

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

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

## JCR Assigned preliminary Green 1 to Daiwa Green Finance Program Trust Beneficiary Interests for Iwamizawa and Kushiro Solar Power Generation Facilities

Subject	:	Daiwa Green Finance Program Trust Beneficiary Interest (Iwamizawa & Kushiro Solar Power Generation Facilities)
Type	:	Trust Beneficial Interests
Issue Amount	:	Up to JPY4 billion
Date of Transfer of Beneficiary Interest	:	March 27, 2020
Trust Termination Date	:	June 30, 2036
Redemption Method	:	Schedule redemption
Use of Proceeds	:	Funds for the acquisition of solar power generation facilities

### <Green Bond Preliminary Evaluation Results>

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

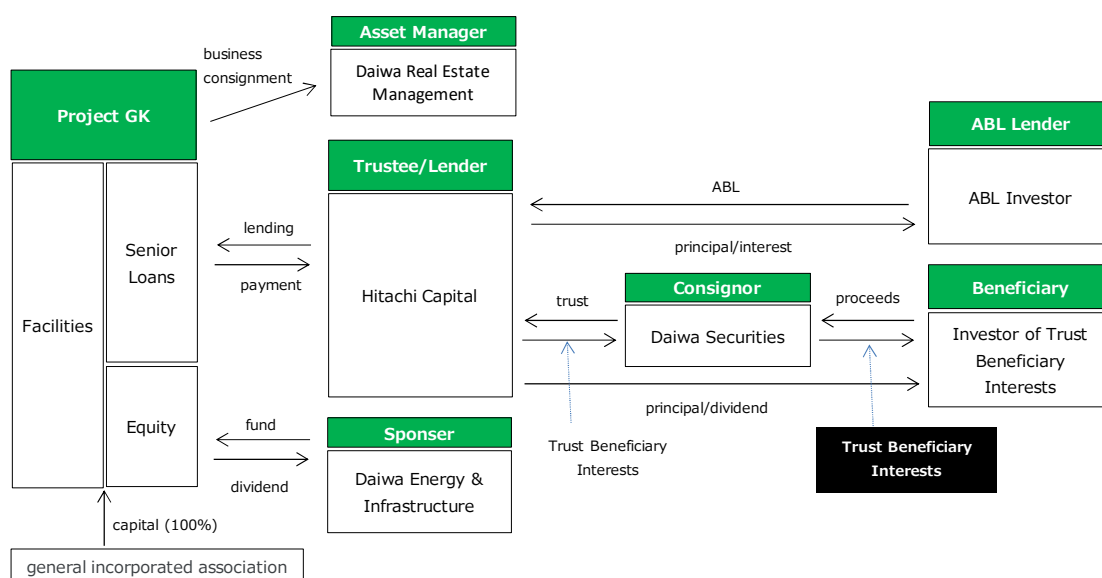
## Chapter 1: Evaluation Overview

Daiwa Energy & Infrastructure Co. Ltd. (the “Company”), a wholly owned subsidiary of Daiwa Securities Group Inc., was established to support the creation of future societies by promoting energy investments and loans based on SDGs and technology. The Company started operations in 2018 with the Energy Investment Division of Daiwa PI Partners Co. Ltd. as its predecessor. The Company aims to provide "new value" and contribute to SDGs by investing in renewable energy, infrastructure, and resources. As of September 2019, about 50% of the Company’s investments for renewable energy, including domestic and overseas solar power generation facilities. The Company intends to continue to actively invest in this field. To date, it has developed approximately 103MW of solar power generation

facilities and 13MW of biomass power plants and all completed renewable energy projects have been operating stably. The environmental initiatives through renewable energy have been steadily implemented.

The subject to be evaluated is the trust beneficiary interests (the “Trust Beneficiary Interests”) backed by the loan for the fund for the acquisition of the solar power generation facilities. The Hokkaido Distributed Power Supply Platform (tentative name) (the “Project GK”), a joint venture company developed by the Company will acquire the facilities. The Company is a sponsor of Project GK and invests in silent partnerships. Project GK acquires the solar power generation facilities by borrowing loans from Hitachi Capital Trust Corporation (“Hitachi Capital”), a trustee of the Trust Beneficial Interests, and by receiving fund by silent partnerships. Loans from Hitachi Capital Trust are financed by funds raised through the trust fund. Hitachi Capital executes loans to Project GK subject to predetermined conditions such as conclusion of the related agreements. During the loan period, principal redemption and dividend payment will be made to the investors in a manner predetermined by the trust agreement, funded by the revenue from the sales of the solar power generation facilities.

[Scheme Chart]



JCR confirmed that 100% of the funds procured by the Trust Beneficiary Interests will be used to finance the acquisition of the solar power generation facilities, and that the annual CO<sub>2</sub> emissions reductions by the solar power generation facilities are expected to be 9,214 t-CO<sub>2</sub> per year. In addition, JCR confirmed that the Company recognizes the impact on the environment that could be anticipated in the implementation of the project under the supervision of the relevant internal department and external third-party organizations, and takes necessary avoidance and mitigation measures. From the above, JCR considers that the Trust Beneficiary Interest are for green projects with high environmental improvement effects.

JCR evaluates that the management of the Trust Beneficiary Interests have been established because of the funding allocation plan and the funding for the green projects, the implementation of tracking management, and the absence of any particular concerns regarding the operation of unallocated funds. In addition, as the appropriation of funds and the content of reports on the environmental improvement effects are appropriate, JCR evaluates that transparency of the Trust's Beneficiary Interests to investors is high.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the preliminary evaluation of “Greenness Evaluation (use of proceeds)” and "m1" for the preliminary evaluation of "Management, Operation and Transparency Evaluation" with regard to the Trust Beneficiary Interests. Consequently, JCR assigns

"Green1" for overall "JCR Green Bond Preliminary Evaluation." Detailed evaluation results are discussed in the next chapter.

The Trust Beneficiary Interests meet the standards for the Green Bond Principles and the items required by the Ministry of the Environment's Green Bond Guidelines.<sup>12</sup>

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

<sup>2</sup> Ministry of the Environment Green Bond Guidelines 2017 [http://greenbondplatform.env.go.jp/pdf/greenbond\\_guideline2017.pdf](http://greenbondplatform.env.go.jp/pdf/greenbond_guideline2017.pdf)

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

### Evaluation Phase 1: Greenness Evaluation

Based on the current situation described in detail below and JCR's evaluation of the target areas, JCR evaluated 100% of the use of proceeds are allocated to green projects, and assigned "g1" for Phase 1: Greenness Evaluation, which is the highest.

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

In this section, JCR assesses whether the proceeds 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 prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

#### (2) Current status of evaluation targets and JCR's evaluation

##### i. 100% of the funds are used to acquire solar power generation facilities, which is highly effective in improving the environment.

All of the Trust beneficiary Interests are used to fund the acquisition of the three solar power generation facilities (the "Facilities") in Iwamizawa City, Hokkaido and Kushiro City, Hokkaido. The proceeds from the issuance of the Trust Beneficiary Interests will be fully appropriated to the loan to Project GK through the Hitachi Capital. JCR confirmed from the agreements for this project that the loans to GK will be used to fund the acquisition of the Facilities. Daiwa Real Estate Asset Management Co., Ltd. (a wholly owned subsidiary of Daiwa Securities Group Inc.) is expected to become the asset manager of the Facilities. Since all of the Facilities are in commercial operation, CO<sub>2</sub> reductions will be realized immediately from the time of acquisition. Annual CO<sub>2</sub> emission reductions were calculated by JCR by multiplying the annual power generation by the adjusted emission factor of the electric power company responsible for the business locations. Taking various conditions into account, the annual power generation by the Facilities is estimated to be about 13,591MWh, and the annual CO<sub>2</sub> emission reductions are estimated to be about 9,214 t-CO<sub>2</sub> per year.

Based on the above, JCR considers that the projects are highly effective in improving the environment.

(Overview of Target Businesses)

Project Name	Location	Power generation capacity(kW) <sup>*1</sup>	Annual Amount generated (MWh/ year) <sup>*2</sup>	Annual CO <sub>2</sub> Emission reductions (t-CO <sub>2</sub> /year) <sup>*3</sup>
Iwamizawa Solar Power Plant	Iwamizawa, Hokkaido	8,970	9,268	6,283
Kushiro Solar Power Plant <sup>*4</sup>	Kushiro, Hokkaido	3,600	4,323	2,931

\* 1: Power consumption on an output size basis is shown.

\* 2: Based on materials provided by the Company.

\* 3: Calculation of CO<sub>2</sub> emissions reductions = Annual power generation × Adjusted emission factor for FY2018 (latest figures)

\* 4. Sum of Kushiro-Masuura Solar Power Plant and Kushiro-Hokuyo Solar Power Plant.

**ii. The Use of Proceeds falls under the category of "renewable energy" as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines.**

The Fifth Strategic Energy Plan approved by the Cabinet in 2018 states that "Japan contributes to the development of the Japanese economy and society, and the sustainable development of the world by providing stable, sustainable and independent energy over the long term." Renewable energy is positioned as an important low-carbon energy source. The plan considers renewable energy to be important for energy security, regional revitalization, and reduction of environmental negative impact, focusing on the fact that renewable energy is produced domestically and does not emit CO<sub>2</sub>, while there are various issues such as stable supplies and costs at present. The plan aims to convert renewable energy sources to mainstay domestic power sources with benchmarks for 2030 and 2050, and to actively promote the introduction of renewable energy sources.

Solar power generation can be used not only as distributed power system for large-scale development, in-house consumption and local consumption, but also as emergency power sources in times of disaster. It is expected to overcome issues such as stable supplies and costs and demonstrate the potential of renewable energy. Not only does solar power generation not emit CO<sub>2</sub> at the time of power generation, it also accounts for a few tenth of thermal power generation in terms of life-cycle CO<sub>2</sub> emissions that take into account CO<sub>2</sub> in the production of power generation equipment, and its CO<sub>2</sub> emissions reductions are significant.

Renewable energy is emphasized as a policy issue in Japan from various viewpoints, and it is regarded as a high-quality social capital that should be truly passed on to the next generation. The solar power generation business, for which the Company is used to allocate the Trust Beneficiary Interests, contributes to the introduction of such renewable energy sources, falls under "renewable energy" defined in the Green Bond Principles and the Green Bond Guidelines, and contributes to resolving policy issues in Japan.

**b. Negative impact on the environment**

In selecting projects subject to green bonds, the Company conducts preliminary surveys through technical due diligence reports by external organizations, assuming risks with negative impacts on the environment. When selecting projects, The Company also confirmed that CO<sub>2</sub> emission reductions from the installation of solar power generation facilities exceed CO<sub>2</sub> emission reductions from the land development. Based on the above, JCR assesses that the Company recognizes the negative impact of projects on the environment through internal departments and external third-party organizations, and takes necessary avoidance and mitigation measures.

### c. Consistency with SDGs goals and targets

The projects are classified as renewable energy. JCR evaluated the project contributes to the following SDGs objectives and targets, referring to the SDGs mapping of ICMA.



#### Objective 3: Health and Welfare for All

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**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.

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**Target 7.2.** By 2030, increase substantially the share of renewable energy in the global energy mix.



#### Goal 8: Job satisfaction and economic growth

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**Target 8.2.** Achieve high levels of economic productivity through diversification, technical improvements 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.

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**Target 9.1.** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transboundary infrastructure, to support economic development and human welfare with a focus on affordable and equitable access for all.

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



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

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**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.



#### Objective 13: Specific Measures for Climate Change

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

## Evaluation Phase 2: Management, Operation and Transparency Evaluation

Based on the current status detailed below and JCR's evaluation of the status, JCR evaluated that the management and business system was well developed, transparency was extremely high, and that the planned implementation of the project and the appropriation of the proceeds could be sufficiently expected. JCR assigned “m1” to Phase 2: Management, operation and transparency evaluation, which is the highest.

### 1. Validity and Transparency of the Criteria for Selection of use of proceeds and their Processes

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

In this section, JCR 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 evaluation targets and JCR's evaluation

##### a. Goal

Daiwa Securities Group announced three environmental policies, which outline its stance toward resolving environmental issues. Under these policies, the Company aims to reduce CO<sub>2</sub> emissions by investing in renewable energy and contribute to the provision of renewable energy, and the issuance of the Trust Beneficiary Interests is positioned as part of efforts to contribute to these goals.

#### Three Environmental Policies

##### Environmental Vision

The Group is dedicated to protecting the precious global environment and preserving it for future generations by leveraging financial capabilities.

##### Environmental Philosophy

The Group recognizes the importance of environmental principles such as the effort to combat global warming, recycling and reuse of raw materials, and preserving biodiversity, in order to create a sustainable society for the 21st century. The Group pledges to contribute to solving environmental issues through its as a financial services company and, to constantly seek new ways to reduce its environmental impact as a responsible corporate citizen.

##### Basic Environmental Policies

###### 1. Make positive environmental contributions through our core business activities

We shall seek to develop and provide finance products and services that promote a low-carbon, recycling-oriented, and symbiotic society.

###### 2. Implement an environmental management system

We shall implement an environmental management system and constantly seek new ways to improve environmental activities. In addition, we shall support environmental education and publicity efforts, while promoting environmental protection efforts by employees.

###### 3. Take steps to save natural resources, reducing energy consumption, and promote biodiversity system

We shall continue to progress in our efforts to reduce the use of natural resources and energy, and

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seek ways to improve materials and energy efficiency (including efforts to improve business efficiency). We shall also take steps to reduce water use and reduce, reuse, and recycle other materials to contribute to a more environmentally friendly society. Furthermore, considering the importance of biodiversity, we shall seek a symbiotic relationship with the environment and use safe, clean methods of materials procurement.

#### 4. Promote environmental communication

Working in concert with business partners, the local community, NGOs and NPOs, we shall actively disseminate information about environmental issues, and communicate our concern for the environment to consumers and society at large.

#### 5. Strictly observe environmental regulations

We shall always endeavor in environmental preservation, observing environmental laws and regulations in addition to the Group's environmental policies.

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### **b. Selection Criteria**

The standards for selecting the uses of proceeds under the Green Finance Framework of the Company are as follows.

#### **Eligibility Criteria**

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Expenditures related to the development, construction, and management of renewable energy power generation projects (including projects implemented by affiliated companies). Eligible projects are solar, wind, geothermal, hydropower (excluding large projects with capacity greater than 20MW) and biomass power (waste-derived biomass resources).

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JCR evaluates these selection criteria as covering projects with environmental benefits.

### **c. Process**

The process for selecting projects within the Company's Green Finance Framework is set out as follows.

#### **Project Selection Process**

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##### **1. Project Selection Participants**

Projects for which funds are to be raised are reviewed, evaluated and selected by the person in charge of the Investment Business Division 1 to 3 for conformance to the eligibility criteria.

##### **2. Project selection process**

The projects were deliberated and finalized by the Investment Committee, an internal investment decision-making body. The members of the investment committee are our boards of directors.

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JCR evaluates that the management of the Company is appropriately involved in the project selection process.

The objectives, criteria, and processes described above are disclosed in this evaluation report to ensure transparency to investors.



## 2. Appropriateness and Transparency of management of the proceeds

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

It is usually assumed that the management of the proceeds varies widely depending on the issuer. JCR assesses whether the proceeds are securely appropriated to the green project and whether a mechanism and internal system are in place to enable easy tracking and management of the appropriation of funds.

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

### (2) Current status of evaluation targets and JCR's evaluation

The entire proceeds from the issuance of the Trust Beneficiary Interests will be allocated in a lump sum to the loans from Hitachi Capital to Project GK. The loans will be used to acquire the Facilities in accordance with a trust agreement and loan agreement. Unallocated funds (undisbursed funds to project GK) are managed in a trust account as cash or cash equivalents.

Funds are tracked and managed by Hitachi Capital based on documents submitted by Project GK. Fund management until the redemption of the Trust Beneficiary Interests is stipulated in various agreements and the management status of the trust assets is scheduled to be periodically reported to the investors. From this JCR considers that controls are in place regarding fund management.

There is no initial unallocated funds for the issuance of the Trust Beneficiary Interests since the entire amount is to be allocated to the loans to Project GK in a lump sum. When the Facilities are lost or sold, project GK prepays the loan, and the Trust Beneficiary Interest is redeemed using the repayment money. As a result, no unallocated funds will be generated during the redemption period.

With regard to fund management for the Trust Beneficiary Interests, JCR evaluates that the fund is expected to be appropriated to the green projects in accordance with the fund allocation plan, and that the fund management system has been appropriately established in light of the fact that follow-up management is implemented. Methods of fund management are disclosed in this report to ensure transparency to investors.

### 3. Reporting

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

In this section, JCR 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's evaluation**

##### **a. Reporting on the funds allocation**

The appropriation of funds procured from the Trust Beneficiary Interests will be reported semiannually in the Trust Assets Status Report issued by Hitachi Capital. In addition, no unallocated funds will be incurred because the entire amount of procured fund will be appropriated to the fund for the acquisition of the Facilities through the loans to the project GK, the loans will be repaid before the deadline when the Facilities are lost or sold, and the same amount will be appropriated for the redemption of the Trust Beneficiary Interests.

##### **b. Reporting on environmental improvement effects**

The environmental improvement effects of the Trust Beneficiary Interests are expected to be reported to investors as follows:

- List of the Projects
- Reductions in CO<sub>2</sub> Emissions from the Projects
- Amount of Power Generated by the Projects

JCR evaluates that reporting on the Trust Beneficiary Interests is transparent as it plans to disclose to investors in detail and in an effective manner, both in terms of the appropriation of funds and the effectiveness of environmental improvements.

## 4. Organization's environmental initiatives

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

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority management issue, and whether the green bond policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

### (2) Current status of evaluation targets and JCR's evaluation

The Company was established as a wholly owned subsidiary of the Daiwa Securities Group to promote energy investment and financing. The environmental initiatives of the Company are positioned as part of the Daiwa Securities Group's efforts. The following discusses the environmental efforts of the organization of the Daiwa Securities Group and the Company.

#### a. Environmental Initiatives of the Daiwa Securities Group

The Daiwa Securities Group, entitled "Passion for SDGs: The Daiwa Securities Group's SDGs Declaration," recognizes that SDGs is a key objective that drives the global economy. Based on this recognition, the Daiwa Securities Group has embarked on an aggressive stance of pursuing economic value through its group businesses while resolving social issues in order to realize an affluent society and a better life for the people. The Group has established SDGs Promotion Committee chaired by the President and Chief Executive Officer and has put in place a system for SDGs initiatives. Several experts from outside the group participate in the committee, and a system has been established for reflecting external expertise in discussions. The committee discusses group-wide responses to SDGs, including identifying detail, and also reports regularly to the Board of Directors and the Board of Executive Officers. Among the "materiality of the Daiwa Securities Group" decided by the committee, those related to the environment are linked to SDGs from the viewpoints of "initiatives to reduce the environmental impact (environmental initiatives to support business activities)" and "contributions to a sustainable society using financial functions (environmental initiatives through business activities)", and activities that contribute to the achievement of SDGs are carried out.

As part of its environmental efforts to support its business activities, the Group has formulated the three Environmental Policies (see page 7) to clarify its stance of contributing to the resolution of environmental issues. Based on these policies, the Group is working to reduce its environmental impact through specific measures such as introducing environmental accounting and designating products according to the Top Runner Standard when renewing equipment at the Head Office and Branch Offices.

As part of its environmental efforts through its business activities, the Group has established new companies to invest in growth that solves social issues, while leveraging the Group's strengths in the securities and financial businesses. Such a new company was positioned as a support for the creation of a future society, and the Company, which was established to promote investment and financing for energy, is one of the new companies.

#### b. Environmental Initiatives at the Company

The Company is engaged in the development and investment of renewable energy projects utilizing the Group's network, and aims to contribute to the transformation of the global energy supply structure through its business activities. With regard to investment and loan strategies, the Company has accumulated assets mainly in the environmental field through flexible investment and loan utilizing self-funding, and offered

diverse investment opportunities through a variety of means that utilize the know-how of the security and financial businesses. As a result, the Company operates businesses aimed at integrating the security and financial fields, which are the strengths of the Group, with the environment.

As of September 2019, the Company has invested about 50% of its investment in renewable energy, including domestic and overseas solar power generation facilities, and intends to continue to actively invest in this field. The total number of solar power generation facilities developed and invested by the Company is approximately 148MW, and the total number of biomass power plants is approximately 13MW. All completed renewable energy projects, including the Iwamizawa Solar Power Plant, which is one of the uses of proceeds of the Trust Beneficiary Interests, are operating stably, and efforts to address the environment through renewable energy have been steadily implemented.

In the development and investment of renewable energy projects, the Company collaborates with outside expert organizations such as technology consulting companies as necessary and makes use of their knowledge. The expertise is also fully reflected in the process of selecting the uses of proceeds of the Trust Beneficiary Interests.

From the above, JCR evaluates that the Group and the Company's management regard environmental issues as high-priority issues, and that green bond procurement policies and processes, green project selection standards, etc. are clearly identified through cooperation with departments with specialized knowledge and external organizations.

## ■Evaluation Result

Based on JCR Green Bond Evaluation Methodology, JCR assigns “g1” for the preliminary evaluation of “Greenness Evaluation (use of proceeds)” and “m1” for the preliminary evaluation of “Management, Operation and Transparency Evaluation”. Consequently, JCR assigns “Green1” as overall "JCR Green Bond Preliminary Evaluation." The Trust Beneficiary Interests meet the standards for the Green Bond Principles and the items required by the Ministry of the Environment's Green Bond Guidelines.

[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 Evaluation

### [Assignment]

Subject	Issuance Amount	Date of Transfer of Trust Beneficiary Interests	Trust Termination Date	Preliminary Evaluation
Daiwa Green Finance Program Trust Beneficiary Interests (Iwamizawa & Kushiro Solar Power Plant)	Maximum JPY4 billion	March 27, 2020	June 30, 2036	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

### 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 (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 an ancillary business, which is different from the

activities related to the credit rating business.

#### 4. Relationship with Credit Ratings

The Evaluation differs from credit ratings 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 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 (<https://www.jcr.co.jp/en/>).

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