a multiple of public funds.

⑤ Additionality: Will it have additional impacts?

The Finance is expected to have additional impacts on several of the 17 goals and 169 targets of the SDGs, as listed below.

(1) SDGs Goals and Targets related to the Providing Energy Solutions to enable a Carbon Neutral World



7.2, 7.3



11.6



13.1

(2) SDGs Goals and Targets related to the Transforming Society through AI and Digitalization



8.5



9.5



11.3



13.1

(3) SDGs Goals and Targets related to the Building a Safe and more Secure World



3.3



9.5



11.5



13.1

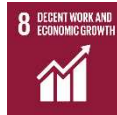


16.7

(4) **SDGs Goals and Targets related to the Promoting Diversity and increase Employee Engagement**



5.5



8.5



10.2



17.17

(5) **SDGs Goals and Targets related to the Enhancing Corporate Governance**



16.7



17.17

(6) **SDGs Goals and Targets related to the Reducing Environmental Impact**



3.9



6.4



12.5

3. Appropriateness of Monitoring Policies

MUFG Bank will continue to monitor if the intended positive impacts continue to be generated from Mitsubishi Heavy Industries' business activities and if significant negative impacts continue to be appropriately avoided or mitigated.

MHI discloses qualitative and quantitative information on sustainability in the MHI REPORT (integrated report) and on its website. MUFG Bank can review the disclosed information and other forms of public information to follow up on the status of achievement and other factors. If an event is held, MUFG will seek to hear from MHI about the situation, and conduct engagement on response and other measures as necessary. Therefore, prior to entering into an agreement for the Finance, MUFG requests disclosure of information regarding activities that generate an impact and KPIs in a consistent, regular, and, timely manner, as needed. MHI plans to continue its initiatives to achieve the targets related to the impacts during the finance period. Accordingly, MUFG Bank will monitor the degree of progress.

Considering the impact identification and KPIs of the Finance, JCR evaluates that the above monitoring policy is appropriate.

4. Alignment to the Model Framework

Based on Sections 1 through 3 mentioned above, JCR evaluates that the comprehensive impact analysis (impact identification, evaluation, and monitoring) of the Model Framework that captures the three aspects of the SDGs (environment, society, and economy) have been fully utilized in the Finance.

IV. Compliance with the PIF Principles

As a result of a review in accordance with the PIF Principles shown in the table below, JCR evaluates that MUFG Bank's processes, methods, and internal rules and systems for structuring PIF products, as well as its structuring of PIF products for Mitsubishi Heavy Industries, comply with all of the requirements.

1. Principle 1: Definition

Principle	Confirmation result by JCR
PIF is finance for positive impact business.	The Finance is positioned as PIF to be provided by MUFG Bank to support MHI's positive impact business.
PIF adequately identifies and mitigates potential negative impacts on the three dimensions of sustainable development (economic, environmental, and social), as well as makes a positive contribution in one or more dimensions.	The Finance is expected to identify and mitigate negative impacts on the three dimensions of economy, environment and society and produce positive results.
PIF serves as a direct solution to the financial challenges in the SDGs through its comprehensive evaluation of sustainability challenges.	The relationship between the Finance and SDGs is clearly indicated, and serves as a solution that can directly contribute to these goals.
The PIF Principles are intended to be applicable to all categories of financial instruments and the business activities that support them.	The Finance is a loan which MUFG Bank provides to Mitsubishi Heavy Industries.
The PIF Principles are not sector-specific.	Regarding the Finance, the overall business activities of Mitsubishi Heavy Industries have been analyzed.
Based on the recognition of the interconnectedness in sustainability challenges, the PIF Principles were formulated in accordance with global positive and negative impact evaluations, rather than those by selected sector.	The Finance focuses on both the positive and negative aspects of each impact. A target to improve the impact has been set for points with a negative aspect, while a target to maximize the impact has been set for points with positive aspects.

2. Principle 2: Framework

Principle	Confirmation result by JCR
To provide PIF, financing entities (e.g. banks and investors) are required to have adequate processes, methods, and tools to identify and monitor the business activities, projects, and programs of the recipient of the investment or loan, as well as positive impacts of the financing entity.	MUFG Bank has developed processes, methods, and tools for identifying and monitoring positive impacts along with MURC. It has also established detailed regulations as operational guidelines, which are effective in keeping staff informed and maintaining consistency in the evaluation. It is expected that more effective PIF can be provided in consideration of specific criteria for positive impact measures that will serve as a reference to make a determination on financing.
Financing entities should establish specific processes, criteria, and methods for identifying positive impacts. The analysis should include not only business activities, projects, and programs, but also subsidiaries and other entities.	MUFG Bank has established processes, criteria and methods to identify positive impacts in line with the Model Framework, and included the overall business activities, including subsidiaries, in the analysis.
Financing entities should apply certain ESG risk management practices before determining the eligibility of positive impact.	For positive impact analysis, MUFG Bank employs the Impact Radar and Impact Analysis Tool developed by UNEP FI.
Financing entities should establish processes, standards and methods to monitor the achievement of the intended impact over the entire period through which the financial instrument is valid.	MUFG Bank has established processes, standards and methods for monitoring.
Financing entities should assign staff with the necessary skills and proper duties to implement the above process.	MUFG Bank has departments and personnel with the necessary skills to implement the above process.
Financing entities should seek second opinions or third party assurance, as necessary, in introducing the above process.	MUFG Bank has requested for a second opinion from JCR.

<p>Financing entities should occasionally review the process and update it as appropriate.</p>	<p>MUFG Bank occasionally reviews its processes in accordance with its internal regulations and updates them as necessary. To form the Third Party Opinion, JCR has referred to MUFG's internal regulations revised in November 2021.</p>
<p>Positive impact analysis can be conducted at the same time as existing processes, for example, during training and periodic reviews of products, projects, and customers. Positive impact analysis can be conducted by making effective use of existing tools, standards, and initiatives that are widely accepted in general, if any (e.g. In project finance, the Equator Principles are widely accepted as a risk management standard).</p>	<p>MUFG Bank uses the Impact Radar and Impact Analysis Tool developed by UNEP FI, which specify the criteria for reference and other materials for positive impact analysis.</p>

3. Principle 3: Transparency

Principle	Confirmation result by JCR
<p>Financing entities providing PIF (e.g. banks and investors) should ensure transparency and disclosure of the following:</p> <ul style="list-style-type: none"> • Activities, projects, programs, and financing entities providing finance as positive impacts, and their intended positive impacts (related to Principle 1). • Processes in place to determine eligibility and monitor and verify impacts (related to Principle 2) • Impacts to be achieved by the activities, projects, programs, and financing entities providing finance (related to Principle 4). 	<p>Regarding the Finance, transparency is ensured through the acquisition and disclosure of the Third Party Opinion. In addition, Mitsubishi Heavy Industries will disclose the points listed as KPIs in the integrated report and on its website. MUFG Bank will ensure transparency by periodically reviewing the status of achievement of the KPIs and conducting hearings as necessary.</p>

4. Principle 4 Evaluation

Principle	Confirmation result by JCR
<p>PIF provided by financing entities (e.g. banks and investors) should be assessed based on the impacts which occur.</p>	<p>MUFG Bank and MURC assessed the PIF based on the five elements listed in Principle 4 of the PIF Principles (i.e., (1) variety, (2) magnitude, (3) efficiency, (4) level of leverage, and (5) additionality) to provide it. JCR has received sufficient information before summarizing the Third Party Opinion on the impacts of the Finance.</p>

V. Conclusion

Based on the above, JCR confirmed that the Finance complies with the PIF Principles and the Model Framework.

Written by Kajiwara Atsuko and Kajiwara Kosuke

Important explanation regarding the Third Party Opinion

1. Assumptions, significance and limitations of JCR's Third Party Opinion

The Third Party Opinion granted and provided by Japan Credit Rating Agency (JCR) is an expression of JCR's current overall opinion on the compliance of the financing entity and the procurement entity with the Positive Impact Finance (PIF) Principles developed by the United Nations Environment Programme Finance Initiative. It is not a complete indication of the extent of the positive impacts brought by the Positive Impact Finance.

The Third Party Opinion is an expression of opinion on the current plan or situation based on the information provided by the procurement entity and the financing entity who sought a third party opinion, and information collected by JCR independently. It does not provide a guarantee of positive outcomes in the future. In addition, the Third Party Opinion is not a quantitative proof of positive effects of the PIF, and JCR does not assume any responsibility for such effects. JCR confirms that the achievement of the impact indicators in the PIF has been measured quantitatively and qualitatively by the procurement entity or a third party requested by the Procuring Entity, but in principle, JCR does not directly measure it.

2. International initiatives, principles, and the like referred to for summarizing the Third Party Opinion

For summarizing the Third Party Opinion, JCR has referred to the following principles and guidelines developed by the United Nations Environment Programme Finance Initiative.

Positive Impact Finance Principles

Model Framework: Financial Products for Corporate with Unspecified Use of Funds

3. Relationship with activities regarding credit rating business

The act of providing the Third Party Opinion is performed by JCR as a related business and is different from the act of providing credit ratings.

4. Relationship with credit ratings

The evaluation of the Finance differs from a credit rating, and does not constitute a commitment to provide or make available for inspection a predetermined credit rating.

5. Third party nature of JCR

There is no capital, personal or other relationships that may cause a conflict of interest between the business entity or procurement entity of the PIF and JCR.

■Notes

The information contained in this document has been obtained by JCR from the business entity or the procurement entity and accurate and reliable sources. However, there may be errors in such information due to human, mechanical or other reasons. Accordingly, JCR makes no representations or warranties, express or implied, as to the accuracy, results, preciseness, timeliness, completeness, marketability or fitness for a particular purpose of such information, and JCR assumes no responsibility for any errors or omissions in such information or for the results of using such information. Under no circumstances shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including lost profits or lost opportunities, arising out of any use of such information, whether in contract, tort, negligence or other cause of action, and whether such damages are foreseeable or unforeseeable. The Third Party Opinion is not intended to express any opinion on the various risks (e.g. credit risk, price fluctuation risk, and market liquidity risk) associated with the Positive Impact Finance to be assessed. The Third Party Opinion is an expression of JCR's current comprehensive opinion, not a statement of fact, and does not constitute any recommendation with respect to the judgment of risk or the decision to purchase, sell or hold any individual bonds, commercial paper or other instruments. The Third Party Opinion may be changed, suspended or withdrawn due to changes in, or lack of, information or for any other reason. All rights concerning this document are reserved by JCR. No part of this document may be reproduced, adapted or altered in any way without the prior written permission of JCR.

■Glossary of Terms

Third Party Opinion: This report has been produced from an independent, neutral and impartial standpoint on the conformity of the Positive Impact Finance Evaluation prepared by the bank and the like to the Positive Impact Finance Principles of the United Nations Environment Programme Finance Initiative, provided at the request of the client.

Financing entity: A financial institution that provides positive impact finance.

Procurement entity: A company or other entity that borrows through positive impact finance for positive impact business.

■Status of registration as an external evaluator of sustainable finance and the like

- Member of the Positive Impact Working Group, Financial Initiative, United Nations Environment Programme
- Registered external reviewer of Green Bonds, Ministry of the Environment
- ICMA (registered external reviewer as an observer of the International Capital Markets Association) member of the Social Bond Principles Working Group
- Climate Bonds Initiative Approved Verifier

■Status of registration as a credit rating agency and the like

- Credit Rating Agency, FSA Commissioner (Ratings) No.1
- EU Certified Credit Rating Agency
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