

20-D-0100
May 11, 2020

_____ JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. _____

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

JCR Assigns Green 1 (F) to the Green Finance Framework of Canadian Solar Infrastructure Fund, Inc.

Subject : Canadian Solar Infrastructure Fund, Inc. Green Finance Framework

<Green Finance Framework Evaluation Results>

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

Chapter 1: Evaluation Overview

Canadian Solar Infrastructure Fund, Inc. (CSIF) is an investment corporation listed on the Infrastructure Fund Market of the Tokyo Stock Exchange on October 30, 2017. CSIF intends to invest primarily in renewable energy power generating facilities (defined by the Japanese act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electric Utilities, Article 2, Paragraph 3), real estate and securities related to renewable energy generating facilities. The sponsor and the asset management company of CSIF are Canadian Solar Project K.K. and Canadian Solar Asset Management K.K., respectively.

As of February 2020, CSIF had photovoltaic power generation facilities with a capacity of 119.8 MW (panel-output) at 21 power plants throughout Japan. CSIF aims to contribute to the global environment by expanding the introduction of renewable energy in Japan and to contribute to the implementation of a sustainable society and the revitalization of local communities through collaboration with the Canadian Solar Group, centered by the Canadian Solar Inc. (CSI), a sponsor that covers a wide range of business fields in the solar power generation business under a vertically integrated model. This will be achieved through the creation of a value chain for renewable energy.

The scope of evaluation is the green finance framework ("the framework") established by CSIF to limit proceeds by bonds or loans to use of proceeds with environmental improvement effects. JCR evaluates whether the framework complies with the Green Bond Principles (2018 edition), the Green Loan Principles, the Green Bond Guidelines 2020 edition, and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines 2020 edition.¹²³

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

Under the framework, the proceeds will be allocated for new investments in and refinancing of solar projects (including solar power generation facilities and transmission lines to power plants) that have been or are scheduled to be acquired. JCR evaluates that the use of proceeds are green projects that contributes to the decarbonization of renewable energy, and that it has a high environmental improvement effect. When acquiring the power generation facilities, CSIF checks the expected negative environmental and social impacts of the project by the department which has technical experts after receiving a technical assessment report from a third party. If there is a risk, CSIF implements countermeasures. Through assessing the process described above, JCR evaluates that it is highly unlikely that the negative impacts will exceed the environmental improvement effects.

In CSIF, eligibility criteria and selection processes for green projects have been established. The proceeds will be allocated to eligible projects promptly. Funding allocation status and environmental improvement effectiveness reporting is scheduled to be published regularly. And KPIs related to environmental improvement are appropriate. CSIF's environmental initiatives are also being actively undertaken centered by CSAM and the Canadian Solar Group. Accordingly, JCR confirmed that the Canadian Solar Group has established an appropriate management and operation system and has a high degree of transparency in green finance.

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1 (F)" for "JCR Green Finance Framework Evaluation." The evaluation results are described in detail in the next chapter. JCR also evaluates that the framework meets the criteria for requirements under the Green Bond Principles, Green Loan Principles, Green Bond Guidelines and Green Loan Guidelines and Sustainability Linked Loan Guidelines.

² LMA (Loan Market Association)、APLMA (Asian Market Loan Association) Green Loan Principle 2018
<https://www.lma.eu.com/>

³ Ministry of the Environment Green Bond Guidelines 2020 years <https://www.env.go.jp/press/files/jp/113511.pdf>

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

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1 (F)", the highest grade, to "Evaluation phase 1: Greenness Evaluation."

Rationale: 100% use of proceeds under the Framework will be allocated to green projects

(1) JCR's key Consideration in This Factor

In this section, JCR first 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

<Framework for Use of Proceeds>

【Overview of Use of Proceeds】	
Funds for capital investment or refinancing of capital investment funds for existing or planned solar power generation projects owned by CSIF	
(Target Project Category)	
Category	Use of proceeds
Renewable Energy Facilities	Solar power generation project that has been or is scheduled to be acquired (including solar power generation facilities and transmission lines to power plants)

<JCR's Evaluation of the Framework>

a. On the environmental improvement effects of the project

i. The projects listed in the Framework as use of proceeds are renewable energy projects using solar power, and their environmental improvement effects are high.

CSIF uses the funds to capital expenditures or refinancing capital expenditures for existing or planned solar power projects. Solar power generation is a clean energy that can reduce CO₂ by replacing fossil fuels. The Paris Agreement, which came into effect in November 2016, states that it is necessary to reduce the amount of anthropogenic greenhouse gas emissions to virtually zero in the latter half of the century. In order to achieve "decarbonization," it is essential to promote renewable energy such as solar. The introduction of renewable energy by solar power generation contributes to the creation of a decarbonized society aimed at by the Paris Agreement, and has a high environmental improvement effect.

As of February 2020, CSIF had acquired 21 solar power generation plants totaling 119.8 MW. All power generation facilities are located in Japan.

ii. The proceeds fall under the green category of "renewable energy" in the Green Bond Principles and Green Loan Principles, as well as of "renewable energy projects" in the Green Bond Guidelines and the Green Loan Guidelines and Sustainability Linked Loan Guidelines.

b. Negative impact on the environment

CSIF implements the processes to assess any business risks when acquiring solar power generation facilities. Among them, due diligence is conducted on the "risk of damage, loss or deterioration of assets under management due to accidents or disasters" which is considered to have a negative impact on the environment. Technical reports, reports on soil surveys, earthquake risk analysis reports, etc. shall be obtained, and risk verification shall be carried out on assessments of earthquake resistance performance and other situations of damage to assets in accidents or disasters. The Investment Management Department, which is in charge of CSAM as the asset management company, identifies risks that will raise negative environmental impacts; necessary measures shall be taken by internal or external experts in goals order to eliminate such negative impacts.

c. Consistency with SDGs goals and Targets

This project is classified as "Renewable energy", and JCR evaluates that these projects will contribute to the following SDGs and targets based on the SDGs mappings of the ICMA.



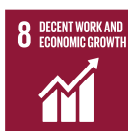
Goal 3: Ensure healthy lives and promote well-being for all at all ages

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: Specific measures for climate change

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

Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current status described below and the JCR's evaluation, JCR assessed that the management and operation system was well established, that the transparency was extremely high, and that the implementation of projects as planned and the appropriation of funding could be sufficiently expected. JCR assigned "m1 (F)" as the highest ranking to the evaluation phase 2: Management, Operation, and Transparency Evaluation.

1. Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

(1) JCR's Key Consideration in This Factor

In this section JCR confirms the objectives to be achieved through green finance, the standards for selecting green projects and the appropriateness of the process, and whether a series of processes are appropriately disclosed to investors.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Goal

<Framework for the Goals of Green Finance>

(Reasons for CSIF's Green Finance)

It can be said that the business model of CSIF which owns the solar power plant, sells the electric power by the solar power generation, and returns the income to the investors, is also considered to be the global environment-friendly business model.

With regard to investment units, it is expected that a substantial number of investors will invest only because they are supportive in CSIF's business model. CSIF believes that it could stimulate financial institutions' which resonates with CSIF's environmentally friendly business model to finance CSIF by declaring that the proceeds are "green".

Funding from environmentally conscious financial institutions is fully consistent with the global environmental policies of CSIF and the Canadian Solar Group. Considering the global environment at a high level on both the investment and financing sides, it is one of the most important issues for CSIF to understand its efforts.

<JCR's Evaluation of the Framework>

Established in 2017 and listed on the Tokyo Stock Exchange's Infrastructure Fund, CSIF aims to contribute to the global environment through the introduction and expansion of renewable energy in Japan. It also aims to contribute to the realization of a sustainable society and the vitalization of local communities.

The business of CSIF is to invest in renewable energy generation facilities and to return the incomes from the sale of electricity to investors. Funding for green finance under this framework will also be used for existing or planned solar power generation projects (including solar power generation facilities and transmission lines to power plants). JCR believes that CSIF's business itself contributes directly to the global environment and contributes to the realization of a sustainable society. In addition, JCR believes that the implementation of green finance meets CSIF's goal of raising funds not only from investors, but also from financial institutions that share business vision of CSIF.

b. Selection Criteria

<The Framework for Selection Criteria>

(Criteria for Selection of Projects)

The eligible project shall be expected to perform sound business operations and shall be verified any possible risks in line with CSIF and CSAM examination criteria and shall meet the following eligibility criteria.

- The project is located in Japan.
- To comply with the Forest Law, relevant laws, rules and regulations when constructing and installing relevant facilities
- Procedures necessary after confirming applicable laws and regulations are in place.
- For the construction and installation of the subject equipment with stable property rights and contractual relationships and appropriate level of understanding from local residents, including local governments
- There is no environmental negative concerns or soil pollution at the location of the target facility, and the target facility will be unlikely to cause pollution in the future.
- There should be no indication in the various expert reports that the target facilities do not meet the status standards.
- Investments in projects are made immediately after the implementation of related green finance.

<JCR's Evaluation of the Framework>

Funding under the Framework is used to finance or refinance capital expenditures for existing or planned solar power projects owned by CSIF. As mentioned above in Phase 1, JCR evaluates above selection standard targets projects with a high environmental improvement effect.

The standards to be met by the subject project are outlined in the "Investment Guidelines" and "Due Diligence Standards" which are the internal rules of CSAM, and it is confirmed that the decision, revision and abolition of these rules are subject to the resolution of the Compliance Committee, the Investment Management Committee, and the Board of Directors. The Compliance Committee and the Investment Management Committee are comprised of the President and Representative Director, all full-time directors, the Chief Compliance Officer, all general managers, and outside members (currently one each). JCR evaluates that management is appropriately involved in the selection of project eligibility criteria.

c. Processes

<The Framework for Processes>

(Selection Process for Projects)

In case that CSIF acquires the solar power generation facilities from stakeholders, the Compliance Committee in CSAM has deliberated and made a resolution. The Investment Management Committee (after a resolution by the Board of Directors for transactions with a transaction value of ¥5 billion or more) is submitted to CSIF Board of Directors and approved by the Board of Directors.

The Board of Directors consists of executive officers and supervisory officers. Supervisory officers receive reports from executive officers on the status of business execution, etc. and request CSAM officers and employees to report on the status of asset management, etc. as needed.

<JCR's Evaluation of the Framework>

In selecting projects, CSAM's Compliance Committee deliberates and makes resolutions, and the Investment Management Committee makes the final decisions before deliberations and approvals are made by the Board of Directors, which consists of CSIF executive officers and supervisory officers.

The goals, selection criteria, and processes set out in this Framework are described in this Assessment Report and JCR believes that transparency to investors is ensured.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's Key Consideration in This Factor

Although it is generally assumed that cash management methods vary widely among issuers, JCR confirms whether funds procured under the framework are securely allocated to green projects and whether mechanisms and internal systems are in place to enable easy tracking and management of the allocation of funds.

In addition, JCR also emphasizes evaluating whether proceeds are scheduled to be used for green projects at an early stage, and the management and operation methods of unallocated funds.

(2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Proceeds Management>

(Method of Linking Proceeds and Assets)

- The proceeds are fully tied to a pre-selected individual project.

(Method of Tracking and Management of Proceeds)

CSIF will manage the proceeds in a particular account and will immediately allocate the full amount to eligible projects as defined in this Framework.

The Financial Planning Department of CSAM manages the monitoring of accounts, and at the time of withdrawal, the general manager of the Financial Planning Department and the president make decisions and give instructions on withdrawal.

The deposit and withdrawal procedures are subject to internal audits and external audits by an audit firm.

In general, the funding will be available on the same day. In other case, the funding will be managed in cash or cash equivalents and the planned funding date will be disclosed to the investor or lender as needed.

<JCR's Evaluation of the Framework>

JCR confirms that use of proceeds is for solar power generation projects (including solar power generation facilities and transmission lines to power plants) that have been or are scheduled to be acquired and will not be allocated for any other purpose.

Funds shall be managed in a particular account within CSIF and disbursed immediately for eligible projects. At the time of the expenditure, the approval of the general manager of the Financial Planning Department and the president of CSAM is made. These deposit and withdrawal procedures are subject to internal and external audits.

In general, funds procured are allocated on the same day, but in other cases, unallocated funds are managed in cash or cash equivalents.

Based on the above, JCR evaluates that fund management is highly appropriate and transparent.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether a detailed and effective system for disclosing information to investors before and after the implementation of green finance, which will be implemented with reference to framework, has been planned.

(2) Current Status of Evaluation Targets and JCR's Evaluation

<Framework for Reporting>

1. Reporting on the Status of Proceeds Allocation

- The allocation status will be regularly disclosed to investors on CSIF's website.
- If the asset is sold before the green finance is redeemed, CSIF shall reallocate the funds to other eligible assets.
In such cases, CSIF shall disclose the fact on its website until it will finish reallocation.

2. Reporting on environmental improvement effects

- CSIF publishes monthly on its website the amount of power generated at its solar power generation plants and the capacity of its panels.

<JCR's Evaluation of the Framework>

a. Reporting on the Proceeds Allocation

The use of proceeds will be regularly disclosed on CSIF website (on a fiscal term basis). Disclosures are on projects and allocated amounts.

CSIF shall document in contracts and other relevant documents that it shall repay the funds when it sells the properties financed by Green Finance. This rule is scheduled to be disclosed to investors in timely disclosure, financial results briefing materials, asset management reports, and other documents.

JCR evaluates that the above disclosure items and rules are appropriate.

b. Impact reporting on environmental improvement effects

CSIF releases monthly reports on the following environmental benefits; power generated from owned solar power generation and its panel-output capacity on its website. JCR evaluates it appropriate since these disclosure items are quantitative indicators and straightforward to show the outcomes,

JCR evaluates that the reporting is planned to be disclosed appropriately to investors in terms of both the allocation status of the proceeds and the impact reporting.

4. The Organization's Environmental Initiatives

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether the issuer's management considers environmental issues to be of high priority to management, and whether green finance procurement policies and processes and criteria for selecting green projects are clearly positioned through the establishment of a department that specializes in environmental fields or collaboration with external organizations.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. CSI's Environmental and Social Initiatives

Canadian Solar Inc. (CSI), the parent company of CSIF, is contributing more broadly and deeply to environmental and social considerations. According to the 2018 Sustainability Report published in October 2019, the company achieved the following results in terms of environmental and social considerations.

- i. The amount of power generated by CSI's PV plant (solar power plant) has increased by 46% over the past year. (December 2017: 3,149MW, March 2019: 4,600MW)
- ii. Water consumption was reduced by about 42.8% per MW compared to 2017.
- iii. Compared to 2017, CO₂ emissions per manufacturing 1KW were reduced by about 19%.

CSI has also achieved excellent performances in terms of social considerations.

- i. CSI has engaged in social project over the six continents. CSI supported Thailand's Buddhist International Solidarity Conference as installing 12kW solar power facility and also supported medical center as installing solar power facility in Sierra Leone.
- ii. In 2018, 43,266 training programs were implemented for all employees (approximately 13,000).
- iii. CSI has fair trade principles and provides a comfortable working environment for its employees and stakeholders by not doing business with mines that have labor issues or companies that engage in forced labor.

The top management of CSI has expressed their intention to make a clear commitment to environmental and social considerations.

Chairman and CEO Dr. Shawn Qu describe environmental and social considerations as follows.

"Our goal is to promote solar energy across the globe and ensure that more and more people will reap the benefits of clean air, decreased pollution, and sustainable economic development."

b. CSIF's Environmental and Social Initiatives

CSIF complies with CSI's environmental and social policies. In August 2019, CSAM, the asset management company of CSIF became the first domestic asset management company of Infrastructure Fund to sign the United Nations Principles for Responsible Investment (UN PRI). JCR evaluates that this is one of the signs of CSAM's stance of taking into account of ESG factors in its operations.

Specifically, in addition to donating funds from CSP and CSAM to Marumori Town in Miyagi Prefecture, which was severely damaged by Typhoon Hagibis, in Daisen Town, Tottori Prefecture, where the CS Daisen-cho Power Plant is located, the company is also donating funds related to the renovation of the Hima Shrine and the incense holder made of White Mikageishi (granite) of Shinpukuji. CSP also donated the Daisen Canadian

Garden to Daisen Town. Company involved in CSIF and CSIF are engaged in ESG initiatives and social contributions as members of the CSI Group.

JCR evaluates that these are indicative of the high-priority environmental issues that management has made in CSIF as well, and that specific efforts are being made to address these issues.

(Reference) Outline of the parent company of the issuer and the issuer group

<Canadian Solar Infrastructure Fund, Inc. (CSIF)>

Established in May 2016 and listed on the Tokyo Stock Exchange Infrastructure Fund market in October 2017. Renewable energy power generation facilities will be used as the main investment target, and over 90% of the investment will be invested in solar power generation facilities. As of February 2020, the company had 21 power plants, mainly in Kyushu, including those in the Kanto, Tokai, and Chugoku regions, with total panel output of 119.8MW and total assets acquired of JPY 48.85 billion. The sponsor of the CSIF is the Canadian Solar Project (CSP), a group company of Canadian Solar Inc. (CSI) listed on the U.S. NASDAQ, which is a global manufacturer of photovoltaic modules and also develops solar power plants. As a developer of solar power plants, CSP is engaged in the development of solar power plants throughout Japan and is also the operator of the initial portfolio assets of the Investment Corporation. Asset management and O&M firms are also part of the CSI group.

Under the Basic Principles, CSIF aims to contribute to the global environment through the expansion of the introduction and expansion of renewable energy in Japan, and to contribute to the realization of a sustainable society and the vitalization of local communities by operating renewable energy power generation facilities as its main investment targets under a cooperative system with CSP.

The Kumamoto Earthquake occurred in April 2016 at the CS Mashiki-machi Power Station, which was the property acquired by the CSIF. Although there was no particular damage to the facilities, it is a symbolic event of the basic philosophy of CSIF that CSIF has been reviewing the construction period and providing support supplies in CSP in consideration of the severely damaged local Mashiki town.

<Canadian Solar Inc. (CSI)>

Worldwide manufacturer of photovoltaic modules founded in Canada in October 2001, the parent of sponsorship and asset management companies. CSI aims for a vertically integrated model that covers not only integrated manufacturing and sales, but also the development and management of mega-solar power plants as a group.

CSI acquired EMS-certification under ISO14001:2004, which specified the environmental management system in 2010.

In addition, CSI has established an "Environmental Policy" as one of its management policies and as the CSI Group, CSP and CSIF are also conducting operations in compliance with the "Environmental Policy."

The "Environmental Policy" stipulates that employees should be engaged in the work of achieving and maintaining the highest environmental standards, and that they should be aware of the importance of the surrounding environment and endeavor to provide projects and services that actually improves the environment.

Furthermore, as a corporate group that engages in renewable energy business, the validity and effectiveness of environmental targets and performance are continuously reviewed and reviewed every year, and the "Environmental Policy" is regularly reviewed to ensure continuous conformance and performance.

■Evaluation result

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation." The Framework is considered to meet the standards for items required by the Green Bond Principles, Green Loan Principles, the Green Bond Guidelines 2020 Edition, and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines 2020 Edition.

[JCR Green Finance Framework Evaluation Matrix]

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

■ Subject

Issuer/borrower: Canadian Solar Infrastructure Fund, Inc.(security code: 9284)

[Assignment]

Target	Evaluation
Green Finance Framework	JCR Green Finance Framework Evaluation : Green 1 (F) Greenness Evaluation :g1(F) Management, Operation and Transparency Evaluation : m1(F)

(Responsible analysts for this evaluation) Atsuko Kajiwara and Kosuke Kajiwara

Important explanation regarding the evaluation of the Green Finance Framework

1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Assessment

JCR Green Finance Framework evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the Green Project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of funds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of funds for individual bonds and borrows implemented in accordance with this policy. In the event that green finance assessments are granted for individual bonds or individual borrowings based on this framework, such assessments need to be conducted separately. Furthermore, the JCR Green Finance Framework Assessment does not demonstrate the improvement effect on the environment of individual bonds or borrows implemented under this Framework and does not assume any responsibility for the environmental improvement effect. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

2. Methods used in the conduct of this evaluation

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

3. Relationship with Acts Related to Credit Rating Business

The JCR Green Finance Framework 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. Independence in JCR Green Finance Framework Assessment

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. The JCR Green Finance Assessment does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to green finance, which is subject to the assessment. Furthermore, the JCR Green Finance Evaluation represents JCR's comprehensive opinion as of the date of this report and is not a representation of the facts. It does not constitute a recommendation in any way as to the decision of risk or the purchase, sale or holding of individual bonds, commercial paper, etc. The JCR Green Finance Assessment may be changed, interrupted, or withdrawn due to changes in information, a lack of information, or other reasons. All rights to this document, including data from JCR Green Finance Assessment, are reserved by JCR. Any reproduction, translation, modification, etc. without the permission of JCR is prohibited, regardless of the part or all of this document, including data from JCR Green Finance Assessment.

■Glossary

JCR Green Finance Framework Assessment is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) 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)
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

■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 17 g-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/>).

■ For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.