

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

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

JCR Assigned SU1 (F) to the Sustainability Finance Framework of Soul of Japan K.K.

Subject : Soul of Japan K.K. Sustainability Finance Framework

<Sustainability Finance Framework Evaluation Results>

Overall Evaluation	SU1(F)
Greenness and Social Beneficial Impacts Evaluation (Use of Proceeds)	gs1(F)
Management, Operation and Transparency Evaluation	m1(F)

Chapter 1: Evaluation Overview

Soul of Japan K.K. was established in 2018 as a Japanese subsidiary of Pure Salmon Group, which is an aquaculture company for Atlantic salmon using a Recirculating Aquaculture Systems (RAS) technology. The RAS technology is a disruptive, non-invasive, land-based aquaculture method that will reshape the fish farming industry. Pure Salmon Group is managed by 8F Asset Management, a global asset management company. 8F Asset Management is headquartered in Singapore with group offices in Hong Kong, London and Frankfurt with the aim of supplying healthier, sustainable protein that will be needed more along with rapidly growing global population.

The salmon aquaculture business carried out by Soul of Japan, ultimately by Pure Salmon Group, is operated to contribute to achieve the SDG goals of 8F Asset Management, therefore, the sustainability efforts of Soul of Japan, Pure Salmon Group and 8F Asset Management are all in line.

Soul of Japan has stated to achieve economic revitalization by improving food self-sufficiency rate, reducing environmental loads, and local production and local consumption as environmental and social issues to be solved through its business activities.

The subject of the assessment is a sustainability finance framework (the Framework) established by Soul of Japan to limit the use of fund procured by bonds issuance, loans, etc. to purposes, which will bring social benefits and environmental improvement effects. JCR evaluates whether the Framework is consistent with the Green Bond Principles (2021 edition), Social Bond Principles (2021 edition), Sustainability Bond Guidelines (2021 edition), Green Loan Principles (2021 edition), Social Loan Principles (2021 edition), Green Bond Guidelines (2020 edition), and Green Loan Guidelines and Green Loan Guidelines (2020 edition) or not. These are respectively published principles or guidelines

by the International Capital Markets Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), Loan Syndications and Trading Association (LSTA), and the Ministry of the Environment voluntarily and are not regulations; therefore, not binding. However, JCR carries out evaluations by referring these principles and guidelines as uniform standards both in Japan and abroad at this moment.

The use of proceeds from sustainability financing in this framework is the fully closed-cycle onshore aquaculture project for salmon conducted by Soul of Japan. The project is expected to bring social benefits from the following viewpoints: (1) preventing marine pollution and conserving biodiversity; (2) food security and sustainable food supply for consumers; and (3) revitalization of local industries, mainly targeting areas where production facilities are located and surrounding areas. In pursuing the project, Soul of Japan checked negative impacts given to the environment and society through various surveys, including preliminary pollution examination, and various consultations on contract of corporate location agreements. In the process, Soul of Japan is establish plans for complying with the wastewater quality standards established by Mie Prefecture and Tsu City, reducing CO₂ emission from electricity consumption by installing solar panels at production facilities, minimizing organic waste, appropriate disposal of wastes, etc. As a result of confirming these measures, JCR has assessed that Soul of Japan appropriately identifies environmental and social risks and takes measures to avoid and mitigate them, and also the use of funds set out in this framework is expected to have environmental and social benefits.

As for the selection process of projects for sustainability finance in this framework, it is assumed that the management will make proposal, and then 8F Asset Management, which is a fund management company of Soul of Japan, will select, assess and approve, thereby management and investors are involved in the decision-making process. As for management of the fund procured, an appropriate tracking system has been established. In addition, Soul of Japan plans to report the appropriation of funds, environmental improvement effects, and social benefits once a year on. Therefore, disclosure items are also appropriate.

Based on the JCR Sustainability Finance Assessment Methods, "Greenness and Social Beneficial Impacts Evaluation (Use of Proceeds)" and "Management, Operation and Transparency Evaluation" were determined to be "gs1(F)" and "m1(F)" respectively for this Framework. Consequently, the "JCR Sustainability Finance Framework Evaluation" was determined to be "SU1 (F)." Details of the evaluation results are discussed in the next chapter. This Framework is also considered to meet the criteria for items required by the Green Bond Principles¹, the Social Bond Principles², the Sustainability Bond Guidelines³, the Green Loan Principles⁴, the Social Loan Principles⁵, the Green Bond Guidelines⁶ and the Green Loan and Sustainability Linked Loan Guidelines⁷.

¹ Green Bond Principles 2021 Version
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

² Social Bond Principles 2021 Version
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

³ Sustainability Bonds Guidelines 2021
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁴ LMA (Loan Market Association), APLMA (Asian Market Loan Association), LSTA (Loan Syndications and Trading Association)
Green Loan Principles 2021
<https://www.lsta.org/content/green-loan-principles/>

⁵ LMA (Loan Market Association), APLMA (Asian Market Loan Association), LSTA (Loan Syndications and Trading Association)
Social Loan Principles 2021
<https://www.lsta.org/content/social-loan-principles-slp/>

⁶ Ministry of the Environment Green Bond Guidelines 2020
https://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf (pp.14-47)

⁷ 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.48-89)

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

Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation

JCR assigns "gs1", the highest grade, to "Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation"

Rationale: 100% use of proceeds of the Framework will be allocated to a green or social project, considering the factors described below.

(1) JCR's Key Consideration in This Factor

In this section, JCR begins by checking whether proceeds are used for projects with clear environmental improvement effects or projects with social benefits. Next, in cases where the use of proceeds is expected to have a negative impact on the environment and society, the impact is fully examined by an internal specialized department or an external third-party organization to confirm whether necessary measures for avoidance and mitigation have been taken. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

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

<The Framework for Use of Proceeds>

■ Use of Proceeds

Funds procured will be invested mainly in production and processing facilities of Atlantic salmon. Ultimately, Soul of Japan aims that the facilities function organically to reduce the negative impacts on the surrounding environment, such as air and water, in which it can grow safe and reliable Atlantic salmon, and it also expects to create a virtuous cycle to curb CO₂ emission from livestock by the salmon it produces is consumed by consumers as an alternative protein source with livestock products.

Process	Facility	Purpose	Details
Aquaculture	H&N	Fertilization and hatching	Periodically accept a certain number of carefully selected fish eggs from fish egg growing companies for systematically carry out farming.
	First Feeding	Fry rearing	Fostered up to about 10 months after hatching
	Post Smolt Growth	Cultivation of adult fish	Approximately 10 months later after hatching, grown in a large water tank.
Processing	Process	Dispose inner parts and processing into filet	<ul style="list-style-type: none"> • Appropriate treatment of internal organs • Reduction of distribution processing costs
	Smoke	Smoke	Realizing longer shelf life through production of processed foods. Reduce and optimize loss rates by optimizing demand between fresh and processed products.
	Pet treat	Processing into pet food	Processing and sales of skin and bones as pet food to maximize the use of raw materials

(Continued)

Process	Equipment	Purpose	Details
Others	DNS	Desalination	Recycle water by separating salt from synthetic seawater. Unlike spill-type aquaculture facilities, it prevents water abuse. Minimize a load to the surrounding environment by wastewater.
	WWT	Water treatment facilities	After desalination, eliminate organic materials in the waster such as feed leftovers and feces.
	Biosecurity space	Air management in the facility	An air environment that prevents intrusion of pathogens from outside. Since aquatics drugs are not administered, the effect of reducing the fatality rate can also be expected.

< JCR's Evaluation of the Framework >

a. The environmental improvement effects and social benefits of the projects

i. Environmental improvement effects or social benefits are expected from full the use of proceeds.

The funds raised through the Framework will be used for expenditures on the fully closed-cycle onshore aquaculture project for salmon (the Project) undertaken by Soul of Japan. The Project is expected to have environmental or social benefits as described below.

Environmental Improvement Effects of Use of Proceeds

1. Prevention of Marine Pollution and Conservation of Biodiversity

In the aquaculture of salmon in the ocean, organic substances derived from feed leftovers and salmon feces, etc. and marine pharmaceutical products used in aquaculture are spilled into the ocean, which may cause marine pollution. In addition, there is a risk that salmon will flee from fishing net breakages in sea-level aquaculture sites, which will adversely affect ecosystems and biodiversity by crossing with wild salmon.

This project will farm salmon at a completely closed circulation type land aquaculture facility, and organic wastes, etc. will be drained after treatment is carried out. In addition, due to the structure of the facility, there are no risks that the farmed salmon will flee to the ocean and interact with wild salmon. Amid large fluctuations in salmon catches due to changes in seawater temperature and other factors, it can be expected that this project will mitigate the impact on ecosystems and contribute to the conservation of biodiversity through supplying high quality salmon in a stable manner.

Therefore, this project is considered contributing to the prevention of marine pollution in salmon farming and the conservation of biodiversity.

Social Benefits of Use of Proceeds

1. Food Security and Sustainable Food Supply

In light of the fact that food is not only essential for maintaining human life, but is also important as a basis for a healthy and fulfilling life, the Government of Japan has set forth, as its basic responsibility, that the availability of quality food at reasonable prices for all citizens in the future. The Basic Law on Food, Agriculture and Rural Areas, which was promulgated and enforced in July 1999, stipulates that the basic policy is to increase domestic agricultural production, and to ensure a stable supply of food by appropriately combining this with imports and stockpiling.

In Japan, the import value of salmon and other salmon is the largest in terms of marine product import items, at around 199.1 billion yen⁸. An increase in the supply of domestically produced salmon through this project is considered to be significant in light of the objectives of the Basic Law on Food, Agriculture and Rural Areas.

Salmon has lower feed requirements compared to beef and other animal protein sources⁹. In addition to such characteristics of salmon, the benefits of a fully closed cyclical onshore aquaculture facility in this project can be leveraged to efficiently supply animal protein by appropriately managing feed use. In addition, stable and efficient supply due to the decrease in mortality in aquaculture can be expected, since the growth status of salmon can be more precisely managed in a fully closed-circle onshore aquaculture facility than that of sea-level aquaculture.

In addition, since the project is scheduled to filter impurities and pathogens using advanced water treatment technology, it is not necessary to use aquatic drugs such as antibiotics, and micro plastics and the like will not be contained in the water of the aquaculture. In addition, since production facilities are close to consumption areas such as major cities in Japan, it is possible to supply the salmon with markets in fresher conditions compared to salmon imported from Norway and other countries after farmed at an environment of sea-level aquaculture. Based on this, the project is considered contributing to the stable supply of high-quality food, namely safety and fresher salmon to consumers, and is also consistent with Japan's policy on food stability, JCR evaluates.

2. Revitalization of Regional Industries

The production facilities of this project are scheduled to be constructed mainly in or near consuming areas of major domestic cities, and creation of job opportunities, etc. in the region can be expected. In the planned site of this project, Mie Prefecture, approximately 150 jobs are expected to be created along with the establishment of production facilities. In addition, the ripple effect on regional and domestic industries is considered to be larger than that of imported salmon. These efforts will also contribute to "regional revitalization" and "growing industries of agriculture, forestry, and fisheries" as outlined in the Japanese SDGs Implementation Guidelines.

Accordingly, JCR has evaluated that this project, through the aquaculture of salmon, contributes to revitalization of local industries, mainly targeting the areas where production facilities are located and the vicinity, as well as to be consistent with Japan's policies on regional industries and agriculture, forestry, and fisheries.

⁸ Calculated by JCR based on the FY2020 White Paper on Fisheries

⁹ Amount of feed required to produce 1 kg of protein

ii. The Use of Proceeds falls under the "Pollution prevention and control" and "Terrestrial and aquatic biodiversity conservation" categories of the "Green Bond Principles" and the "Green Loan Principles," and the "Projects for pollution prevention and control" and "Projects for terrestrial and aquatic biodiversity conservation" among the uses of funds exemplified by the "Green Bond Guidelines" and the "Green Loan and Sustainability Link Loan Guidelines". In addition, it also falls "Food security and sustainable food systems", which targets consumers, and the "Socioeconomic advancement and empowerment (employment)", which primarily targets areas and neighborhoods where production facilities are located under the projects defined in the "Social Bonds Principles" and the "Social Loans Principles".

b. Environment and Social Risks

<The Framework for Environment and/or Social Risks >

Soul of Japan has established the environmental and social risks and countermeasures as follows:

■Negative environmental impacts of projects and countermeasures

Possible risks;

- High energy consumption for air quality and temperature control in enclosed spaces and maintenance of water resource recycling systems.
- Since it is land-based aquaculture, use and drainage of water occur as in the case of ordinary factories, unlike aquaculture on the sea-surface.

Countermeasures against respective risks,

- Use renewable energy and reduce energy consumption through the installation of solar panels.
- Use own proprietary technology and know-how to treat water, and use water resource recycling system to curb water consumption and wastewater volume, as well as drain waste water, which is as clean as waste water other industries drain.

<JCR's Evaluation of the Framework>

With regard to environmental and social risks in this project, Soul of Japan has confirmed the negative impacts on the environment and society, in addition to various surveys, including preliminary pollution inspections, also through various discussions on the conclusion of an agreement on the location of corporates with Tsu City, Mie Prefecture, which is scheduled to construct a production facility.

Solar power generation facilities are scheduled to be installed at the production facilities of this project, and it will give a certain amount of consideration to curbing CO₂ emission involved in land-based aquaculture of salmon as shown that it is expected to cover up to about 20-25% of electricity consumption by renewable energy. In addition, wastewater from production facilities is scheduled to be discharged after undergoing various treatments to comply with the pollution prevention-related laws and additional self-regulation standards in Mie Prefecture and Tsu City. With regard to water treatment, Soul of Japan intends to take measures to prevent discharging hazardous substances. This includes using sophisticated recyclable and filtration technologies, and discharge water after the salt content level in the water becomes equivalent to that of water in downstream to prevent salt damage to irrigation water, in the downstream. At the same time, efficient use of water resources can be expected. Organic wastes, etc. are also planned to be properly processed such as gathering, disposal, and recycling by outside contractors. Consideration is given to reducing the environmental burden through waste reduction, such as the planned conversion of a portion of waste into raw materials for pet food.

Through these investigations, verifications, and countermeasures against risks, Soul of Japan has avoided and mitigated the negative environmental and social impacts of this project.

Based on the above, JCR has assessed that the use of funds stipulated in this framework appropriately identifies environmental and social risks, and takes measures to avoid and mitigate them.

c. Consistency with SDGs

i. Consistency with ICMA's SDGs mapping

JCR evaluates projects eligible for funding contribute to the following SDGs goals and targets in light of ICMA's SDGs mapping.



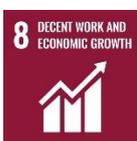
Goal 3: Ensure healthy lives and promote well-being for all at all ages

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 6: Ensure availability and sustainable management of water and sanitation for all

Target 6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.



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.

Target 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



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.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



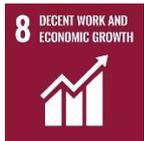
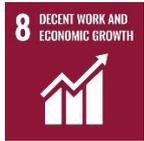
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

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.

ii. Consistency with measures to achieve Japan SDGs

The JCR confirmed that the scope of funding covered by the Framework was consistent with the eight areas of the GOJ's SDGs Implementation Guidelines:

Implementation Guidelines 3. Creation of Growth Markets, Regional Revitalization, Science and Technology Innovation

Domestic measures			
Strategy Overview		Target	Indicators
Strong economy that creates hope	<p>1. Challenges to improve productivity by motivated individual businesses will be supported by support agencies such as the national government, business associations, local SME organizations, and regional financial institutions.</p> <p>2. Integrate and utilize outstanding knowledge in the vicinity of production sites to strengthen the profitability and production bases of production areas, including mountainous areas, and realize thorough improvement of productivity and strengthening of export capabilities in the agriculture, forestry, and fisheries industries.</p> <p>3. By pursuing full-scale development of regional revitalization, the government will rectify the concentration in the Tokyo metropolitan area, realize the desire of younger generations to work, marry, and raise children, and proceed to resolve issues in line with the characteristics of the region, thereby overcoming population decline and the shrinking regional economy.</p>	  	Indicators listed in the Nippon 100 million Active Participation Plan
Growth industry of agriculture, forestry and fisheries	Promote the conversion of fisheries and aquaculture to sustainable and profitable operating systems and the expansion of marine product processing, distribution and consumption.	  	Production value per management unit in the fisheries and aquaculture industries

Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current situation described below and JCR's evaluation of the subject, JCR evaluated that the management and operational system had been well developed, that transparency was very high, and that it was fully expected that the project would be implemented as planned and that the proceeds would be adequately allocated. In Phase 2, JCR evaluated "m1 (F)" as the highest level in terms of management, operation and transparency.

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

(1) JCR's Key Consideration in This Factor

In this section JCR confirms the objectives to be achieved through green financing, the appropriateness of sustainability project selection standards and processes, and whether or not a series of processes are properly disclosed to investors and others.

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

a. Goals

< Framework for Goals of Sustainability Finance Issuance >

■ Long-Term Vision/Sustainable Investment Policy

< Basic Policies >

- Through the aquaculture, processing, and sale of Atlantic salmon using land-based recirculating aquaculture system (RAS), we will increase the food self-sufficiency rate and simultaneously improve our environmental impact.
- Contributing to realization of sustainable economic activities by promoting Local Production for Local Consumption to facilitate Regional Economies and Employment. .
- We will establish food safety.
- Giving priorities to sustainable resources for materials, equipment, and raw materials required for business activities.

< JCR's Evaluation of the Framework >

Soul of Japan aims to achieve goals for sustainability finance, which will be executed based on this framework as (1) enhancing Soul of Japan's corporate value; (2) realizing a sustainable society; and (3) making concrete contributions through economic activities aimed at achieving SDGs by pursuing its businesses. JCR has confirmed that these sustainability finance objectives are consistent with the long-term vision/sustainable investment policy outlined in the Framework.

b. Eligibility Criteria

In executing the business, Soul of Japan has established standards, which include measures to comply with laws and regulations and appropriately avoid negative impacts. The standards are prepared by Soul of Japan's management and then are selected, evaluated and approved by 8F Asset Management, the fund management company of Soul of Japan.

JCR has assessed that the selection criteria for these projects are appropriate.

c. Process

With regard to the selection process for sustainability finance, after the proposal is drafted by Soul of Company's management, and then is selected, evaluated, and approved by 8F Asset Management, the fund management company of Soul of Japan. In preparing the proposal in Soul of Japan, it is discussed and decided by the Sustainability Committee, chaired by the president. In selection, evaluation, and approval in 8F Asset Management and Pure Salmon, discussions and decision-makings are made in Facility Board Meeting, Pure Salmon Board, etc. as shown that management and investors are involved in the decision-making process.

JCR has assessed the above is reasonable as a project selection process.

Soul of Japan plans to disclose its sustainability finance objectives, selection criteria and the processes through a JCR evaluation report, as well as press releases and its website at the time of fundraising. Therefore, it is considered that this ensures transparency to investors and others.

2. Appropriateness and Transparency of Management of the Proceeds

(1) JCR's Key Consideration in This Factor

It is usually assumed that the management of the funds varies widely depending on the issuer, but JCR confirms whether the funds procured by the framework are properly allocated to sustainability projects and whether a mechanism and an internal system are in place to ensure that the funds are easily tracked and managed by the issuer.

JCR also emphasizes assessing whether the funds procured under the framework are expected to be used for sustainability projects at an early stage, as well as how to manage and operate the funds that have not yet been allocated to them.

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

<The Framework for Management of the Proceeds>

■ Management of Funds procured

(Management System of Funds)

Investments from institutional investors will be strictly managed at 8F Asset Management and Pure Salmon headquarters. Funds procured through green finance shall be strictly managed by establishing a special purpose company.

(Financing Procedure)

- Prepare a CAPEX schedule based on the Seoul of Japan's activity plan.
- Submit an application for capital injection (fund transfer) to Pure Salmon Head Office one to two months before the occurrence of anticipated fund requirement
- Examination and approval procedures in Pure Salmon headquarters
- Examination and approval procedures in 8F Asset Management
- Remit necessary funds from the funds raised to Japan after approval by 8F
- Thereafter, the CAPEX schedule should be updated, and the cash flow to be monitored by the three parties, Seoul of Japan, Pure Salmon Head Office and 8F Asset Management
- The funds raised through the above to be treated as subordinated claims or capital accounts, and green finance funds to be procured through bonds issuance/project finance loans.

<JCR's Evaluation of the Framework>

Management of funds relating to sustainability finances will be carried out by Soul of Japan, as well as by 8F Asset Management and Pure Salmon headquarters. Regarding the status of procurement and appropriation of funds raised through sustainability finance and other funds, an on-line system has been established, which enables to confirm in real time by observing ledger and contract documents, and the CFOs or responsible persons in Treasury Department, etc. of Soul of Japan, 8F Asset Management and Pure Salmon headquarters confirm them from time to time. Documents for transactions such as vouchers are properly kept until redemption or repayment of sustainability finance.

The GK Mie RAS Atlantic Salmon Project (the "GK") will undertake the actual borrowing of funds and the ownership of assets such as land, buildings, and equipment. The GK will be managed and operated by Tokyo Kyodo Accounting Firm Co., Ltd., and externally audited by PricewaterhouseCoopers Arata LLC. Thereby ensuring sufficient internal control in place.

Funds raised through sustainability financing will be used for purposes of the funds immediately after they are raised, so there will be no unappropriated funds.

Based on the above, JCR has evaluated that Soul of Japan has a high level of appropriateness and transparency in fund management.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors before and after the issuance of sustainability finance, which is implemented with reference to the framework, is planned in detail and in an effective manner.

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

<The Framework for Reporting>

■ Reporting on Fund appropriation status

- During the remaining period of the sustainability financing, Soul of Japan plans to disclose appropriation status once a year on its homepage until the proceeds are fully appropriated to the loan for eligible assets
- Contents of the reporting includes details of the use of proceeds of sustainability finance (list of targets, overview, appropriation rate of appropriated amount against total amount procured),
- In addition, for loan investors (lenders), the progress of construction work, which is subject to appropriation of funds, will be reported on a monthly basis by the technical advisor.

■ Impact reporting

- KPIs will be published on the website once a year.
- Environmental Improvement Effects Related to Green Finance
 - Indicators for Renewable Energy (Volume of power generation and reduction in CO₂ Emissions by Photovoltaic Panels)
 - Water Resource Indicators (Water Recycling Rate)
- Social Benefits Related to Social Finance
 - <Output Indicators>
 - Outline of Aquaculture Facilities Subject to Fund Appropriation
 - <Outcome Indicators>
 - Production and shipment volumes of aquaculture facilities
 - FCR*
 - Number of jobs created (new hires)
 - <Impact (qualitative goals)>
 - Efforts to Address the Global Food Supply-Demand Gap and issues
 - Promoting Employment and Providing Technology in Local Communities

In addition, more detailed financial statements will be disclosed semi-annually to loan investors (lenders).

*Feed Conversion Ratio (JCR Note)

<JCR's Evaluation for the Framework>

a. Reporting on the status of allocation of funds

Soul of Japan plans to disclose on its website on an annual basis its appropriation of funds raised through sustainability financing. In addition, in the event that there is a major change in the target of appropriation of the procured funds, such as a loss, and the unappropriated funds arise, the content of such fluctuations will be disclosed in the same manner. JCR assesses that reporting on the appropriation of funds is appropriate.

b. Reporting on Environmental Improvement Effects and Social Benefits

Soul of Japan plans to disclose the contents of the framework annually on its website as a reporting item on environmental improvement effects and social benefits. The report contains concrete and quantitative data on

both environmental improvement effects and social benefits, and the effects of sustainability finance can be measured. JCR has assessed that the disclosure items and frequency of disclosures specified in Soul of Japan's reporting plan are appropriate, as the indicators of environmental improvement effects and social benefits will be sufficiently disclosed.

4. Organization's Sustainability Initiatives

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the management of the issuer regards sustainability issues as a high priority issue for management, and whether the sustainability finance policy, process, and selection criteria for green projects and sustainability projects are clearly positioned through the establishment of a department specializing in environmental and social issues or collaboration with external organizations.

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

Soul of Japan is a Japanese subsidiary of Pure Salmon Group, which is an aquaculture company of Atlantic Salmon using a using a land-based recirculating aquaculture system (RAS) fully closed cyclical onshore aquaculture technology. Pure Salmon Group is managed by 8F Asset Management, a global fund manager. 8F Asset Management is headquartered in Singapore with offices in Hong Kong, London and Frankfurt, and it aims to of supply healthier, sustainable protein that will be needed more along with growing population in the world. Based on the understanding that cooperation, collaboration and commitment with responsible investment or initiatives and various principles relating to sustainability are important to bring positive impacts to the global community, 8F Asset declares its management policy relating to sustainability through signing Sustainable Blue Economy Finance Principles and Responsible Investment Principles (PRI). The salmon aquaculture business carried out by Soul of Japan, ultimately by Pure Salmon Group, is operated to contribute to the achievement of 8F Asset Management's SDG goals, and the sustainability initiatives carried out by Soul of Japan, Pure Salmon Group and 8F Asset Management are all in line.

In light of these sustainability initiatives, Soul of Japan has set the following sustainability issues in this framework. The use of funds stipulated in this framework is for Soul of Japan's business activities, and it also embodies initiatives related to these sustainability issues.

Sustainability issues

○ **Improving food self-sufficiency ratio**

Improve food self-sufficiency ratio, particularly the ability to supply animal protein, through aquaculture of Atlantic Salmon.

○ **Reducing Environmental Impact**

Fish is the most efficient source of protein compared with livestock and fish given efficient feed requirements and minimal per-unit CO₂ emissions and water consumption. By promoting the supply and consumption of Atlantic salmon, feed consumption and CO₂ discharged in the livestock industry can be reduced / improved. In addition, by producing Atlantic salmon, which is 100% imported, in Japan, CO₂ emissions when transporting products can be reduced.

○ **Revitalizing the economy through local production and local consumption**

By producing Atlantic salmon in Japan, (i) job creation; and (ii) economic revitalization can be expected. In addition, through the local production of salmon, instead of importing them, GDP will also improve and economic effects can duly be expected.

Soul of Japan has established the Sustainability Committee chaired by the president in June 2021. The Committee is composed by senior project managers, general managers of corporate planning, and general managers of legal and compliance departments. The committee plans to actively discuss the matters such as formulation of sustainability policies, confirmation of the progress, measures to promote sustainability further going forward. A system has been established to actively utilize internal and external expert knowledge as shown that it carries out projects together

with external companies with expertise in addition to having a project manager, who has experience of involving in global water treatment within the organization.

Based on the above, JCR has assessed that Soul of Japan's management positions environmental and social issues as high priority issues for management. In addition, internal and external experts with expert knowledge are involved in sustainability initiatives as an organization.

■ Evaluation Result

Based on the JCR Sustainability Finance Evaluation Methodology, JCR assigns "gs1 (F)" for the "Greenness and Social Beneficial Impacts Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigns "SU 1 (F)" for the "JCR Sustainability Finance Framework Evaluation" to the Framework. The Framework meets the standards for the items required by the Green Bond Principles, the Social Bond Principles, Sustainability Bond Guidelines, the Green Loan Principles, the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines by the Ministry of the Environment.

[JCR Sustainability Finance Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness and Social Beneficial Impacts Evaluation	gs1(F)	SU 1(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs2(F)	SU 2(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs3(F)	SU 3(F)	SU 3(F)	SU 4(F)	SU 5(F)	Not qualified
	gs4(F)	SU 4(F)	SU 4(F)	SU 5(F)	Not qualified	Not qualified
	gs5(F)	SU 5(F)	SU 5(F)	Not qualified	Not qualified	Not qualified

■ Subject of Evaluation

Issuer/Borrower: Soul of Japan K.K. (Security code: -)

Assignment

Subject	Evaluation
Sustainability Finance Framework	JCR Sustainability Finance Framework Evaluation :SU1(F)
	Greenness and Social Evaluation :gs1 (F)
	Management, Operation, and Transparency Evaluation :m1(F)

(Responsible for) Atsuko Kajiwara, Hiroya Kakiuchi

Important explanation regarding the evaluation of the Sustainability Finance Framework

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

JCR Sustainability Finance Framework Evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the sustainability finance framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the sustainability project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of proceeds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of proceeds for individual bonds and loans implemented in accordance with this policy. In the event that Sustainability Finance Evaluation is granted for individual bonds or individual loans based on the framework, such evaluations need to be conducted separately. Furthermore, the JCR Sustainability Finance Framework Evaluation does not demonstrate the improvement effect on the environment and social impacts of individual bonds or borrows implemented under this framework and does not assume any responsibility for the environmental and social improvement effect. In principle, JCR does not directly measure the environmental and social improvement effects of process procured under the sustainability 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 Sustainability Finance Evaluation Methodology.

3. Relationship with Acts Related to Credit Rating Business

JCR Sustainability 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 evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Independence in JCR Sustainability 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 Sustainability Finance Assessment does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to Sustainability finance, which is subject to the assessment. Furthermore, the JCR Sustainability 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 Sustainability 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 Sustainability 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 Sustainability Finance Evaluation.

■Glossary

JCR Sustainability Finance Framework Evaluation 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 symbols of SU1 (F), SU2 (F), SU3 (F), SU4 (F), and SU5 (F).

■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)
- Members of the Working Group on UNEP FI Positive Impact Finance Principles

■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.