

———— JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd. ————

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

JCR Assigned Green 1 to Long-term loan borrowed by TBM Co., Ltd.

Subject	:	Long-term loans borrowed by TBM Co., Ltd.
Type	:	Long-term loan
Lender	:	Syndicate with Nanto Bank, Ltd. as the arranger and agent
Borrowing Amount	:	JPY2.4 billion
Date of the Loan Agreement	:	November 30, 2020
Date of the Last Performance	:	March 31, 2021
Final Due Date	:	August 20, 2030
Use of Proceeds	:	Funds for the construction of a plant to be constructed in Tagajo City, Miyagi Prefecture and for the purchase of equipment to be used in the plant

<Green Loan Evaluation Results>

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

Chapter 1: Evaluation Overview

TBM Co., Ltd. (TBM or the "Company") is a materials manufacturer founded in 2011. The Company's business was to import and sell stone paper made in Taiwan. However, it developed LIMEX, a composite material made primarily from limestone paper, which differs from stone paper. Today, the Company uses LIMEX to produce plastic substitutes and paper substitutes that reduce the use of natural resources.

TBM's mission is "Bridging today and the future we want" that means to create the future that the Company aims to advance with the values, systems, and technologies it has inherited from the past. The vision is "Utilizing the past to build a future, a circular- and sustainability-oriented innovation that prolongs for 100 years and beyond," representing to create a sustainable, recycling-oriented society even after 100 years through innovation. When conducting business activities, efforts to contribute to the reduction of impact are promoted after analyzing the identification of materiality from the viewpoint of ESG and the impact of business on the environment.

The scope of this evaluation is the long-term loan (the “Loan”) plan to be borrowed by TBM with a lender by a syndicate formulated by Nanto Bank, Ltd. as an arranger/agent. The Loan will be used to fund the construction of a plant built by TBM in Tagajo City, Miyagi Prefecture and to finance the purchase of equipment. The Tagajo Plant will produce LIMEX sheets and plastic substitutes as LIMEX products. JCR evaluated that the target for the use of proceeds from the Loan will have an environmental-improvement effect because it can greatly reduce natural resources by replacing plastics and paper with LIMEX products and is working to create a recycling and upcycle mechanism.

In the project selection process, decisions are made with the involvement of a departments specialized in sustainability and the management team. Fund management is conducted by the department in charge under appropriate control, and the content of financing reporting is to show clear environmental improvement effects. JCR confirmed a robust management and operation system and high transparency with respect to TBM.

Based on JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green 1" for overall "JCR Green Loan Evaluation" to the Loan. Detailed evaluation results are discussed in the next chapter. JCR has also concluded that the Loan meets the standards for the “Green Loan Principles” and the “Green Bond Guidelines Green Loan and Sustainability Linked Loan Guidelines”.¹²

¹ LMA (Loan Market Association), APLMA (Asian Market Loan Association) Green Loan Principle 2020
<https://www.lma.eu.com/>

² Ministry of the Environment Green Bond Guidelines Green Loan and Sustainability Linked Loan Guidelines 2020
https://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf (pp.36-67)

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluations

Evaluation Phase 1: Greenness Evaluation

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

Rationale: Use of proceeds for the Borrowings will be 100% allocated to green projects based on the current situation described in detail below.

(1) JCR's Key Consideration in This Factor

In this section, firstly, 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 have taken necessarily avoidance or mitigation measures, in case use of proceeds may 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

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

i. 100% of the proceeds were used to construct facilities and equipment for manufacturing environmentally conscious LIMEX products. This is highly effective in improving the environment.

The Loan will be fully invested in the construction fund and equipment fund of the plant that TBM is constructing in Tagajo City, Miyagi Prefecture. The Tagajo Plant is scheduled to produce LIMEX and other products.

<About LIMEX>

LIMEX is a composite material of inorganic filler dispersion system containing more than 50% of minerals such as calcium carbonate developed by TBM. The main raw material is limestone (limestone), and the English name is also derived from the trade name. LIMEX serves as a material for manufacturing substitutes for plastic and paper, enabling significant reductions in the use of natural resources and energy throughout the product life cycle, from sourcing of raw materials to manufacturing and disposal.

Plastic substitutes using LIMEX are made from LIMEX pellets. LIMEX pellets are composed of minerals such as calcium carbonate (50-80%) and petroleum-derived resins (20-50%). Although the ratio varies depending on the product, replacing a ton of plastic with a substitute product for plastic can reduce approximately 330 kg of petroleum-derived plastic.

LIMEX sheets developed as substitutes for paper are characterized by high water resistance, strength, and smooth surface compared to common printing papers. The raw materials are limestone (about 0.6 ton to 0.8 ton for a ton of product) and polyolefin (polymer compound, about 0.2 ton to 0.4 tons for a ton of product), while wood pulp, raw material for paper, is not used. When a ton of paper is replaced by LIMEX sheets, a ton of wood pulp and about 79 tons of water can be reduced among the raw materials (assumed values based on facility specifications).

When procuring lumber, paper manufacturers procure lumber on the assumption that they comply with the laws and regulations of environmental and local residents through a legitimate lumber certification system that establishes a mechanism to prevent illegality of raw material procurement policies and procured lumber. However, it is considered that substituting LIMEX sheets can contribute to the maintenance of forest

resources. In addition, as more than 70% of the wood chips used in the country are imported from abroad, LIMEX sheets can help reduce CO₂ emissions during shipping.

With regard to water resources, current estimates suggest that the world's population will continue to grow, with 51% of the world's population expected to fall into a high water risk by 2050, further accelerating the lack of water resources around the world in the future. In response, the United Nations General Assembly launched the "International Decade for Action: Water for Sustainable Development" on March 22, 2018, emphasizing the importance of implementing and promoting integrated water resource management and deepening cooperation and partnerships at all levels to achieve SDGs' goals. LIMEX sheets can be said to be a product that contributes to resolving global water shortages because they can significantly reduce water consumption in the manufacturing process compared to paper manufacturing.

Although the highest priority is given to resource circulation through material recycling in LIMEX after use, another feature is that CO₂ emissions at the time of incineration are about 20% lower than those of plastics when it is inevitable to be discarded. Limestone, the main raw material of LIMEX, has about 58% less CO₂ discharged at the time of incineration than plastics.

<Recycling and Upcycling of LIMEX Products>

Edge material generated in the process of manufacturing LIMEX sheets and used LIMEX products (LIMEX sheets and plastic alternatives) can be returned to pellets and used as materials for LIMEX sheets or plastic alternatives.

Thus, LIMEX products can not only be recycled from end-of-life products, but can also be recycled back into raw materials and then converted to higher-dimensional products (upcycling). These mechanisms enable repeated use.

TBM is working with a variety of corporates that use LIMEX products to promote the recycling/upcycling of products. To date, LIMEX sheets have been adopted in the menu of several restaurants, and they have been collected and re-commercialized after use. For example, the Company is working to cycle up the menu used at cafes operated by Seven & i Food Systems Co., Ltd. into trays used at Denny's restaurant chain. In addition, by forming consortiums with local governments and other stakeholders, such as initiatives to promote recycling-oriented urban development through an upcycling in partnership with Kanagawa Prefecture (KANAGAWA Upcycle Consortium) and the challenge of "building a regional model with low environmental impact in Sabae City, Fukui Prefecture and sustainable manufacturing" in collaboration with Sabae City and Keio University, the Company is promoting the creation of a mechanism for an upcycling in a wide area.

Plastics, which LIMEX are targeted for substitution, are not properly processed after use while they can be easily used. According to the estimate, as much as 8 million tons of plastic garbage is spilled into the sea annually, making it a global issue. Regarding this situation, the "Ocean Plastics Charter" was adopted at the G7 summit in June 2018.

Domestically, the Ministry of the Environment published the Resource Circulation Strategy for Plastics in May 2019, Japan aims to do the following things.

- Cumulative 25% reduction in single-use plastics by 2030
- Reusable/recyclable design for all containers and packaging/products by 2025
- 60% rate of recycling for containers and packaging by 2030

- 100% effective utilization of used plastics by 2035 including circular economy measures

LIMEX products and their recycling/upcycling contributes to the abovementioned domestic and international policies on de-plastics and to curbing the depletion of natural resources.

<Overview of plant in Tagajo City (Tagajo Plant)>

In February 2021, TBM completed construction of the Tagajo Plant, its second plant, following a plant in Shiroishi City, Miyagi Prefecture (Shiroishi Plant). The Tagajo Plant is intended to produce about 23 thousand tons of LIMEX annually, about four times the size of the Shiroishi Plant, popularizing LIMEX sheets and LIMEX pellets. The Company also aims to expand mass-production plants worldwide by establishing technologies and systems in manufacturing as model plants for mass-production of LIMEX for technology exports to overseas. As of March 2021, basic agreements were concluded with the National Development Agency of Mongolia and provincial funds Henan Province in China, and concrete studies are being promoted for plant deployment.

The construction of the Tagajo Plant was adopted in 2015 by the Ministry of Economy, Trade and Industry's "Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas (for manufacturing/service industry)" and the plant site has been secured within the Sanmirai Tagajo Reconstruction Park (Ipponnyanagi Industrial Park), which is positioned by the city of Tagajo as the base for reconstruction. Moreover, as part of its reconstruction assistance, the Company hired local residents when the plant starts operations and built a production system. It also has aspects of supporting areas affected by the Great East Japan Earthquake through the operation of the plant.

<JCR Evaluation of Targets for Use of Proceeds>

LIMEX manufactured at the Tagajo Plant, which is the target for use of proceeds, can significantly reduce natural resources such as petroleum, wood pulp, and water used in manufacturing compared to plastics and paper that are subject to substitution.

Based on the above, JCR assessed that the targets of the use of proceeds have a high environmental improvement effect.

ii. Projects eligible for use of proceeds fall under the category of "environmentally-efficient products, environmentally-adapted products, environmentally-friendly production technologies and processes" in the Green Loan Principles. In addition, among the uses of proceeds exemplified in the Green Loan Guidelines and Sustainability Link Loan Guidelines, they correspond to "environmentally-friendly products, environmentally-friendly manufacturing technologies, and processes."

b. Negative impact on the environment

TBM promotes the construction of the Tagajo Plant, which is subject to the use of proceeds, after giving consideration to the possible negative factors, such as control of noise and cleaning of dusts in addition to the safety of those involved in the construction.

After the plant is in operation, it is necessary to procure the raw materials necessary for manufacturing products. TBM procures limestone, the main raw material, for suppliers with environmental management systems and quality management systems, after having them understand TBM's policy of environmental and social considerations. Regarding the operation of plants, it is judged that the impact of noise on the surrounding residents and the inadequacy of safety management on plant workers can be a risk factor, and the Company will strive to eliminate the negative effects that may be caused by giving consideration to the traffic of machines and vehicles introduced to residents living in the vicinity of so as to appropriately reduce noise

generation, and for plant workers, taking over the safety considerations of the Shiroishi Plant, which is already in operation.

Based on the above, JCR judged that there is little likelihood of a negative impact on the environment due to the subject of the use of proceeds.

c. Consistency with SDGs Goals and Targets

The use of limestone as a primary raw material can significantly reduce the use of natural resources such as petroleum, wood-pulp and water in LIMEX products produced at plants for which the proceeds are used. It also contributes to reducing CO₂ generated when its products are burned, compared with plastic, in the disposal of the product. Furthermore, by referring to SDGs mapping of ICMA, JCR evaluated that it contributes to the following SDGs goals and targets.



Goal 6: Clean Water and Sanitation

Target 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



Goal 9: Industry, Innovation and Infrastructure

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.



Target 12: Responsible Consumption and Production

Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.



Goal 14: Life below Water

Target 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.



Target 15: Life on Land

Target 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

Evaluation Phase 2: Management, Operation and Transparency Evaluation

JCR assigns "m1", the highest rating on JCR Evaluation Phase 2: Management, Operation and Transparency Evaluation.

Rationale: The projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

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

(1) JCR's Key Consideration in This Factor

In this section JCR confirms that the objectives to be achieved through the green loan, 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. Goals

TBM's vision is "Utilizing the past to build a future, a circular- and sustainability-oriented innovation that prolongs for 100 years and beyond."

Recently, the Loan to finance the construction of the Tagajo Plant and the purchase of equipment will enable mass production of LIMEX products and significantly reduce the use of natural resources compared to plastics and paper that are subject to substitution. LIMEX is a new material manufactured by TBM, and this innovation is expected to enable it to contribute to a more sustainable society. From this, JCR evaluated that TBM's conduct through the Loans is consistent with TBM's vision.

b. Selection criteria

TBM has established eligible criteria for the use of the proceeds of the Loan to finance the construction and equipment of a plant that manufactures LIMEX and other items. LIMEX improvement benefits are described in Phase 1, and the plant will be built with consideration of environmental and social impacts. From this, JCR evaluated this standard as covering buildings and equipment with environmental improvement effects.

c. Process

In TBM, the Administrative Division selected and drafted targets for the use the proceeds after consultation on greenness with the persons in charge of the following sections: the Corporate Planning Division promoting the relevant projects, the Development and Production Division that handles construction and equipment installation management, and the Corporate Communication Division as a specialized department in sustainability. The final decision is made by the board of directors and thereby formally target businesses are selected. The Board of Directors is composed of seven members, including two outside directors, and serves as the decision-making body second only to TBM's general meeting of shareholders.

From the above, JCR evaluated that the departments with expert knowledge and management are involved in the appropriate selection and decision-making of the projects, and that the process is clear for the evaluation of the greenness for the target for the use of proceeds.

JCR believed that TBM's green loan goals, selection criteria and process are transparent to lenders as they are disclosed in this evaluation report.

2. Appropriateness and Transparency of Fund Management

(1) JCR's Key Consideration in This Factor

The management of the proceeds depends on borrowers in general. JCR assesses whether the proceeds firmly allocated to the green project, the project have a framework and internal systems to easily track the allocation of the proceeds. JCR also places great importance on whether the funds are scheduled to be allocated to the green project promptly and also control and management of funds which are not yet appropriated to the project.

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

The Loan is expected to be used entirely as a new investment to finance the construction of the Tagajo Plant and the purchase of equipment described in Phase 1 of the evaluation.

Fund tracking is conducted by the head of the administrative office using a spreadsheet dedicated to the Loan. Appropriation of funds to the target business is to be made within about six months from the procurement of borrowings, and payments are made each time the target business progresses. Until appropriated, loans are managed in cash or cash equivalents.

Control-related forms shall be approved by the head of the Administration Division whenever payments are made. In addition, this fund management is subject to internal audits and accounting audits, and appropriate controls are in place.

Prior to the repayment of the Loan, JCR confirms that if a project subject to the use of proceeds is removed from the scope of the use of proceeds for any reason, TBM will consider either the prepayment of the Loan or the appropriation to an alternative project that meets the eligibility criteria.

JCR evaluates TBM's cash management as being appropriate and transparent, as it has established a mechanism to ensure that funds are allocated to projects subject to the use of proceeds, as well as a system for internal audits and external controls.

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 execution of green loans is planned in a detailed and effective manner at the time of the execution of green loans.

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

a. Reporting on the fund allocation

TBM plans to use the entire amount of the proceeds to finance the construction of the Tagajo Plant and the purchase of equipment within six months of the funding of the Loan and to manage the Loan with cash or cash equivalents until appropriation. TBM will disclose on its website the appropriation of funds, including the above. The Company also plans to disclose on the website any event that differs from the initial plan for the construction of the Tagajo Plant, which is subject to the use of proceeds.

b. Reporting on environmental improvement effects

In the future, TBM plans to disclose the following items on its website as the environmental improvement effects of green eligible assets on an annual basis.

Output

1. Production volumes of LIMEX scheduled to be produced at the Tagajo Plant
2. Production volumes of LIMEX sheets scheduled to be produced at the Tagajo Plant
3. Production volumes of LIMEX pellets scheduled to be produced at the Tagajo Plant

Outcome

1. Environmental improvement effects from LIMEX sheets
 - a. Estimated volumes of wood pulp that can be reduced
 - b. Estimated volumes of water that can be reduced
 - c. Estimated volumes of petroleum-based plastics that can be reduced
2. Environmental improvement effects from LIMEX pellets
 - a. Estimated volumes of petroleum-based plastics that can be reduced
 - b. Projected CO₂ emissions that can be reduced

Impact

Realize TBM's vision of "Utilizing the past to build a future, a circular- and sustainability-oriented innovation that prolongs for 100 years and beyond," and SDGs12 "Ensure sustainable consumption and production patterns."

JCR evaluated the above reporting as a plan to be properly disclosed to lenders.

4. Environmental Initiatives of the Organization

(1) JCR's Key consideration in This Factor

In this section JCR evaluates whether the borrower's management positions environmental issues as a high priority management issue, and whether green loan borrowing 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

TBM's mission is "Bridging today and the future we want" that means to create the future that the Company aims to advance with the values, systems, and technologies it has inherited from the past. The vision is "Utilizing the past to build a future, a circular- and sustainability-oriented innovation that prolongs for 100 years and beyond," representing to create a sustainable, recycling-oriented society even after 100 years through innovation.

TBM defines sustainability as "activities that make both the business, stakeholders, and society sustainable by considering the environmental, social and economic aspects." The Company believes that this is a core concept in conducting its business. Through its LIMEX businesses, it aims not only help to resolve environmental issues, but also contribute to society and economics by building plants and creating jobs in disaster-stricken areas. The promotion of LIMEX businesses is in line with the enhancement of TBM's corporate value, and its business structure is designed to simultaneously contribute to solving environmental and social issues and to grow the Company itself.

As part of its efforts to address environmental issues, TBM has selected following five items as important issues that business activities can have an impact on the environment: "water resource conservation," "GHG (greenhouse gas) emissions reduction," "energy conservation," "waste reduction," and "environmental compliance" through consultation by the Sustainability Committee (the "Committee"), which is a specialized department within the Company. TBM then identifies and implements specific initiatives that contribute to reducing environmental impact.

Regarding "reduction of greenhouse gas emissions" among the above five items, TBM switched to substantially 100% renewable energy from August 2020 for the electricity used at the Shiroishi Plant. According to FY2019 performances, electricity consumption at the Shiroishi Plant accounts for the majority of the electricity consumed by TBM as a whole, equivalent to about 94%, and switching contributes to 888 tons of CO₂ savings annually. Regarding "energy conservation," efforts are made to reduce energy in the life cycle of LIMEX products by analyzing life cycle assessment (LCA). LCA is used not only for product manufacturing, but also for evaluating CO₂ emissions generated throughout the product life cycle, including the procurement and disposal of raw materials. In addition to measuring the environmental impact of product manufacturing, LCA is used to formulate measures to reduce the environmental impact of the Company's business activities and verify the effectiveness of technologies introduced for environmental impact.

To systematically implement the sustainability initiatives described above, TBM inaugurated the Committee in June 2016. The Committee is chaired by the Representative Director and CEO, and consists of representatives from the Corporate Communication Division (division directors and sustainability officers) and outside advisors with expertise in sustainability. The Committee meets once a quarter. It receives advice on sustainability from advisors and reports on internal initiatives.

In addition to the Committee, TBM has meeting bodies within the Company that aims to promote sustainability in various group units, and a mechanism is in place for collecting ideas from all employees and promoting them as TBM initiatives.

TBM recognizes environmental issues as a key issue and has been responding voluntarily to the CDP (Carbon Disclosure Project) questionnaire since 2017, although it is an unlisted company. In FY2020, both "Climate Change" and "Water Security" were accredited as a "B" ranked company (the survey was primarily implemented for companies of Japan 500). In August 2019, the Company was also selected as a participating company in the Ministry of the Environment's "SBT and RE100 Target Support Program for Small and Medium-sized Enterprises," supported in setting medium-to long-term reduction targets consistent with the SBT level and RE100 (100% Renewable Electricity).

JCR considers environmental issues to be of high importance by the management team for the environmental efforts of these organizations, and evaluated that TBM is promoting its own efforts by utilizing resources with specialized knowledge of the environment both inside and outside it.

Evaluation Result

Based on the JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green 1" for overall "JCR Green Loan Evaluation." The Loan is considered to meet the standards for the "Green Loan Principles" and the "Green Bond Guidelines Green Loan and Sustainability Linked Loan Guidelines".

[JCR Green Loan 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

Borrower: TBM CO., Ltd.

[Assignment]

Subject	Amount	Date of the Loan Agreement	Date of the Last Performance	Final Due Date	Evaluation
Long-term loan	JPY 2.4 billion	November 30, 2020	March 31, 2021	August 20, 2030	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible analysts for this evaluation) Rieko Kikuchia and Hiroya Kakiuchi

Important explanation of the Green Loan Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Evaluation

JCR Green Loan 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 green loans, 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 loans are ensured. The JCR Green Loan Evaluation does not fully indicate the extent to which the funds procured from such green loans are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Loan Evaluation evaluates the planning and status of the appropriation of funds at the time of the green loan procurement plan or procurement, and does not guarantee the appropriation of funds in the future. In addition, the JCR Green Loan Evaluation does not prove the environmental effects of green loans and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green loan 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 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 Loan Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-Party Evaluation of JCR's Green Loan

There are no conflicts 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 Loan Evaluation does not express any opinion on the various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) associated with the green loan subject to the evaluation. The JCR Green Loan Evaluation is a comprehensive statement of opinion at the present time of the JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. JCR Green Loan Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from the JCR Green Loan Assessment, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from the JCR Green Loan Assessment, without the permission of JCR is prohibited.

■Glossary

JCR Green Loan Evaluation: The JCR Green Loan Evaluation evaluates the extent to which the funds procured from the Green Loan 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)
- Members of the Working Group on UNEP FI Positive Impact Finance Principles
- Climate Bonds Initiative Approved Verifier

■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.