

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

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

JCR Assigns Green 1 (F) to the Green Bond Framework of RENOVA, Inc.

Subject : Green Bond Framework of RENOVA, Inc.

<Green Bond 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

RENOVA, Inc. (the “Company”) is an independent power producer and developer of renewable energy. The Company was established in 2000 as Recycle One, Inc. (renamed in 2013 as RENOVA, Inc.) and initially engaged in surveys and consulting in the environment and energy fields. The Company subsequently entered the plastic recycling business, developed into the renewable energy business in 2012, and is now focusing on the business as a special renewable energy company. The Company went public in 2017 and listed on the First Section of the Tokyo Stock Exchange in 2018. Its business model is development and possessing renewable energy power generation businesses, such as large-scale solar power and large-scale biomass, and obtaining income from selling electricity by utilizing FIT (Feed-in Tariff system). It is distinguished by its integrated business model, from the development of projects to the promotion of development, financing, and operational management after commencement of operations. On a consolidated basis, the Company is an aggregate of SPCs established for each power plant, and plays a holding company’s role.

The Company develops, constructs, and operates renewable energy generation facilities under the corporate slogan “Creating out future with renewable energy.” In addition, it has a mission of “To create green and sustainable energy systems for a better world” and a vision of “To become Asia’s renewable energy leader.” It has steadily built up a track record of achieving its SDGs commitment of 10 million tons of CO₂ savings by 2030.

The subject to be evaluated is the Green Bond Framework (the “Framework”) to limit the Company’s bond financing to the use of proceeds with environmental benefits, and JCR evaluates whether the Framework complies with the Green Bond Principles (2018 version) and the Green Bond Guidelines (2020 version). These Principles are not binding as they are principles or guidelines voluntarily published by the International Capital Markets Association

(ICMA) and the Ministry of the Environment, respectively, but JCR evaluates the Framework with reference to those principles and guidelines on the basis of globally unified standards.¹²

Proceeds raised under the Framework will finance eligible projects such as the development and construction of solar, wind, biomass, and geothermal power facilities. The Company would identify potential negative environmental impacts for eligible projects subject by the Framework and will implement avoidance and mitigation measures. Based on the above, JCR evaluates that the target projects for the use of proceeds stipulated in the Framework have high environmental improvement effect.

The Company evaluates and selects eligible projects in accordance with the process established in the Framework, and the Finance and Planning Division selects projects and the CFO determined as the projects for the use of proceeds. Funds raised by green bonds are fully linked to pre-selected individual projects, and a tracking system and internal control is sufficiently established. Reporting regarding allocation of proceeds and environmental improvement status are also appropriate. JCR evaluates the Framework has in place both a governing and administering framework for funding and transparency to investors.

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 "Green 1(F)" for overall "JCR Green Bond Framework Evaluation." The evaluation results are described in detail in the next chapter. JCR also evaluates that the Framework meets the standards for requirements under the Green Bond Principles, and the Green Bond Guidelines.

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

² Ministry of the Environment Green Bond Guidelines 2020 <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>

As a company specializing in the renewable energy power generation business, we believe that all projects have a certain level of greenness. Among them, we select projects subject to the use of proceeds after comprehensively examining the output scale, design concept, project progress, etc. We are also applying a unified progress management and approval process to all of our renewable energy generation businesses. The projects subject to the use of proceeds include projects currently under development, but assuming that they are expected to satisfy all the requirements for commercialization, we establish the following criteria.

Expenditures on the development, construction, installation, operation, and maintenance of domestic and international renewable energy power facilities (solar power, offshore and land wind power, biomass, geothermal) and related facilities meeting the following standards

- In the domestic business, applications and procedures necessary for the operation of renewable energy power generation business, such as project plan certification from METI and power supply contracts of the electric power company, are appropriately and legally conducted (or expected).
- Procedures are in place to ensure that the applicable laws and regulations, including the environmental impact assessment procedures, the Forest Law, and the River Law, are followed when the facilities are constructed and installed (or are expected to be constructed).
- Prior explanations are given (or are expected to be given) to neighboring residents when constructing and installing the subject facilities.
- In cases where the subject equipment is constructed or installed overseas, we will follow the procedures required by the country in which it is installed, such as the acquisition of equipment approvals and permits, and the assessment of environmental impact, are appropriate.
- Investments in the project have been made within 36 months from the date of issuance of the relevant green bonds.

- For biomass and geothermal power generation facilities, contribute to reducing CO₂ throughout the period of the project.
- Procurement of fuels for biomass power generation facilities is conducted in accordance with the sustainability criteria required by the Government of Japan.

<JCR's Evaluation of the Framework>

a. Environmental Improvement Effects of Projects

i. The eligible green projects listed in the Framework for use of proceeds are renewable energy projects, such as solar power and wind power, with strong environmental benefits.

The eligible green projects outlined in the Framework are for the development, construction, installation, operation, and maintenance of renewable energy facilities, such as solar power and wind power plants. Solar, wind, biomass, and geothermal are clean energies that can reduce CO₂ by substituting fossil fuels. The Paris Agreement, which came into effect in November 2016, states that in the latter half of the century, anthropogenic greenhouse gas emissions should be reduced to virtually zero. In order to achieve "decarbonization," it is essential to promote the spread of renewable energy sources, such as solar and wind power. The introduction of renewable energy sources such as solar, wind, biomass, and geothermal power generation contributes to the construction of a decarbonized society aimed at by the Paris agreement and has a high environmental improvement effect.

Among the projects subject to use of proceeds, the Company put the solar power generation business and offshore and land wind power generation business which comply with related laws and regulations, properly perform environmental impact assessment procedures and generate environmental improvement effects more reliably for eligible projects. Biomass power project is eligible, provided that it contributes to CO₂ reductions throughout the project, taking into account CO₂ reductions and CO₂ emissions from generation, such as when purchasing and transportation fuels. Geothermal power plants are selected as projects to be financed, provided that CO₂ emitted in constructing and operating the plant is less than 100 g-CO₂ per kWh. Regarding the procurement of fuel for biomass power generation facilities, JCR has confirmed that the Company does not use palm oil but procures other fuels in accordance with the sustainability criteria required by the Government of Japan. From its inception of renewable energy generation business, the Company wanted to handle as many renewable energy sources as possible and to contribute to the diversification of energy mix and the diffusion of renewable energy. As of the end of June 2020, the Company had about 1.8GW of capacity in operation, under construction, and under development, and covered a wide range of projects across Japan, including solar power (52% of all projects in operation, under construction, and under development), offshore and land wind power (16%), biomass (24%), and geothermal (8%). The Company aims to become a leading company in energy reform in Japan and Asia, and aims to develop renewable energy power generation facilities both domestically and abroad, taking into account policy support, electricity demand, and other factors. These activities are carried out by personnel with expert knowledge allocated to each power generation project after having examined potential environmental and social risks and taking appropriate measures.

Among the eligible green projects outlined in the Framework, existing power generation projects are properly operated, and power generation is commensurate with the capacity of each generation facility. In addition, it

is expected that the power generation businesses under development will be proceeded with due consideration of environmental and social risks and in compliance with relevant laws and regulations.

Therefore, JCR evaluates the use of proceeds in the Framework to improve the environment by reducing CO₂ emissions.

ii. The funds are used for "renewable energy" of the green projects defined in the Green Bond Principles and the 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 CO₂, 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.

Renewable energy 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.

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. Renewable energy facilities, such as solar and wind power plants, which is the use of proceed under the Framework, fall under the "renewable energy" defined in the Green Bond Principles and the Green Bond Guidelines, and contribute to resolving policy issues in Japan.

b. Negative impact on the Environment

Possible negative environmental and social impacts of the projects covered by the Framework include the following:

- Destruction of the natural environment through deforestation and large-scale development of the target areas for the project
- Failure to reach agreement with the parties concerned in the surrounding areas of the project
- Noise and vibrations caused by the construction of the project (in the case of a project under construction)
- Impact on the environment due to damage to power generation facilities

In developing, constructing, and operating renewable energy facilities, including those subject to use of the proceeds, the Company will fully exploit expert knowledge and assess the potential negative environmental and social impacts. Target projects will be promoted after avoidance measures and countermeasures have been formulated to minimize the negative impacts of each case. JCR considers that the measures for these risks are appropriate.

c. Consistency with SDGs goals and Targets

The projects are classified into “renewable energy.” JCR evaluated the projects as contributing to the following SDGs goals and targets, while referring to ICMA's SDGs mappings.



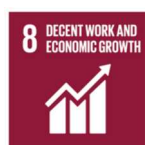
Goal 3: Ensure healthy lives and promote well-being for all at all ages

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



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

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



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

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



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

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



Goal 13: Take urgent action to combat climate change and its impacts

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

Evaluation Phase 2: 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 goals to be achieved through green bonds, the selection criteria for green projects and the appropriateness of the process, and whether the process is properly disclosed to investors and others.

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

a. Goals

<The Framework for Goals>

Through the issuance of green bonds, we aim to further promote our renewable energy business, aiming to fulfill our mission of "To create green and sustainable energy systems for a better world" and our SDGs commitment.

<JCR's Evaluation of the Framework>

The Company will promote the development and construction of renewable energy power generation facilities through the issuance of green bonds. This is consistent with the Company's mission of "To create green and sustainable energy systems for a better world." It also has SDGs commitment to "reduce cumulative 10 million tons of CO₂ by 2030," contributing to the commitment by developing renewable energy generation facilities that will be funded. Thus, the issuance of green bonds is consistent with the Company's goal.

b. Selection Criteria

Eligible criteria in the Framework developed by the Company is "Expenditures on the development, construction, installation, operation, and maintenance of domestic and international renewable energy power facilities (solar power, offshore and land wind power, biomass, geothermal) and related facilities." The eligibility criteria in the Framework is as detailed in Evaluation Phase 1, and JCR evaluates its selection criteria to be appropriate and environmentally effective.

The above criteria will be prepared by the Finance and Planning Division and reported to the Board of Directors.

c. Processes

<The Framework for Selection process>

The Finance and Planning Division works with each business division to select eligible projects, and the CFO makes the final decision on the selected eligible projects. In conducting our business activities, we will follow the Compliance Charter, which stipulates matters to be observed in order to ensure thorough compliance with relevant laws and regulations and to act with integrity in conformity with social ethics.

The issuance of green bonds is decided by the CFO of the Board of Directors, which is the highest decision-making body in the execution of our business.

<JCR's Evaluation of the Framework>

The Finance and Planning Division selects projects that will be subject to use of proceeds of green bond in cooperation with expert departments, and the final decision is made by the CFO. JCR evaluates the selection process as appropriate and involves specialized departments and management.

JCR considers that transparency to investors is assured through press releases, shelf registration documents, and shelf registration supplementary documents to disclose goals, selection criteria, and processes related to green bonds at the time of the issuance.

2. Appropriateness and Transparency of Fund Management

(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 Fund Management>

We use an internal control system every six months until the entire proceeds from the issuance of green bonds are allocated, and the Finance and Planning Division manages the allocation of proceeds. Most of the proceeds of green bond issuance will be disbursed within three years after issuance and will be managed in cash or cash equivalents until all of the proceeds are allocated to eligible projects.

<JCR's Evaluation of the Framework>

Funds raised by green bonds are managed by the Finance and Planning Division using a dedicated form. Receipts and withdrawals are booked by the Finance and Planning Division on the form, and are then approved by the CFO, and are scheduled to be periodically reported to the Management Committee. In addition, the Accounting Development Department carries out cash receipts and disbursements.

Tracking management is scheduled to be reviewed regularly by the Finance and Planning Division. In addition, the tracking control will be checked in the course of accounting audits by the auditing firm.

Funds raised by green bonds will be allocated within 3 years, and unallocated proceeds are expected to be generated from the issuance of green bonds for a certain period of time. The Company stipulates that unallocated proceeds will be managed in cash or cash equivalents in a particular account. In principle, businesses that can be covered by green bonds are held and operated in-house. However, in the event that the projects subject to the use of proceeds are no longer subject to the use of proceeds due to loss or impairment, the event will be disclosed on the Company's website and re-allocated to eligible projects as alternatives.

JCR evaluates the fund management as appropriate in light of the mechanisms by which funding is reliably dedicated to the eligible project, the appropriateness of follow-up fund management, the adequate construction of internal control for fund management, and robust management about the unallocated funds.

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 Evaluation of JCR

<Framework for Reporting>

We report on the status of allocation of proceeds for eligible projects, the status of management of procured funds, and the effects of environmental improvements on an annual basis on our website. The first reporting is scheduled to take place within one year of the issuance of the green bonds.

(1) Proceeds allocation status Reporting

Until all proceeds have been allocated, we publish allocation of proceeds and the progress of our business annually. If there are any significant changes, we will show it on our website timely.

We will disclose the amount of proceeds allocated for each category, amount of unallocated proceeds, and the entire amount as an existing expenditure.

(2) Impact Reporting

We will report on our website the following quantitative indicators of environmental improvement effects up to the redemption of green bonds to the extent practicable. Estimates of indicators are scheduled to be disclosed until target business is in operation.

- Annual GHGs Reduction (tons-CO₂)
- Annual Generation (MWh)

In addition, until the green bonds are redeemed, JCR will review its evaluation mainly on the allocation of proceeds and the impact reporting.

<JCR's Evaluation of the Framework>

a. Reporting on the proceeds allocation

The Company will disclose the proceeds allocation of green bonds on an annual basis. If there is a change in the use of proceeds of the green bonds and unallocated funds are generated, the content will be disclosed in the same manner. JCR considers that the scheduled reporting on the status of fund appropriations is appropriate.

b. Reporting on environmental improvement effects

The Company plans to update annually on its website the annual GHG reductions and annual power generation, as defined in the Framework as an indicator of the impact of the assets covered by the green bonds. For businesses under development or construction, estimates of annual power generation and GHG reductions are planned to be disclosed at the time of green bond issuance but may not be projected depending on the progress of the projects. In such cases, as the project proceeds, the Company will promptly disclose the impact indicator as soon as the technological review proceeds and the calculation of the power generation forecast is completed.

JCR evaluates that the indices necessary for calculating environmental improvement effects are sufficiently disclosed and appropriate for the Company's planned reporting of environmental improvement effects.

4. 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

The Company develops, constructs, and operates renewable energy generation facilities under the corporate slogan "Creating our future with renewable energy." The corporate slogan states that by giving full consideration to the environment in which people live in the process of developing and construction renewable energy power generation facilities, the Company aims to benefit from nature and to link it to the next generation, thereby contributing to a better life together with renewable energy.

The Company's mission is "To create green and sustainable energy systems for a better world," and the vision is "To become Asia's renewable energy leader." It also shows its stance of raising corporate value by actively addressing issues related to climate change, CO₂ emissions, and environmental conservation.

The Company's SDGs commitment is to reduce CO₂ by 10 million tons by 2030, and as of the end of May 2020, it had operated renewable energy projects (solar and biomass) of more than 330MW (capacity based). It is currently constructing a total of 361MW of renewable energy facilities, including solar power generation and biomass power generation, and it is steadily achieving its commitment. Started business as environmental consultants, the Company has been involved in environmental projects on a consistent basis, and the desire to utilize their wealth of knowledge to engage in the development of as wide a range of renewable energy as possible is strongly shared. The projects under construction or development include the solar power generation business, biomass power generation business, offshore and land wind power generation business, and geothermal power generation business, which will contribute to an increase in the share of renewable energy both domestically and internationally through a diverse mix of power sources in a wide range of regions, including overseas. In addition, efforts to contribute to achieving SDGs goals are being promoted by contributing to regional revitalization through the creation of employments and business opportunities generated through its renewable energy power generation projects, and providing students with educational opportunities related to renewable energy using its own power generation facilities.

Regarding renewable energy, there are departments with specialized knowledge at each stage of development, construction, and management. From an understanding of the state of laws and regulations, the introduction of the latest technologies for environmental considerations and an appropriate system of operation have been established, and a system has been put in place to give full consideration to the environmental and social aspects. Regarding ESG in general, the Public Relations and Investor Relations Team specializes in dialogue with stakeholders and utilizes it in the Company's business operations.

From the above, JCR evaluates that the Company's management positions environmental issues as a top management priority, and that departments with expert knowledge clearly position green bond procurement policies and processes, criteria for selecting green projects, and so on.

■ 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 Bond Framework Evaluation." The Framework is considered to meet the standards for items required by the Green Bond Principles, and the Green Bond Guidelines.

[JCR Green Bond 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: RENOVA, Inc. (Security code: 9519)

[Assignment]

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

(Responsible analysts for this evaluation): Rieko Kikuchi 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.

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■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/>).

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