

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

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

## JCR Assigned Green 1 (preliminary) to the UUR Green Joint Trust Beneficiary Rights (UUR Green Trust)

Subject	:	UUR Green Joint Trust (UUR Green Trust)
Type	:	Trust beneficiary right
Issue Amount	:	Undecided
Interest Rate	:	Undecided
Trust setup date	:	Undecided
Trust Expiration Date	:	Undetermined (5 years)
Method of repayment	:	Bullet
Use of Proceeds	:	Loans to United Urban Investment Corporation

### <Green Bond Evaluation Results (preliminary)>

Overall Evaluation	Green 1
Evaluation on Greenness (use of proceeds)	g1
Evaluation on Management, Operation and Transparency	m1

## Chapter 1 : Evaluation Overview

Sumitomo Mitsui Trust Bank, Limited (SMTB) was founded both in 1924 as Mitsui Trust Co., Ltd., and in 1925 as Sumitomo Trust Co., Ltd., and is the core company of Sumitomo Mitsui Trust Group. This is a trust bank established by the merger of Sumitomo Trust Co., Ltd., Chuo Mitsui Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Co., Ltd. in 2012. The Sumitomo Mitsui Trust Group to which SMTB belongs is Japan's largest asset management group, and it is a trust banking group with a leading size in the industry centering on asset management and administration.

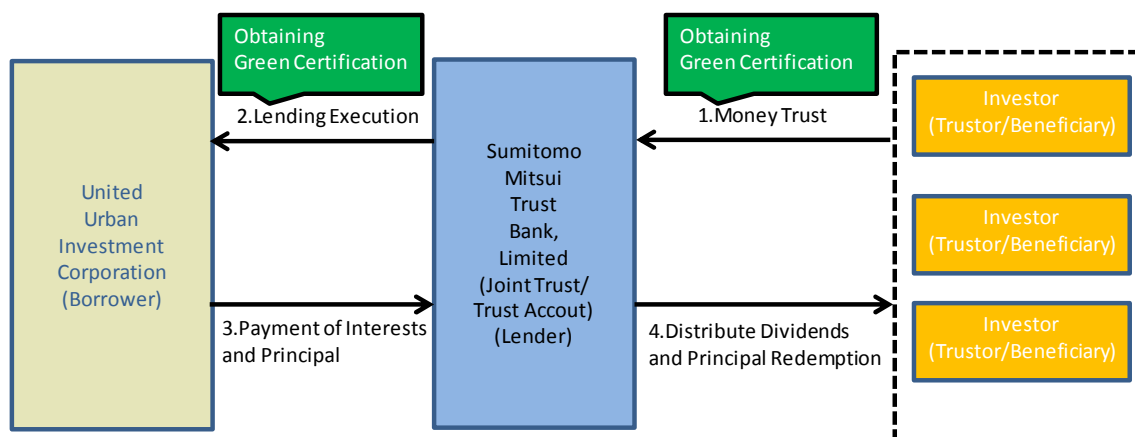
In response to the climate change issue, the Sumitomo Mitsui Trust Group formulated the Action Guidelines for Mitigating Climate Change, in which it stated in "2. Provision of Products and Services"

"We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy."

The group aims to contribute to the resolution of climate change issues by utilizing the functions of the trust.

This time, the trust beneficiary rights that are delivered by the joint money trusts established by the SMTB are subject to evaluation. The overview of finance is shown below.

(Scheme Diagram)



SMTB receives money in trust (or borrowing from ABLs) from investors (1. ), Loan the fund to United Urban Investment Corporation (UUR) (2)). It is a mechanism that principal and interests paid by UUR to SMTB (3) shall be returned to the profits of investors as dividend income (4). The long-term loan from SMTB to UUR (the "Loan"), which the use of proceeds of the issuance of the Trust Beneficiary Rights, shall be used to refinance the funds acquired by UUR for the acquisition of the existing office buildings and commercial buildings and to acquire a new hotel. This loan acquired the highest green loan evaluation from JCR, "Green1", and SMTB has confirmed the greenness of the loan's use of proceeds.

In addition, JCR confirmed that the management system and transparency of trust beneficiary rights are high considering the fact that the account of trust beneficiary rights in the SMTB are managed in an appropriate manner internally and that the internal management system is well established and maintained.

As a result, in accordance with the JCR Green Bond Evaluation Method, the target trust beneficiary rights for this evaluation is "g1" in the Green Evaluation (Use of Proceeds)" and "m1" in the Management, Operation and Transparency Evaluation, and the "Overall Evaluation" is "Green1." Detailed evaluation results are discussed in the next chapter. In addition, the trust beneficiary rights are considered to meet the criteria for the items required by ICMA's Green Bond Principles<sup>1</sup> and the Green Bond Guidelines issued by the Ministry of the Environment of Japan<sup>2</sup>.

<sup>1</sup> ICMA (International Capital Markets Association) Green Bond Principles 2018

<sup>2</sup> Ministry of the Environment of Japan Green Bond Guidelines 2017

## 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: 100% use of proceeds of the trust beneficiary rights is allocated to green projects, 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. With regard to the trust beneficiary rights, the greenness of the green eligible assets, which are the recipients of long-term loans to the UUR for which such funds are used, shall be evaluated. Secondly, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

#### (2) Current status of the project on each evaluation factor and JCR's evaluation.

Overview of the use of proceeds

##### a. On the environmental improvement effects of the project

- i. 100% of the funds are used to refinance or acquire existing or new "green eligible assets," which has highly environmental improvement effect.

Japan REIT Advisors Co., Ltd. (JRA) Asset Management Guidelines (excerpt)

(2) Specific Investment Criteria 2. Other Attributes of the Target Investment Property (b) Green Eligible Assets

New and existing management assets that have acquired or are expected to obtain DBJ Green Building certification (three stars or more), CASBEE real estate certification (A rank or higher), and BELS evaluation (two stars or more) (collectively referred to as "environmental certification") shall be defined as "green eligible assets," and efforts shall be made to acquire environmental certification through initiatives such as improving the environmental performance of those management assets that have not acquired environmental certification.

As stated in the above guidelines of JRA, the asset management company of UUR, all long-term loans to be used as funds in exchange for the issuance of trust beneficiary rights are either existing or new "green eligible assets," and the long-term loans are expected to be used for eight office buildings, commercial buildings and hotel, which are "green eligible assets" shown on the page 4. These eight office buildings, commercial buildings and hotel will be refinanced or acquired in September 2018.

JCR has confirmed that seven of the eight office buildings, commercial buildings and hotel with BEI<sup>3</sup> (six with CASBEE certification and one with BELS certification) are good and that they are expected to be highly environmental improvement effect. JCR has also confirmed that one of the buildings with DBJ Green Building certification is implementing energy-saving measures using a scoring sheet.

<sup>3</sup> Abbreviation of Building Energy Index. This indicates the ratio of the designated primary energy consumption of the relevant property to the criterion primary energy consumption, which is the standard of energy efficiency. The lower the value, the higher the energy efficiency.

- ii. The use of proceeds falls under the category of green projects defined in the Green Bond Principles or the Green Bond Guidelines of the Ministry of the Environment of Japan that are "energy efficient" or "green buildings which meet regional, national or internationally recognized standards or certifications".

#### b. Negative impact on Environment

UUR, who acquires "green eligible assets" by using long-term loans, which are funded by the issue of trust beneficiary rights, checks and evaluates the items with check sheets when acquiring green buildings, and considers whether or not to acquire them at due diligence meetings. At this time, the negative environmental impact of eight office buildings, commercial buildings and hotel for which long-term loans are expected to be used has not been identified. JCR confirms that if there is a negative impact on the environment, it is necessary to take corrective measures by the seller as a precondition to avoid or mitigate the negative impact. In SMTB, the negative impact on the environment is considered to be small based on the information obtained by the UUR.

(List of Assets)

Number	Name	Newly/Existing	Certification	Rank	Status
1	Pacific Marks Yokohama East	Existing	CASBEE Real Estate	Rank A (★★★★)	Obtained
2	Pacific Marks Shin-Yokohama	Existing	CASBEE Real Estate	Rank A (★★★★)	Obtained
3	Pacific Marks Sapporo Kita-Ichijo	Existing	CASBEE Real Estate	Rank A (★★★★)	Obtained
4	Mallage Kashiwa	Existing	CASBEE Real Estate	Rank S (★★★★★)	Obtained
5	Pacific Marks Tsukishima	Existing	CASBEE Real Estate	Rank A (★★★★)	Obtained
6	Pacific Marks Akasaka-mitsuke	Existing	CASBEE Real Estate	Rank A (★★★★)	Obtained
7	Tsubogawa Square Building	Existing	DBJ Green Building	Three Stars ★★★	Obtained
8	The "b" Fukuoka Tenjin	Newly Acquired	BELS	Above Two Stars (★★)	To be acquired

\* : "The "b" Fukuoka Tenjin" describes the ranks expected to be acquired by the UUR because BELS's environmental certification was not obtained at the time of this Green Bond evaluation.

## (Reference) Certification System for Each Green Building

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### 1. CASBEE

An acronym for the English name of the Building Environmental Performance Assessment System (Comprehensive Assessment System for Built Environment Efficiency).

This is a method to evaluate and rate the environmental performance of buildings. The Comprehensive Environmental Evaluation Research Committee for Buildings was established in April 2001 as a joint project of industry, government and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and has been continuously developing and maintaining buildings since then. Valuation tools include CASBEE-architecture, CASBEE-streets, etc., as well as CASBEE-real estate developed to provide easy-to-understand environmental performance to the real estate market.

The evaluation results are divided into five grades: Rank S (excellent), Rank A (very good), Rank B (good), Rank B (slightly poor), Rank C (poor), and CASBEE-Real Estate scoring has four grades : Rank S (Excellent), Rank A (very good), Rank B+(good), and Rank B (Satisfaction of mandatory items).

### 2. DBJ Green Building

A certification system provided by DBJ (Development Bank of Japan) that evaluates properties with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "Buildings with consideration for the environment and society." Each is represented by five stars (the best class in Japan), four stars (exceptionally high), three stars (excellent), two stars (high), and one star (satisfactory). Although it is not an environmental performance-specific evaluation, it is highly recognized in Japan and has a certain evaluation item regarding environmental performance. Therefore, JCR believes that this certification corresponds to "regional, national or internationally recognized standards and certified green buildings" of the Green Project Classification as defined in the Green Loan Principles. However, since the certification is not limited to environmental performance, JCR believes that it is desirable to confirm the evaluation of environmental performance individually.

### 3. BELS

An acronym for the English name of the Energy-saving Performance Indication System for Buildings (Building-housing Energy-efficiency Labeling System).

In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism established the "Evaluation Guidelines for Labeling the Energy Conservation Performance of Non-Residential Buildings (2013)", and based on the guidelines, a third-party organization will properly evaluate and label the energy-saving performance of non-residential buildings. The results of the evaluation are indicated by the number of stars based on the achievement value of the energy conservation criterion.

Five stars, four stars, three stars (induction criterion), two stars (energy conservation standard), and one star (existing energy conservation standard), respectively.

## c. Alignment with SDGs goals and target

This project is classified into energy-saving and regional, national or internationally recognized standards and certification green buildings. JCR evaluated the project to contribute to the following SDGs targets and targets, referring to ICMA's SDGs mapping.



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

**Target 7.3. By 2030, double the global rate of improvement in energy efficiency.**



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

**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. With all countries taking action in accordance with their respective capabilities.**



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

**Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.**

### Evaluation Phase 2: Evaluation on Management, Operation and Transparency

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

Rationale: These projects have 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

This section 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 the project on each evaluation factor and JCR’s evaluation.

#### a. Goal

JCR has received the following summary responses as a result of the SMTB's hearing on the objectives to be realized through the Trust Beneficial rights.

"SMTB attaches importance to sustainability initiatives and promotes them based on the following principles.

#### 1. Active promotion of sustainability initiatives as management commitment

As SMTB regards the ESGs as a material management foundation, it is working to identify and manage sustainability issues that need to be addressed as management priorities.

#### 2. Business Sustainability Initiatives

SMTB aims to work with its customers to build a sustainable society by providing total solutions to the social issues that customers face by leveraging the functions of our dedicated trust bank groups. SDGs will use this as a criterion for ascertaining (validating) the social value created by our products and services.

#### 3. Providing value to communities

The provision of value to the community, which is a component of society, leads to the maintenance of a sound business foundation and is therefore considered to be a necessary social license for conducting business. From this perspective, SMTB is working to provide value to communities in a variety of ways while also incorporating SDGs perspectives.

Based on this policy, in order to promote ESG management, we believe that the issuance of green bonds and support for customers in green purchasing are effective entry points not only from a financial point of view, but also from the viewpoint of we and customer knowledge accumulation and improvement of market presence, in order to link our efforts with business development for customers. "

From the above, JCR confirmed that SMTB wants to expand its investments from the perspective of ESGs and green through its own products.

#### **b. Selection criteria**

In the interview, JCR confirmed that SMTB selected the long-term loan on the premise that it is a green building with various environmental certifications and that it has received a third-party evaluation as a green loan.

#### **c. Process**

SMTB recognizes that ESG is a key management foundation and is considering offering products related to ESG in its respective businesses. In this context, JCR confirms that each department within the company is taking up candidate projects and that these selection criteria are consistent with the "a. Objectives" mentioned above.

In addition, JCR confirmed through interviews with issuers that this project was also adopted as a result of the above process.

Thus, JCR believes that the objectives, selection criteria, and process are outlined in this evaluation report and that transparency for investors is ensured.

## **2. Appropriateness and Transparency of Management of the proceeds**

### **(1) JCR's key considerations**

The management method of the procured funds is usually assumed to be varied depending on the issuer. Confirm whether the procured funds from the issuance of green bonds are allocated to the green projects and whether a mechanism and an internal system are in place so that the appropriation status can be tracked and managed easily.

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 the project on each evaluation factor and JCR's evaluation.**

- a. The full amount of the long-term loan to the UUR, which is the use of proceeds of the trust beneficiary rights, is expected to refinance and finance to acquire the eight Green Building projects described on page 3 of this report and will not be allocated to any other purpose.
- b. From the SMTB, funds will be transferred to the Borrower's Account by the Structured Trust Products Dept. /Trust Team, a department in charge of managing trust assets. JCR confirms that, before transferring funds to the Borrower's account, SMTB shall receive a report on the Borrower's financial plan after limiting the use of funds under the loan agreement concluded with the Borrower.
- c. After transferring funds, Structured Trust Products Dept. /trust team described above carries out accounting and settlement operations related to joint money trusts, and carries out the business of paying dividends during the term to investors and repaying the principal when the trust period expires. It also plans to prepare a report on the status of trust assets for each accounting period and to report it to investors. The status of the execution of accounting and settlement operations shall be monitored by the control department of trust property management. JCR also evaluates that the Internal Audit Department conducts audits on an irregular basis to determine whether appropriate management and operations are being carried out, and that the internal control system is in place.

- d. Long-term loans, which are used to fund the issue of trust beneficiary rights, will be used to refinance and newly acquire "green eligible assets" as soon as possible after the issuance of the trust beneficiary rights. As a result, no unappropriated funds are expected to accrue.

SMTB has confirmed to JRA that, in the event of any unused funds arising from the sale of acquired "green eligible assets" prior to the repayment of the full amount of long-term loans, JRA will endeavor to reallocate the balance to green projects such as the acquisition of other green qualified assets and refinancing as soon as possible, in order to ensure that the balance is recognized and managed by JRA's finance team.

JCR has confirmed that funds are securely allocated to "green eligible assets," that account management is appropriately managed internally and that internal management systems are in place, and that "green eligible assets" will be appropriately substituted and that funds will be allocated even in the event of the occurrence of unallocated funds. JCR has evaluated that funds management is highly appropriate and transparent.

### 3. Reporting

#### (1) JCR's key considerations

This section 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 the project on each evaluation factor and JCR's evaluation.

##### a. Reporting about the proceeds allocations

The management of trust beneficiary rights shall be recorded in the trust account after the establishment of the trust and managed in the management systems of the SMTB. It also confirms that the trust account is settled every six months and that the report on the status of trust assets is to be delivered to investors.

On the other hand, UUR immediately allocates the full amount of this loan for refinancing or new acquisitions of "green eligible assets," so it is not currently assumed that the amount of unappropriated funds will be reported during the period.

However, in the event of a major change in the situation, such as the unused funds arising from the sale of "green eligible assets" acquired by UUR in the long-term loan, disclosure shall be made on the UUR website after the approval of the management including CEO, CFO, CIO, CCO and other board members. SMTB intends to disclose such disclosures to investors.

##### b. Impact reporting for environmental benefits

The list and outline of "green eligible assets" to be acquired by the UUR through this loan are shown in the list of uses of proceeds in Evaluation Phase 1 of this report. The SMTB confirms that it intends to disclose the information disclosed by the UUR to investors of trust beneficiary rights.

The UUR is scheduled to disclose electricity consumption, gas consumption, CO2 emissions, and water consumption on the website of the UUR once a year. Reporting on environmental improvement effects will be disclosed to investors on an annual basis by SMTB.

SMTB will also receive a third-party review of the accuracy of the reporting status once a year by JCR until the due date.

JCR believes that the above-mentioned reports are intended to be appropriately disclosed to investors and other parties regarding both the appropriation of funds and the effects of environmental improvement.



## 4. Efforts taken by the organization

### (1) JCR's key considerations

In this factor, JCR assesses whether the issuer put a high priority on environmental issues or not, whether the policy for financing green projects and its process, criteria to choose the projects are clearly important, in cooperation with the department which is responsible for environmental issues or external institutions.

### (2) Current status of the project on each evaluation factor and JCR's evaluation.

#### a. Sumitomo Mitsui Trust Group's Environmental Efforts

The Sumitomo Mitsui Trust Group to which SMTB belongs has signed the Principles for Responsible Investment (PRIs) that advocated the ESG since its publication in 2006, and incorporates the concept of ESG into its management.

In 2015, the company identified a theme called "materiality," which affects the corporate value creation process, sorted out the themes that the board of directors should address, and established an internal engagement system in which the department in charge of Sustainability communicates with the department in charge of high-materiality operations, thereby reflecting the evaluation of ESG investors in management. ESG is actively working on this and other issues as it believe it is necessary for the company to improve its corporate value over the long environmental.

In 2017, in addition to the ESG/CSR report, the Company began preparing an integrated report that thoroughly examines the relationship between materiality and financial information by upgrading its existing disclosure. The Group is also placing emphasis on ESG and is steadily implementing initiatives, including reforms on the three materiality themes of "Corporate Governance Reform," "Further Thoroughness of Customer-Oriented Approach," and "Work Style Reform."

In addition, Sumitomo Mitsui Trust Group has established the environmental policies shown in this page and conducts its operations in accordance with them.

#### (Sumitomo Mitsui Trust Group Environmental Policy)

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##### 1. Goods and services

We will strive to reduce the environmental risk and improve the environmental value of society as a whole by providing products and services that contribute to the preservation of the global environment and the realizing a sustainable society.

##### 2. Reduction of environmental burden

We recognize the environmental impact of our business activities, such as the consumption of resources and the discharge of waste, and strive to realize an environmental conservation and sustainable society through energy-saving and resource conservation and resource recycling.

##### 3. Pollution prevention

We work to continuously verify and improvement our response to environmental issues and prevent pollution.

##### 4. Legal Compliance

We comply with all laws, regulations, and agreements related to environmental conservation.

##### 5. Monitoring

We set short-and medium-term environmental targets and periodically review them in order to continually improvement our environmental activities.

##### 6. Education and training

We strive for thorough implementation of this policy and environmental education at each group company.

##### 7. Information disclosure

We will disclose this policy to the public and promote environmental conservation activities through communication with the outside world.

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In accordance with the environmental policies described above, the ESG/CSR Report presents the status of achievement of environmental targets, energy consumption and CO2 emissions, and performance related to paper, water usage, waste generation, and reduce, reuse, recycle in large-scale office buildings within the Group.

#### **b. SMTB's Environmental Efforts**

As a core company of the Sumitomo Mitsui Trust Group, the management of SMTB recognizes the importance of ESGs and environmental issues.

As noted above, the issuance of green bonds is part of an earlier management initiative's proactive approach to ESG.

The SMTB has established the Sustainability Promotion Department within the Corporate Planning Department as a department with expertise in environmental problems. The Department is responsible for overseeing the SMTB ESG and supporting ESG activities in each business. The JCR also confirmed in hearings with external specialist organizations such as NGOs of various environmental organizations, consulting firms, and accounting firms.

In addition, in real estate business, which is the main business, since 2005, SMTB has been undertaking public initiatives for the dissemination of environmental real estate in national and local governments and committees related to CASBEE, starting with the publication of papers on the added value of environmental real estate. In addition, as pioneers in the field of environmental real estate, it has been developing businesses for the dissemination of environmental real estate, such as CASBEE certification application support consulting.

The JCR appreciates that the establishment of a green bond in trust beneficiary rights as part of the financial arrangement for J-REIT is also part of the above-mentioned efforts, and that investors who are both the trustors and beneficiaries can invest in businesses that have environmental improvement effects through the products created by the SMTB, as the fund is a joint money trust.

As described above, the issue of the Green Bond has been considered by SMTB as an important foundation for management, and the beneficial interest of the Trust was created as a Green Bond in the course of considering ESG initiatives in the respective businesses.

JCR will pay close attention to whether the green bond issuance policy, process, and green project selection criteria will be more clearly defined, making this green bond issuance as a first step.

#### **■Green Bond Evaluation**

Based on the JCR Green Bond Evaluation Method, the target trust beneficiary rights are "g1" in the Green Evaluation (Use of Funds)" and "m1" in the Management/Operation System and Transparency Evaluation, and the "Overall Evaluation" is "Green1."In addition, the trust beneficiary rights are considered to meet the criteria for the items required by the Green Bond Principles and the Green Bond Guidelines issued by the Ministry of the Environment of Japan.

<JCR Green Bond Evaluation Matrix>

		Management, Operation & Transparency				
		m1	m2	m3	m4	m5
Greenness	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

< Evaluation Subject>

Issuer: Sumitomo Mitsui Trust Bank, Limited

[Assignment]

Type	amount	Trust setup date	Trust Expiration Date	Interest rate	Preliminary Evaluation
Trust beneficiary rights	Undecided	Undecided	Undecided (5 years)	Undecided	JCR Green Bond Evaluation :Green1 Greenness :g1 Management, operation and transparency :m1

GB Analysts in charge of this Evaluation: Atsuko Kajiwara, Kosuke Kajiwara and Yuichi Yamada

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## Important explanations about this Green Bond Evaluation

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### 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 (Green Finance ESG in <https://www.jcr.co.jp/greenfinance>) as JCR Green Finance Evaluation Method.

### 3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond 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 character of JCR

There is no conflicts 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 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)

#### ■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 (<http://www.jcr.co.jp/en/>).

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