

Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name:

Orient Corporation

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

21st unsecured bonds

Independent External Review provider's name:

Japan Credit Rating Agency, Ltd.

Completion date of this form:

December 11, 2018

Publication date of review publication:

December 11, 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Orient Corporation was founded in 1954 and operates four core businesses: installment sales finance, credit cards and loans, bank guarantees, and payment and guarantee services. In particular, the company is one of the industry leaders in terms of auto loans and shopping credit transactions, as well as the balance of bank guarantees outstanding.

Orient Corporation's basic philosophy is "We value our relationship of trust and aim to be a company that contributes to society through the realization of a prosperous life for our customers." The company has been actively contributing to society and conducting CSR activities with a focus on environmental initiatives within the company.

The bonds to be evaluated are unsecured bonds with a term of five years issued by Orient Corporation. The company plans to refinance funds procured from member stores nationwide for the implementation of eco solar loans to install solar power generation systems and related equipment for its individual and corporate customers. JCR confirmed that the funds for the eco solar loans were used for the solar power generation systems or its auxiliary equipment and that the equipments were highly energy efficient. JCR confirmed that risks relating to the environment were appropriately avoided because (1) there was little possibility of a serious negative impact on the environment due to the relatively small-scale installation of solar power generation systems, (2) there was high probability that environmental improvement effects would be appropriately realized by construction being carried out in accordance with the Building Standards Law, and (3) there was a compensation system in place during and after construction. Therefore, JCR appreciates that the target of the fund is a green project that contributes to environmental improvement as a renewable energy project. JCR confirmed that the management system has been established for eco solar loans to be applied, and that the system has been put in place to ensure that these loans will be applied to the target projects throughout the period until the redemption of the bonds. JCR also confirmed that Orient Corporation recognizes environmental issues as important issues and is working on them with clear targets.

Based on the JCR Green Finance Evaluation Method, JCR assigned "g1" for the preliminary evaluation of the "Green Evaluation (Use of Funds)" and "m1" for the preliminary evaluation of the "Management/Management System and Transparency Evaluation." As a result, JCR assigned "Green1" for the preliminary evaluation of "JCR Green Bonds." Detailed evaluation results are discussed in detail in the next chapter. In addition, the bonds are considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guidelines issued by the Ministry of the Environment

As a result, in the JCR assigns "g1" for "Greenness Assessment (Use of Proceeds)" and "m1" for "Management/operation system and Transparency Assessment". Consequently, JCR assigns "Green1" as an overall evaluation results to the bonds. The bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guidelines of the Ministry of the Environment of Japan.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. Environmental Benefits of the Projects

I. 100% of the funds are used for renovation loans aimed at installing photovoltaic power generation systems and ancillary facilities, which can be expected to reduce CO2 .

II. The use of proceeds is a renewable energy among green projects as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines and play an important role as a distributed power source in Japan's new energy policy.

b. Negative impact on Environment

When implementing the Green Renovation Loan, Orient Corporation verifies the content of the contract with the customers, who are the contractors, and endeavors to carry out the renovations properly. After the customers confirmed the completion of renovation work, the company is to receive notification, and it has secured a framework to ensure the operation of the solar power generation systems.

In addition, the company provides an optional indemnity service called the "Integrated Solar Power System Compensation System." The company offers two services: compensation for installing solar power systems for franchisees and compensation for natural disasters such as typhoons and fires for purchasers.

The applicable period of the compensation system is ten years from the completion and delivery, and the recovery of the assets is secured under certain conditions until the redemption of the bonds.

When selecting franchisees, the company has established measures to deal with negative environmental impacts, such as requiring qualified personnel to install photovoltaic power generation systems.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Orient Corporation has a clear environmental goal, project selection criteria and process to determine the proceeds, which are shown in the evaluation report composed by JCR.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The proceeds of the bonds are to be used for refinancing of the funds for the implementation of the Green Renovation Loan by Orient Corporation (redemption of commercial paper) and is not expected to be used for any other purpose.

The proceeds of the bonds are deposited into an account dedicated to the bonds and will be used by the Finance Department to redeem the commercial paper by the end of January. On the other hand, until the bonds are redeemed, Orient Corporation is to select Green Renovation Loans that meet the eligibility criteria using its internal system so that they exceed 5 billion yen, the amount of the bonds.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The entire amount of the proceeds of the bonds will be used for the redemption of commercial paper promptly, so it is not currently assumed that the reports on unappropriated funds will be made during the term.

b. Impact reporting for environmental benefits

An overview of the Green Renovation Loan, which is to be used for funds, is described in Evaluation Phase 1 of this report. In the future, Orient Corporation will regularly disclose the estimated amount of electricity generated and the estimated amount of CO2 saved by installing solar power generation systems, etc. subject to Green Renovation Loans on its website, etc. once a year.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (please specify): |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input checked="" type="checkbox"/> Reporting reviewed | |

Yes, both use of proceeds and impact reporting are subject to external review.

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Orient Corporation's website about CSR efforts

<https://www.orico.co.jp/company/csr/>

(Provided in Japanese only)

JCR's website about green bond evaluation methodology

<https://www.jcr.co.jp/en/greenfinance/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Japan Credit Rating Agency, Ltd.

Date of publication:

December 11, 2018

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.