

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

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

JCR Assigned SU1(F) and Blue1(F) to the Blue-Sustainability Finance Framework of Proximar Seafood AS and Proximar Ltd.

Issuer/Borrower : Proximar Seafood AS / Proximar Ltd
Subject : Proximar Seafood AS Blue-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)

<Blue Finance Framework Evaluation Results>

Overall Evaluation	Blue 1(F)
Blueness Evaluation (Use of Proceeds)	b1(F)
Management, Operation and Transparency Evaluation	m1(F)

Chapter 1: Evaluation Overview

Proximar Seafood AS is a Norwegian company established in 2015 for the purpose of developing an onshore Atlantic salmon farming business using recirculating aquaculture system. Proximar Seafood AS has a capital relationship with Grieg, a Norwegian corporate group that owns Grieg Seafood ASA, one of the world's leading Atlantic salmon farming businesses. Proximar Seafood AS established Proximar Ltd. in 2017 as its Japanese subsidiary, and is constructing an onshore farming facility with an annual production capacity of approximately 5,300 tons (head-on-gutted) in Oyama-cho, Shizuoka Prefecture, Japan, which is expected to be completed in 2023 and to start providing salmon in 2024. (Hereinafter referred to as “Proximar” for Proximar Seafood AS and Proximar Ltd.)

Proximar's vision is to be a leader in providing sustainably produced seafood products to the Asian region, with an emphasis on building a long-term sustainable business. In addition, in its management philosophy, Proximar has stated

its goal of becoming a leader in salmon aquaculture in the Asian region, as mentioned above, as well as its commitment to sustainability throughout the value chain, including animal welfare, and its policy of providing equal opportunities to its employees. Proximar has identified Japan as an important market, as Japan accounts for approximately 65,000 tons of the approximately 223,000 tons of annual Asian demand for Atlantic salmon, and is constructing a new land-based aquaculture facility in Shizuoka Prefecture to supply the nearby metropolitan areas of Tokyo and Yokohama. In addition, Proximar's land-based salmon farming business can significantly reduce CO₂ emissions associated with transportation compared to importing salmon produced in Norway, and it can reduce the amount of chemical substances, microplastics, etc. by utilizing RAS (Recirculating Aquaculture System) technology. The project will be operated in an environmentally friendly manner, including the elimination of approximately 99% of water discharge for reuse, and the use of electricity derived from renewable energy sources for all electricity consumed in the project.

The subject of the assessment is a sustainability finance framework (the Framework) established by Proximar to limit the use of proceeds 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 (2023 edition), Green Bond Guidelines (2020 edition), Green Loan Guidelines (2022 edition) and IFC Guidelines for Blue Finance (2022 edition) or not. For blue loans, JCR requests lenders of the blue loans to align with UNEP FI's Sustainable Blue Economy Finance Principles. 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 closed-cycle onshore aquaculture project for salmon conducted by Proximar. 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, Proximar confirmed negative impacts given to the environment and society through various surveys, including preliminary pollution examination, and various consultations on contract of corporate location agreements.

JCR confirmed that the use of proceeds aligns to the following blue eligible criteria

F. Fisheries, aquaculture, and seafood value chain: sustainable production and waste management and reduction measures that meet, keep, or exceed the Marine Stewardship Council certification standards or equivalent.

1. Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish.

The framework meets the three assessment criteria stipulated in IFC Guidelines¹.

Assessment 1: The use of proceeds falls under the green project category of "Pollution Prevention and Control" and "Biodiversity". It also contributes to achieve SDGs target No. 14.1 and 14.4.

Assessment 2: The project is not likely to introduce any risks that may affect progress on other environmental and social priorities such as SDGs No. 2, 7, 12, 13 and 15.

Assessment 3: Proximar prepares for acquiring ASC certification. (ASC certification can be achieved at the earliest after 12 months plant operation.)

In the process, Proximar is establishing plans for complying with the wastewater quality standards established by the local authority, reducing CO₂ emission from electricity consumption by installing solar panels at production facilities

¹ IFC Guidelines for Blue Finance 2022

https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/guidelines-for-blue-finance

and using electricity derived from renewable energy sources, minimizing organic waste, appropriate disposal of wastes, etc. As a result of confirming these measures, JCR has assessed that Proximar appropriately identifies environmental and social risks and takes measures to avoid and mitigate them, and also the use of proceeds set out in this framework is expected to have environmental and social benefits.

As for the selection process of projects for this blue sustainability finance in this framework, it is assumed that the sustainability finance committee will select, assess and approve, and then CEO will make final decision, thereby management are involved in the decision-making process. As for management of the proceeds, an appropriate tracking system has been established. In addition, Proximar plans to report the allocation of proceeds, environmental improvement effects, and social benefits once a year. Therefore, disclosure items are also appropriate.

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.

JCR assigns "b1 (F)" for the "Blueness Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigns "Blue 1 (F)" for the "JCR Blue Finance Framework Evaluation" to the Framework.

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 Principles², the Social Bond Principles³, the Sustainability Bond Guidelines⁴, the Green Loan Principles⁵, the Social Loan Principles⁶, the Green Bond Guidelines⁷, the Green Loan Guidelines⁸, the Social Bond Guidelines⁹ and the Guidelines for Blue Finance. In case of blue loans, financial institutions are requested to align with "Sustainable Blue Economy Finance Principles¹⁰".

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

³ Social Bond Principles 2021 Version
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

⁴ Sustainability Bonds Guidelines 2021
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁵ LMA (Loan Market Association), APLMA (Asian Market Loan Association), LSTA(Loan Syndications and Trading Association)
Green Loan Principles 2023 <https://www.lsta.org/content/green-loan-principles/>

⁶ LMA (Loan Market Association), APLMA (Asian Market Loan Association), LSTA(Loan Syndications and Trading Association)
Social Loan Principles 2023 <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ Ministry of the Environment Green Bond Guidelines 2022
<https://www.env.go.jp/content/000062495.pdf> (pp.21-72)

⁸ Ministry of the Environment Green Loan Guidelines 2022
<https://www.env.go.jp/content/000062495.pdf> (pp.73-120)

⁹ FINANCIAL SERVICES AGENCY Social Bond Guidelines
<https://www.fsa.go.jp/en/news/2021/001.pdf>

¹⁰ UNEP FI Sustainable Blue Economy Finance Principles : <https://www.unepfi.org/blue-finance/the-principles/>

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 evaluate 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	
Categories	Description of projects
Environmentally Sustainable Aquaculture	<p>Development, construction, operation, maintenance and improvements of the onshore aquaculture facility to farm Atlantic Salmon in Japan. Once completed, the facility will house the production stages smolt, grow-out, harvesting and gutting</p> <p><u>Main features of the facility:</u></p> <ul style="list-style-type: none"> • RAS AquaMaof technology allowing for 99.7% of freshwater to be recirculated. The amount of new water required is significantly lower than other RAS solutions available. • Procurement of feed where all soy ingredients are sourced either from Low risk regions or from High risk regions with certification verifying no illegal deforestation has occurred, and where marine ingredients to a large degree already are certified under the MarinTrust label, formerly known as the Global Standard for Responsible Supply (IFFO RS) and will be to 100% in 2025. • Aquaculture Stewardship Council (ASC) certification will be obtained at a later stage.
Renewable energy to power environmentally sustainable aquaculture	<ul style="list-style-type: none"> • Development, procurement (including leasing), construction and maintenance of rooftop solar PV systems • Related equipment, e.g. inverters, • Related infrastructure, e.g. enforcements of the roof to carry the extra weight of the system.
Waste Management	<ul style="list-style-type: none"> • Systems and solutions to convert waste-sludge into resources such as agricultural fertilizer for neighbouring farms. • Systems and solutions to convert organic waste into biogas. • Systems and solutions including denitrification to reduce organic and non-organic waste, increase the recycling-rate and the use of recycled materials

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| | <ul style="list-style-type: none"> • Systems and solutions to increase the use of trimmings and by-products in products for human consumption, maximising the utilisation of input factors such as energy and feed. |
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< 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.

In this framework, the proceeds will be used for expenditures on the closed-cycle onshore aquaculture project for salmon (the Project) undertaken by Proximar. 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 escape 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 in a closed circulation land-based aquaculture facility, and waste and wastewater are treated in a controlled way and handled appropriately. In addition, due to the structure of the facility, there are no risks that the farmed salmon will escape 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/or trout is the largest in terms of marine product import items, at around 199.1 billion yen¹¹. 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.

¹¹ Calculated by JCR based on the FY2020 White Paper on Fisheries

Salmon has lower feed requirements compared to beef and other animal protein sources¹². According to the Salmon Farming Industry Handbook 2021¹³ by Mowi, a Norwegian fisheries company, the FCR for cattle is 8.0, while the efficiency of salmon is 1.3. Salmon also has a higher meat yield per 100 kg of feed (56 kg) than other animal protein sources.

	Salmon	Chicken	Pork	Beef
Feed conversion ratio (FCR)	1.3	1.9	3.9	8.0
Edible meat per 100 kg fed [kg]	56	39	19	7

(Source: Salmon Farming Industry Handbook 2021)

In addition to such characteristics of salmon, the benefits of a closed cyclical onshore aquaculture facility in this project can be leveraged to efficiently supply animal protein by appropriately managing feed use. Land-based aquaculture is also expected to achieve better feed efficiency due to faster growth and lower mortality.

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 market with salmon 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

Proximar plans to employ about 30 people at the production facility in the stage I of the project. The company plans to increase the number of employees in subsequent years as the business expands. Considering the entire supply chain, including production, sales, and distribution, the project is expected to have a significant ripple effect on regional and industries in Japan. 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.

¹² Amount of feed required to produce 1 kg of protein

¹³ <https://corpsite.azureedge.net/corpsite/wp-content/uploads/2021/05/Salmon-Industry-Handbook-2021.pdf>

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".**

iii. **The use of Proceeds meets the requirements for Blue finance, which is stipulated in JCR's Green Finance Evaluation Methodology, referred to IFC Guidelines for Blue Finance.**

Requirement 1: Does the funds raised by the bonds or borrowings to be evaluated fall under the blue finance area as described in the IFC and/or UNEP FI SBFI Practice Guide?

This projects falls under the following Blue eligible criteria defined in IFC Guidance:

- F. Fisheries, aquaculture, and seafood value chain: sustainable production and waste management and reduction measures that meet, keep, or exceed the Marine Stewardship Council certification standards or equivalent.
 - 1. Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish.

Proximar uses RAS technology by AquaMaof allowing for 99.7% of freshwater to be recirculated. The amount of new water required is significantly lower than other RAS solutions available. Procurement of feed where all soy-ingredients are sourced either from Low risk regions or from High risk regions with certification verifying no illegal deforestation has occurred, and where marine ingredients to a large degree already are certified under the MarinTrust label, formerly known as the Global Standard for Responsible Supply (IFFO RS) and will be to 100% in 2025. Aquaculture Stewardship Council (ASC) certification will be obtained at a later stage.

Requirement 2 : Does the blue project have a clear environmental improvement impact related to a sustainable marine economy or water infrastructure? Does the blue project have a clear contribution to the achievement of at least one of the targets related to SDG target 6 or 14?

This project will farm salmon at a closed circulation type land aquaculture facility, and waste and wastewater are treated in a controlled way and handled appropriately. In addition, due to the structure of the facility, there are no risks that the farmed salmon will escape 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.

The Project contributes to the following SDGs14 targets:



Goal14 : Life below water

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

Target 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.

Requirement 3 : Does the project fall under one of the project classifications indicated in GBP, GLP?

This project falls under the green eligible categories of “Pollution Prevention and Control” and “Biodiversity” of Green Loan Principles and Green Bond Principles.

Requirement 4 : Will not the implementation of the project pose a serious risk to the achievement of other SDG targets (especially 2, 7, 12, 13 and 15)?

This project provides the solution for concerns on global food shortening in the future, related to SDGs 2 by implementing land-based aquaculture business in order to prevent the decline of wild fishery resources. Regarding the energy use, it tries to use renewable energy and reduce energy consumption through the installation of solar panels and use of a more energy efficient technology to contribute to SDGs 7 clean energy. Proximar takes its responsibility as a producer of foods by acquiring ASC certification to show its sustainable and responsible way of its products including protecting biodiversity, sustainable raw materials for feeds, reducing environmental burden, preventing fish diseases and protecting the human rights and working conditions. In addition, it contribute to reduce CO₂ emission from transporting salmons from abroad.

As such, this project will not have any adverse impacts on SDGs 2, 7, 12, 13 and 15.

Requirement 5 : Does the environmental improvement benefits clearly outweigh the negative impacts(preferably quantified and comparable)?

Has it been confirmed that the project will not cause significant harm to other green/blue projects?

Does the project operate in accordance with the IFC Performance Standard, World Bank EHS Guidelines, or equivalent ESG standards?

Is the project not an exempted project (offshore oil and gas mining operations, deep sea mining operations and other sectors considered to have unsustainable practices in place) as defined by UNEP FISBEFI (Minimum Safeguard)?

Proximar identifies and reduce any possible environmental and social risks appropriately as was described below. As such, the project meets the above requirement.

Requirement 6 : For loans, do the financial institutions align with UNEP FI's Sustainable Blue Finance Principles?

JCR confirms that Proximar acknowledges the importance of its lenders' alignment to UNEP FI's Sustainable Blue Finance Principles. As such, the project meets the above requirement.

b. Environment and Social Risks

<The Framework for Environment and/or Social Risks >

Proximar has identified environmental and social risks and established countermeasures as follows:

Negative environmental and/or social risks of projects and countermeasures

Possible risks;

- High energy consumption for air quality and temperature control in closed spaces and maintenance of water resource recycling systems.
- Land-based aquaculture have a higher demand for clean water compared to conventional aquaculture which benefits from free ecosystem services, and a discharge of water.
- Onshore aquaculture is land-intensive compared to farming in the sea.
- Use of groundwater, which is a limited resource.

Countermeasures against respective risks;

- Use of renewable energy and reduce energy consumption through the installation of solar panels and use of a more energy efficient technology compared to other RAS solutions. Use of insulating materials and efficient heat-exchanger on air and water to reduce energy loss.
- Use of technology and know-how to treat water and use of recycling aquaculture system (RAS) to curb water consumption and wastewater volume, as well as strict control of discharged waste water in accordance with regulations. Efficient water treatment and use of denitrification to further reduce the amount of both wastewater and sludge.
- Use of land area already regulated and developed for industrial use.
- Establishment in areas where access to clean water is good and plentiful (e.g. areas with a lot of precipitation and continuous replenishment of groundwater source), and comply with permitted level of abstraction.

<JCR's Evaluation of the Framework>

With regard to environmental and social risks in this project, Proximar 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 Oyama-cho, Sunto-gun, Shizouka Prefecture, which is scheduled to construct a production facility.

Proximar plans to install a photovoltaic system on the roof of the project's production facility and to use electricity derived from renewable energy sources, and it is expected that the entire electricity consumption of the project will be covered by renewable energy sources. In addition, wastewater from production facilities is scheduled to be discharged after undergoing various treatments to comply with the pollution prevention-related laws and regulation, as well as the local regulations which are even stricter than the national regulation. With regard to water treatment, Proximar 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 is in accordance with permitted levels. 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 or fertilizer.

Through these investigations, verifications, and countermeasures against risks, Proximar 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 the proceeds would contribute to the following SDGs goals and targets in light of ICMA's SDGs mapping.



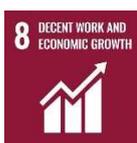
Goal 3: Ensure healthy lives and promote well-being for all at all ages

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 13: Climate Action

Target 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



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

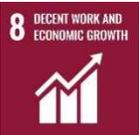
Target 14.1. By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

Target 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.

ii. Consistency with measures to achieve Japan SDGs

JCR confirmed that the following items are consistent with the "Social Issues under the SDGs Action Plan, etc." as exemplified in the Social Bond Guidelines issued by the Financial Services Agency of Japan.

Social Issues under the SDGs Action Plan, etc. : Promotion of sustainable production and consumption		
Target Populations: Consumers		SDGs targets
Introducing highly productive food processing equipment utilizing advanced technology (plant factories, etc.)	Food security and sustainable food systems	 

Social Issues under the SDGs Action Plan, etc.: Regional revitalization		
Target Populations: Local companies and residents		SDGs targets
Employment generation	Regional revitalization	  

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 >

■ Proximar corporate policy

Proximar is convinced that onshore salmon farming close to consumer markets is going to yield clear environmental benefits, by reduced transportation and production in a closed and controlled environment. In addition, Proximar has a systematic approach to sustainability, meaning that sustainability is also integrated into how the company plans and intends to conduct the operations.

Proximar firmly believes in the importance of building a business which is sustainable in the long term. This thinking is enshrined in the strategy going forward. The commitment to limit the impact on the environment is essential to what we do, and it is reflected in the choice of system, building and location of the facility, and thus in the investments included in this framework.

■ Environmental and social benefits of Proximar Seafood in Japan

Sustainable onshore production in RAS of Atlantic Salmon close to markets avoids a number of environmental impacts compared to conventional farming in open net pen sea cages, in addition to the benefits of reduced transportation. Production completely isolated from the outside environment, full handling and treatment of all waste-material, and limited demand for water are some of the significant benefits of RAS compared to conventional farming.

<JCR's Evaluation of the Framework>

Proximar aims to realize the environmental and social benefits of onshore salmon farming and building a sustainable business through funding under this Framework. JCR has confirmed that these sustainability finance objectives are consistent with the long-term vision/sustainable investment policy outlined in the Framework. The

borrower may be Proximar AS or Proximar Ltd. JCR confirms that both borrowers are managed by the same staff, the same management process will be taken in both borrowers fund raising.

b. Eligibility Criteria

The eligibility criteria in this framework, as described in Phase 1 of this evaluation report, set forth criteria that include measures to ensure compliance with laws and regulations and appropriate avoidance of negative impacts when implementing the project. JCR has assessed that the selection criteria for these projects are appropriate.

c. Process

The eligible projects under this Framework will be selected and agreed by a sustainability finance committee to be established, whose member consists of management, finance, operations, and sustainability representatives and chaired by the CFO. Then final approval shall be given by the CEO. The company's management will be in charge of the decision-making process. JCR has assessed that the selection criteria for these projects are appropriate.

Proximar 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. 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 proceeds varies widely depending on the issuer, but JCR confirms whether the proceeds are properly allocated to sustainability projects and whether a mechanism and an internal control system are in place to ensure that the funds are easily tracked and managed by the issuer.

JCR also emphasizes assessing whether the proceeds 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 Proceeds

An amount equal to the net proceeds from issued Sustainability Finance Instruments will be earmarked for financing and refinancing of eligible expenditures as defined by this framework, and as listed in the sustainability finance register. On a regular basis, the sustainability finance committee will deduct the value of confirmed expenditures and projects listed in the sustainability finance register from the earmarked net-proceeds of outstanding sustainability finance instruments.

Proximar will over the duration of the outstanding sustainability finance instruments build up and maintain an aggregate amount of eligible projects in the sustainability finance register that is at least equal to the aggregate net proceeds of all outstanding sustainability finance instruments.

There may be periods when the total outstanding net proceeds of Sustainability Finance instruments exceed the value of the eligible projects in the sustainability finance register. Any such portion will be held in accordance with Proximar's normal liquidity management policy. This policy does not allow investments in assets or instruments directly connected to the fossil energy value chain.

<JCR's Evaluation of the Framework>

The financing plan is drafted by Proximar's finance department, agreed upon by the sustainability finance committee, and finally approved by the CEO. The proceeds will be used for new investments and refinancing of the target projects.

All proceeds are managed using a sustainability finance register, which is regularly reviewed by the sustainability finance committee. Documents relevant to the transaction records such as vouchers are properly kept until redemption or repayment of sustainability finance.

Internal controls are governed by an internal audit policy that includes random reviews by a compliance officer of Proximar. In addition, an external audit will be conducted by an auditing firm. It is expected that the proceeds will be allocated promptly after the bond issuance/loan implementation, and there will be no unallocated funds.

Based on the above, JCR has evaluated that Proximar has a high level of appropriateness and transparency in the management of proceeds.

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>

■Allocation Report

The allocation report will, to the extent feasible, include the following components:

- Balance of outstanding Blue/Sustainable bonds and loans
- Allocated amounts per year
- Annual and total amounts invested in each category as defined in the Use of Proceeds section
- Descriptive examples of investments
- Unallocated funds including causes and forward looking allocation plan

■Impact Report

The following indicators will be disclosed once a year at the Proximar website.

Environmental Improvement Effects Related to Green Finance

- Environmentally sustainable aquaculture
 - Tons of Atlantic Salmon produced per year
 - Tons of edible Atlantic salmon meat produced per year
 - Airfreight emissions avoided assuming transport from Norway of Proximar's annual production of edible meat
 - Average daily amount of replacement freshwater (m3)
 - Average recirculation rate of RAS AquaMaof system
- Renewable energy generation
 - Amount of solar PV electricity generated (GWh)
 - Total electricity consumption
- Waste management
 - Amount of organic waste converted into electricity or heat
 - Amount of electricity generated based on organic waste
 - Amounts of organic waste like sludge and trimmings converted into products for human consumption, fertilizer or energy

Social Benefits Related to Social Finance

- Output Indicators
 - Overview of aquaculture facilities subject to allocation
- Outcome Indicators
 - Tons of Atlantic Salmon produced per year
 - Local jobs created directly
 - Local Jobs created indirectly through suppliers and partners
- Impact (qualitative goals)
 - Efforts to address the global Food Supply-Demand gap
 - Promoting employment and providing technology in local communities

<JCR's Evaluation for the Framework>

a. Reporting on the status of allocation of proceeds

Proximar plans to disclose on its website on an annual basis its allocation status of the proceeds. In the event that there is a material change in the project/asset such as serious damages which cause the proceeds status become unallocated, Proximar will promptly report such facts and the details to the investors. JCR evaluates that the proceeds allocation status reporting plan is appropriate.

b. Reporting on Environmental Improvement Effects and Social Benefits

Proximar 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 evaluates that the disclosure items and frequency of disclosures specified in Proximar'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

Proximar's vision is to be a leader in providing sustainably produced seafood products to the Asian region, as it is important to build a business that is sustainable over the long term. In addition to being a leader in salmon farming in Asia, Proximar's management philosophy also states that sustainability is an important part of its entire value chain, including animal welfare, and that it will provide equal opportunities for its employees.

Proximar Vision/ Corporate Management Principle

Proximar's vision is to be a leading provider of sustainably produced seafood and contribute to feed a growing population with proteins. To fulfil the vision, we make use of our corporate management principles every day, from strategic decisions to day-to-day operations:

Ambition

We strive to become a leader within salmon farming in Asia through optimization of production and profitability, embracing innovation and technology and continuous improvement

Harmony

Fish welfare is the core of our production and we target sustainability across the entire value chain, through cooperation and honest communication

Equality

Everyone is treated with respect and friendliness and we provide equal opportunities for everyone (across gender, age, religion, sexuality, ethnicity, etc.)

Proximar aims to have its production facilities certified by the Aquaculture Stewardship Council (ASC), an international certification system for aquaculture, which promotes responsible aquaculture through certification of 12 species of fish, tropical fish and seaweed. The evaluation criteria are defined for fish and shellfish. For salmon, the certification criteria include biodiversity, feed, pollution in the water, disease, and social aspects of labor. The company aims for certification with the goal of earning trust that it is conducting aquaculture in a responsible manner and to the highest standards.

Proximar has built a good relationship with the local government since the planning stages of the project and is in ongoing dialogue with the local fishermen's association and other stakeholders in Oyama Town, Shizuoka Prefecture, where the production facility is being built. The company will bring its established technology, Norwegian expertise, and know-how to Japan to develop a new, future-oriented food manufacturing business. In the first phase of the project, the company plans to employ about 30 Japanese workers in processing, maintenance, and administration, and to promote a work style that emphasizes diversity and work-life balance, inspired by the "Nordic model". Furthermore, the company believes that the project will have positive ripple effects through suppliers and partners for processing, sales, and distribution of the products.

Proximar plans to establish a Sustainability Finance Committee, chaired by the CFO and consisting of management, finance, operations, and sustainability representatives, which will be more actively involved in reviewing the

progress of the project and discussing measures to promote sustainability initiatives. In addition to having a management team with deep expertise in project management, aquaculture, and sustainable resource management, the project is being constructed in Japan by Daiwa House Industry Co.

Based on the above, JCR has assessed that Proximar'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 in the 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.

JCR assigns "b1 (F)" for the "Blueness Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigns "Blue 1 (F)" for the "JCR Blue Finance Framework Evaluation" to the Framework.

The Framework meets the standards for the items required by Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles, Green Bond Guidelines, Green Loan Guidelines, Social Bond Guidelines, Guidelines for Blue Finance and Sustainable Blue Economy Finance Principles.

[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

[JCR Blue Finance Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Blueness Evaluation	b1(F)	Blue 1(F)	Blue 2(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)
	b2(F)	Blue 2(F)	Blue 2(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)
	b3(F)	Blue 3(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)	Not qualified
	b4(F)	Blue 4(F)	Blue 4(F)	Blue 5(F)	Not qualified	Not qualified
	b5(F)	Blue 5(F)	Blue 5(F)	Not qualified	Not qualified	Not qualified

(Responsible for) Atsuko Kajiwara, Takuto Toda

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

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■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 sustainable 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

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