

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

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

JCR Assigned Green 1 to 2nd Unsecured Bonds Issued by GPSS Holdings, Inc.

Subject	:	GPSS Holdings, Inc. 2nd Unsecured Bond
Type	:	Private Placement Bonds
Issue amount	:	JPY 500 million
Date of Issuance	:	January 29, 2021
Redemption Date	:	January 30, 2026
Method of Redemption	:	Scheduled Redemption
Use of proceeds	:	Capital expenditures for solar and wind power facilities (including development cost)

<Green Bond Evaluation Results>

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

Chapter 1: Evaluation Overview

GPSS Holdings Inc. (GPSS) is a company that develops renewable energy, established in 2012 as Japan Megasolar Inc. As of November 2020, GPSS had 75 renewable power generation facilities (including those under development) generating 135 MWs nationwide, and it has established a system that covers everything from upstream to downstream, from contract to development, construction, and operation related to renewable energy by its group subsidiaries. GPSS has been targeting "grid parity" where electricity costs from renewable energy are equal or less than the existing electricity costs, as well as forming a sustainable society through grid parity. GPSS's policy is to contribute to the creation of a sustainable society at each area of Japan and the new value through the use of renewable energy.

GPSS has established a Sustainability Policy to achieve the policy. The Sustainability Policy identifies 10 items to be achieved in relation to environmental, social, and governance (ESG). GPSS is making efforts to achieve the policy.

JCR has confirmed that GPSS established a framework for promoting sustainability, including the Sustainability Committee, in order to put the Sustainability Policy into practice, promoting activities related to sustainability.

The bonds to be valued are private placed bonds (the Bonds) issued by GPSS. The proceeds of the issuance of the Bonds are used for capital investment and development cost (capital investment etc.) for 13 solar and wind power facilities that are being developed by GPSS, and the annual CO₂ savings from the assets subject to the use of proceeds in this project are expected to be 155,300t-CO₂, so JCR evaluates that they can be highly effective in improving the environment. JCR examined the nine solar power facilities that would be eligible for this funding by GPSS and the divisions in charge at the Group's subsidiaries, and confirmed through hearings that GPSS had identified potential risks in its development/management. JCR confirmed that if its four wind power generation facilities are expected to continue to have a negative impact on the environment going forward, construction work will be suspended until countermeasures are taken. Consequently, the possibility of serious negative environmental impacts that exceed the benefits of environmental improvements is small, and JCR has evaluated it as a green project that greatly contributes to reducing CO₂ emissions. In addition, based on the corporate philosophy at the time of establishment and various specific initiatives, GPSS management views environmental issues as a high-priority issue. Thereby JCR has confirmed that GPSS established a robust management and operation system and has a high level of transparency with respect to the Bonds.

As a result, based on the JCR Green Bond Evaluation Method, JCR assigned "g1" for "Greenness Evaluation (Use of Proceeds)" and "m1" for "Management, Operation, and Transparency Evaluation." Consequently, JCR assigned "Green 1" for overall evaluation of the bonds. Detailed evaluation is discussed in the next chapter.

The Bonds are considered to meet the standards for items required in the "Green Bond Principles"¹ and the "Green Bond Guidelines 2020."²

¹ ICMA(International Capital Market Association) Green Bond Principles 2018
<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 Evaluation

Evaluation Phase 1: Greenness Evaluation

JCR assigns “g1”, the highest grade, to “Evaluation Phase 1: Greenness Evaluation.”

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

(1) JCR's Key Consideration in This Factor

In this section, we first assesses whether the funding money 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 proves 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 Evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

- i. High-level CO₂ reduction effect can be expected, with 100% of the funds being used to finance capital expenditures for solar and wind power facilities.

1. Use of proceeds

Candidates for use include 13 solar and wind facilities listed in the tables on the following page that meet the eligibility criteria set forth in GPSS's Green Finance Framework. All power generation facilities are before the start of commercial operations, and commercial operations are scheduled to begin sequentially from December 2020 onward. The entire amount of the proceeds will be appropriated for new capital investment funds. According to the power generation forecast submitted by GPSS, the sum of the annual average power generation of the subject property is about 318,200 MWh, and when converted into CO₂ reductions, it can be expected to reduce CO₂ by a large margin because it reduces the annual average 155,300t-CO₂.³

2. Probability of completion and operation

Of the projects described in the table on the next page, it should be noted that the evaluation work such as environmental assessment has just begun for wind power generation facilities, and if a problem that is difficult to resolve occurs during the progress of the project, the project itself will be cancelled and there is a risk that the expected environmental improvement effect will not be realized. In such cases, it is confirmed that solar or wind power facilities will be selected as an alternative project and funded.

ii. The use of proceeds fall under "Renewable Energy" among the green projects defined in the Green Bond Principles, and "Renewable Energy Projects" among the green projects exemplified in Green Bond Guidelines 2020 Edition.

³The total amount for the 13 facilities is about 45 billion yen.

<List of Use of Proceeds>

No.	Project Site	Type	Location	Power Capacity (PCS Capacity for Wind) (kW)(*)	Estimated Annual Power Output (20 year average)(MWh)	Annual CO2 Reduction (t-CO ₂)(**)	Commercial Operation Date (Estimate)
1	Akutada	Solar	Kama, Fukuoka	1,298.70	1,420	693	2021/04
2	Hirakida	Solar	Tamana, Kumamoto	832.50	897	438	2021/08
3	Tashiro	Solar	Iwaki, Fukushima	1,831.50	1,893	924	2021/09
4	Jumonji	Solar	Matsushima, Miyagi	1,998.00	2,660	1,298	2021/10
5	Wakahohoshina	Solar	Nagano, Nagano	1,098.90	1,100	537	2022/01
6	Tsujinouchi	Solar	Kudoyama, Wakayama	832.50	948	463	2022/01
7	Oshigama	Solar	Minamisoma, Fukushima	1,332.00	1,662	811	2022/02
8	Nakagawa	Solar	Matsumoto, Nagano	632.70	994	485	2022/03
9	Nishiura	Solar	Aira, Kagoshima	686.30	642	313	2022/03
10	Higashiizu	Wind	Higashiizu, Shizuoka	7,500.00	18,054	8,810	2024/11
11	Fukami	Wind	Wajima, Ishikawa	25,200.00	59,717	29,142	2026/08
12	Atami	Wind	Koriyama, Fukushima	36,000.00	99,938	48,770	2027/08
13	Izumi	Wind	Izumi, Kagoshima	57,600.00	128,302	62,612	2028/08
Total				136,843.10	318,226.80	155,294.68	

※ Annual CO₂ reduction = estimated annual generation (MWh) x 1,000 x 0.488 (alternative value for calculating emission factors for fiscal 2018 announced in September 2020)

※ Note 1: All projects are in the development stage, and there is a possibility of changes in power generation capacity and other factors in the future.

※ Note 2: The timing of power generation sales described in each project's estimated annual power generation (20-year average) does not coincide due to differences in project start dates.

b. Negative impact on the environment

In the project development related to solar and wind power generation facilities, GPSS Group is considering and deciding whether the planned land has factors that could negatively affect the environment (e.g., special areas such as wildlife sanctuaries and national parks, sediment-related disaster special warning areas, rivers and sand control areas) and other factors (e.g., areas where there are reserve cultures, plans for use by local governments, and risks such as shadow flickers, noise, and bird strikes at wind power generation facilities) based on the in-house evaluation criteria.

JCR confirms that due diligence is carried out not only at the start of the project but also for several times according to the progress of the project, and that if there is a negative impact on the environment, construction will be halted until countermeasures are implemented.

As mentioned earlier, GPSS has an in-house department specializing in due diligence for renewable energy projects and evaluates them internally. However, it may also order assessment reports from third-party organizations for confirmation. Among the candidates for the subjects of the use of funds, JCR confirmed that the risk assessment reports and hazard reports have been obtained for the Akutada, Hirakida, and Nishiura among the nine solar power projects, and that similar third-party evaluation reports will be obtained for four wind power generation facilities.

After reviewing internal due diligence materials and third-party evaluation reports, nine out of the thirteen solar and wind facilities used for funding were considered to have little negative impact on the environment. As for the four wind power generation facilities, the evaluation work has just begun, and JCR confirmed that if its four wind power generation facilities are expected to continue to have a negative impact on the environment going forward, construction work for them will be suspended until measures are taken.

JCR confirmed that solar and wind power facilities eligible for funding will be insured against natural disasters and that efforts will be made to restore solar and wind power facilities in the event of damage, and that funds will be allocated to other projects out of the 13 solar and wind power facilities eligible for recovery if recovery is not possible.

c. Consistency with SDGs Goals and Targets

This project is a business classified as renewable energy and contributes to the following SDGs goals and targets in light of ICMA's SDGs mapping.



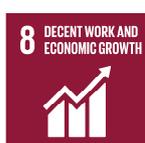
Goal 3: Ensure healthy lives and promote well-being for all at all ages

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



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

Target 7.2. Significantly increase the share of renewable energy in the global energy mix by 2030.



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

Target 8.2. Achieve a high level of economic productivity through diversification, technological advancement and innovation, including by focusing on high-value-added and labor-intensive sectors.



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

Target 9.1. Develop high-quality, reliable, sustainable and resilient infrastructure, including local and cross-border infrastructure, to support economic development and human welfare, with a focus on affordable and equitable access for all.

Target 9.4. Improve sustainability by improving infrastructure and industry through increased resource use efficiency and the introduction and expansion of clean technologies and environmentally conscious technology and industrial processes by 2030. 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, promote inclusive and sustainable urbanization and strengthen the capacity of all countries to participate, inclusive and sustainable human settlement planning and management.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, in accordance with an agreed international framework, achieve environmentally sound management of chemicals and all waste throughout the product life cycle and significantly reduce the release of chemicals and waste into the air, water and soil in order to minimize adverse effects 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 and natural disasters in all countries.

Evaluation Phase 2: Management, Operations and Transparency Evaluation

JCR has assigned "m1," the highest rating of JCR evaluation Phase 2: Evaluation on Management and Operation and Transparency.

Rationale: The project has 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 bond, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current Status of Evaluation Targets and JCR Evaluation

a. Goal

Since its establishment in 2012, GPSS has been targeting "grid parity" where electricity costs from renewable energy (sustainable energy) are equal or less than the existing electricity costs, as well as forming a sustainable society through grid parity. According to national research and development agency NEDO (New Energy and Industrial Technology Development Organization), the definition of "grid parity" is to achieve power generation costs at the same level as electricity prices. NEDO estimates that solar power generation achieved grid parity in their research paper published in 2014 compared to residential electricity prices. Achieving grid parity with commercial power prices and grid parity with other renewable power generation is a challenge for the future, and JCR evaluates that GPSS's investment policy for renewable energy facilities will play a role in solving this challenge.

In addition, the government of Japan has set a numerical target of increasing the ratio of renewable energy to 22-24% of the total power supply by 2030 in the Fifth Strategic Energy Plan. Renewable energy accounted for 16% of the total in 2017, and continued investment in renewable energy is essential to achieving the goal. GPSS is working to increase regional sustainability and create value by introducing renewable energy in a way that suits the current conditions of each areas. JCR evaluates that the introduction of renewable energy will contribute not only to the achievement of the government's goals, but also to the revitalization of local communities.

The proceeds from the issuance of the Green Bonds were used to fund the capital expenditures for the 13 solar and wind power facilities described in Phase 1. JCR evaluates that the construction of the above-mentioned solar and wind power generation facilities will contribute to the realization of the above targets for GPSS.

b. Selection Criteria

The use of proceeds of Green Finance Framework set by GPSS is renewable energy generation facilities (solar, wind, and small and medium hydro power generation) owned by GPSS. JCR has assigned "Green 1(F)" to GPSS's Green Finance Framework.

JCR evaluates the selection criteria for GPSS as being appropriate and effective in improving environmental conditions.

The above eligible criteria are determined through consultations between the Development Committee and the Investment Committee of Sustainable Society Investment Management Co., Ltd. (SSIM), a wholly owned subsidiary of GPSS. The CEO of SSIM also serves as the representative director of GPSS, and as a member of GPSS Group, SSIM determines eligible criteria.

c. Processes

When GPSS selects a project, subsidiary SSIM reviews the eligibility criteria and conformance with the company policy, and the process is conducted by consultation between the Development Committee, the finance group, the risk management group, and other divisions. Candidate projects are determined by approval of the President after review of the Investment Committees at SSIM.

JCR has confirmed that the 13 solar and wind power facilities that are eligible for the use of proceeds from the issuance of the Bonds have been determined in accordance with the selection criteria and process described above.

The above goals, selection criteria, and processes will be disclosed to investors through the issuing guidelines of the Bonds and this evaluation report. Accordingly, JCR evaluates that transparency to investors is ensured.

2. Appropriateness and Transparency of Management of the Proceeds

(1) JCR's Key Consideration in This Factor

The management method of the proceeds is usually assumed to be diverse by the issuers. JCR evaluates whether the proceeds firmly allocated to the green project, the project have internal systems to easily track the allocation of the proceeds and the money funded by the bond will be allocated to the green project at once. JCR also considers the evaluation of asset management of unallocated funds. It also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the funds procured from the bond will be allocated to the green projects at an early stage.

(2) Current Status of Evaluation Targets and JCR Evaluation

- a. The proceeds of the issuance of the Bonds to be evaluated will be used to fund capital expenditures for 13 solar and wind power facilities currently under construction, and are not expected to be used for any other purposes.
- b. For account management, the proceeds of the bond issue are deposited into GPSS's account and then transferred to the account of SSIM, a subsidiary of GPSS, and managed. Regarding fund transfers from GPSS to SSIM and expenditures from SSIM to respective projects, JCR confirmed that responsibilities are made by resolutions of the Board of Directors and by persons in charge of SSIM's Accounting and Finance Department, respectively. The proceeds are checked on a quarterly basis, and any unallocated funds are managed in deposits
- c. With regard to tracking, SSIM holds and checks construction progress meetings for the respective divisions implementing the project.
- d. GPSS plans to subject the proceeds from the Bonds to internal and external audits.
- e. Prior to the redemption of the Bonds, JCR confirms that if solar or wind power facilities that are subject to the use of funds are destroyed by natural disasters or if unused funds arise due to project cancellation, they will promptly select alternative solar or wind power facilities and appropriate funds. In the process, it is also planned that the facilities to be replaced will be invested with deposits until the alternative equipment is selected.

Based on the above, JCR evaluates that GPSS fund management is appropriate and disclosures to investors are appropriate.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the issuance of green bonds is planned in a detailed and effective manner at the time of the issuance of green bonds

(2) Current Status of Evaluation Targets and JCR Evaluation

a. Reporting on the proceeds allocation

The proceeds from the Bonds will be used to fund capital expenditures for the 13 solar and wind power facilities described in Phase 1. JCR confirmed that GPSS plans to spend about six months until the full amount is appropriated and the unappropriated funds are managed in cash and cash equivalents. Reporting of the proceeds raised by the Bonds will be published on GPSS website on an annual basis for the three items listed below.

1. Outline of green project to allocate funds procured through green bond issuance
2. Amount of funds appropriated for green projects
3. The amount or proportion of unappropriated funds, the timing of allocation, and the method of investment, if any.

JCR confirmed that in the event that unappropriated funds arise prior to the redemption of the Bonds due to such factors as the loss of solar facilities that are subject to use or the cancellation of projects to construct wind power facilities, GPSS will promptly select alternative solar or wind power facilities and appropriate funds. If such unused funds occur during the period, GPSS plans to report to investors any changes in their appropriations.

b. Reporting on environmental improvement effects

GPSS plans to disclose three items of CO₂ emissions, power generation, and household-equivalent reduced by eligible green projects on GPSS website on an annual basis as a report of environmental remediation benefits. GPSS is expected to undergo an annual JCR third-party review of the accuracy of the status of reporting through the redemption date.

JCR believes that the above reporting is planned to be disclosed appropriately to investors, etc. in terms of both the appropriation of funds and the effects of environmental improvement.

4. Organization's environmental activities

(1) JCR's Key Consideration in This Factor

This section evaluates whether the management of the issuer considers environmental issues to be a high priority issue for management, whether the green bond issuance policy and process, and green project selection criteria are clearly positioned through the establishment of a department specializing in environmental issues or cooperation with external organizations, etc.

(2) Current Status of Evaluation Targets and JCR Evaluation

GPSS's corporate mission is to realize a sustainable society through a sustainable energy business that utilizes local resources. GPSS's business domain is the renewable energy business, and its business activities lead directly to environmental efforts through CO₂ reductions. In GPSS, with the aim of becoming a 100% sustainable energy society, the top priority is to increase the number of renewable energy power generation facilities in the future.

GPSS and its subsidiaries, including SSIM, have established a Sustainability Policy to accomplish the above-mentioned mission through their business activities, and are continuing to put it into practice.

GPSS Holdings Sustainability Policy (excerpt)	
Environment	
(1)	Contribution to the Decarbonization of Society through Sustainable Energy
(2)	Consideration for Local Environment
(3)	Effective use of Energy and Resources
Society	
(4)	Contribution to the Development of Local Communities through Business
(5)	Health and Safety of Stakeholders
(6)	Initiatives for Employees
(7)	Cooperation with Suppliers
Governance	
(8)	Responsibility as an Infrastructure Operator
(9)	Compliance
(10)	Disclosure of Information

GPSS has established the Sustainability Committee as an organizational unit to put the above policy into practice as a group. The Sustainability Committee oversees issues related to sustainability in GPSS Group's business activities, and discusses and manages specific targets and activity plans. The members of the Sustainability Committee are the members of SSIM Sustainability Promotion Office, chaired by the President of GPSS.

The Sustainability Committee reviews and makes decisions on matters related to sustainability in all business activities. An example of an activity is the decision and reporting made by the Sustainability Committee on the development of the Green Finance Framework.

In the selection of green projects, the Evaluation Department considers whether the project is in wildlife sanctuary or a sediment-related disaster special warning area with the participation of in-house experts. For

large-scale projects, the project is decided based on third-party opinions, such as a technical evaluation report and opinions from attorneys.

Furthermore, GPSS has participated in GRESB Infrastructure Assessment since fiscal 2019, and in this fiscal year, the second time it participated, it has acquired five stars, which are the highest evaluations, one notch higher than the previous fiscal year. This is one of the evidence that GPSS's efforts are also highly valued by third parties. In GPSS, GRESB assessments are taken up by the Sustainability Committee and are used to improve internal initiatives, such as employee training to explain the areas assessed and areas requiring improvement. Almost all items in the current fiscal year exceed the peer average, and JCR evaluates that the above initiatives are evidence of actual functioning.

JCR evaluates that GPSS is able to assess its own policy and framework not only from its own perspective but also from a third-party perspective, by conducting operations while getting advices from external consulting firms, in developing internal systems for receiving GRESB assessments, formulating the Sustainability Policy, establishing and specifically implementing the Green Finance Framework.

JCR evaluates that the organization's commitment to the environment is appropriate in light of management's high priority on environmental issues, the involvement of expert or external entities in the selection process, the clarity of targets, selection criteria and processes achieved through the Green Finance Framework, and the use of expertise of external experts to formulate the Sustainability Policy and the Green Finance Frameworks.

(Reference) GRESB Infrastructure Assessment

Established in 2009, GRESB refers to benchmarks and organizations that measure and evaluate the asset of ESG consideration of companies that hold and operate real estate and infrastructure. In 2016, GRESB began assessing infrastructure in addition to conventional real estate, and the results are shown on a scale of five (five stars, four stars, three stars, two stars, and one star). As of 2020 years, one fund and four assets from Japan participated in the infrastructure assessment.

■Evaluation result

Based on the JCR Green Bond Evaluation Method, JCR assigned "g1" of the evaluation of the "Greenness Evaluation (Use of Proceeds)" and "m1" for the evaluation of the "Management, Operation, and Transparency Evaluation". Consequently, JCR assigned "Green 1" as an overall "JCR Green Bond Evaluation."

The Bonds are considered to meet the standards for items required in the Green Bond Principles and the Green Bond Guidelines 2020.

[JCR Green Bond Evaluation Matrix]

		Management, Operation and Transparency				
		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

■Subject

Issuer: GPSS Holdings Co., Ltd. (Security Codes:-)

[Assignment]

Subject	Issue amount	Issue Date	Redemption Date	Evaluation
2nd Unsecured Bonds	JPY 500 million	Jan. 29, 2021	Jan. 30, 2026	JCR Green Bond Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

Sustainable Finance Analysts: Rieko Kikuchi and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, meaning and limits of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is granted and provided by the Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured from the issuance of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. JCR Green Bond Evaluation does not fully indicate the extent to which the funds procured from such green bonds are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Bond Evaluation assesses the plan or status of the appropriation of funds at the time of the green bond issuance plan or at the time of issuance, and does not guarantee the status of the appropriation of funds in the future. In addition, JCR Green Bond Evaluation does not prove the environmental effects of green bonds and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green bonds on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

2. Methods used in the conduct of this evaluation

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

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as an ancillary business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation differs from credit ratings and does not promise to provide or make available for inspection a predetermined credit rating.

5. Third-party character of JCR

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

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■ Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Bond 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 (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 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

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