

—————JCR Green Finance Evaluation by Japan Credit Rating Agency, Ltd.—————

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

JCR assigned Green1(F) to the Green Finance Framework of Nagoya Railroad Co., Ltd.

S u b j e c t : Green Finance Framework of Nagoya Railroad Co., Ltd.

<Green Finance Framework Evaluation Results>

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

Chapter 1: Evaluation Overview

Nagoya Railroad Co., Ltd. (Meitetsu) is one of the major private railway companies in Japan. Meitetsu was founded in June 1894 as Aichi Horsecar and re-established in June 1921. Following the transfer of the city internal line to Nagoya City in 1922, Meitetsu was merged with Mino Electric Railway in 1930 and with Kagamihara Railway and Aichi Electric Railway in 1935, and the current foundation was established.

Meitetsu is engaged in a wide range of business activities, including transportation, real estate, and other businesses centered on railways. Among these, in the transportation business, as a result of expanding the network in the main railway business, Meitetsu has 444.2 kilometers of railway in Aichi and Gifu prefectures, which is the third largest private railway in terms of the railway operating distances. In the Real Estate business, Meitetsu has many real estate leasing facilities in the vicinity of Nagoya Station and major stations along the railway lines. These two businesses are the main sources of profit.

The subject of evaluation is the green finance framework established by Meitetsu to limit proceeds by Meitetsu by means of bonds, loans, etc. to use for environmental improvement effects. JCR evaluates whether the framework meets ICMA's Green Bond Principle (2018), Green Loan Principle of LMA and APLMA and Green Bond Guideline (2017).¹

The framework defines the use of proceeds as "Projects related to clean transportation" and "Projects related to energy efficiency". JCR evaluates that "Projects related to clean transportation" will contribute to the reduction of electric power consumption and improvement of the environment along the railroad line by reducing noise and vibration. In addition, the "Projects related to energy efficiency" assume that the projects have already obtained or are expected to obtain CASBEE certification B+ or higher and BELS certification three stars or higher, or expected to achieve energy efficiency or reduce water consumption by 10% or more. JCR evaluates these projects as targeted buildings which have environmental improvement effects. When implementing projects, environmental and social risks are examined, and if there is a risk of negative environmental impacts, appropriate mitigation measures are taken against these risks. Based on these factors, JCR evaluated the use of proceeds in this framework as having a high environmental improvement effect.

Regarding the management and operation, in the selection and process of the target project, a request for approval was made by the General Manager of Finance and Accounting Department. Target project is reported in "Meitetsu Group Action and Eco Promotion Committee", where the General Manager of Public Relations Department is chaired and it consists of Meitetsu's directors and executives of major Meitetsu Group companies. JCR confirmed that the project approval system was properly established and reported to top management. In addition, JCR also confirmed the robust management and operation system and high transparency of Meitetsu, as the internal control system for cash management was properly established and the disclosure system before and after the execution of green finance was appropriate.

As a result, JCR assigns "g1(F)" for "Evaluation of Greenness (Use of Proceeds)" and "m1(F)" for "Evaluation on Management, Operation and Transparency". Consequently, JCR assigns "Green1(F)" as an overall evaluation results to the Framework. The evaluation results are described in detail in the next chapter. JCR has also evaluated that the framework meets the criteria for the standards for Green Bond Principles, Green Loan Principles and Green Bond Guidelines.

¹ The Green Bond Principles, the Green Bond Guidelines and the Green Loan Principles are principles voluntarily published by the International Capital Markets Association (ICMA), the Loan Markets Association (LMA) and the Asia Pacific Loan Markets Association (APLMA) and Ministry of the Environment, Japan, respectively, and are not binding on them, but will be evaluated by JCR with reference to those principles and guidelines as globally unified standards at this time.

Chapter 2: Current Status of the project on each evaluation factor and JCR's evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1(F)", the highest grade, to "Evaluation Phase 1: Greenness Evaluation"
 Rationale: 100% use of proceeds of the framework will be allocated to a green project, considering the factors described below.

(1) JCR's key consideration in this factor

In this section, JCR first assesses whether the Green Eligible Criteria set out in the framework are green projects with clear environmental improvement effects. Next, 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 has negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Assessment Framework and JCR Evaluation

<The Framework for Use of Proceeds>

1. Use of proceeds

(Overview of Use of Proceeds)

Projects which have environmental improvement effects such as items listed on "Meitetsu Eco Plan: Actions to reduce environmental impact" and other projects.

- Projects related to clean transportation
 - Purchase of rolling stock equipped with variable frequency drive and weight reduction of rolling stocks
 - Introduction of heavy railway tracks and longer railway tracks than ordinary one.
- Projects related to energy efficiency
 - New construction and acquisition of environmentally-friendly buildings and energy-saving renovation of buildings, such as those evaluated by local governments, etc.

Eligibility Criteria

- Projects that comply with laws and regulations
- Projects where environmental improvement effects and negative environmental impacts are appropriately avoided
- Projects that measure environmental improvements (CO₂ emissions and reductions in energy consumption) in the railway business
- Projects to improve the efficiency of railway operations (such as shortening operating hours)
- A property that has obtained or plans to obtain the following environmental certification (including self-evaluation) In the real estate business.
 - CASBEE B + or more, BELS certification three stars or more
- Renovations, Which energy efficiency effects of 10% or more or reduction in water consumption is expected.

<Evaluation of JCR for Use of Proceeds >

a. On the environmental improvement effects of the project

- i. The eligible projects in this framework are "Clean transportation", "Green buildings which meet regional, national or internationally recognised standards or certifications" and "Energy efficiency" which are highly effective in improving the environment.**

(Projects related to clean transportation)

Both the purchase of rolling stock equipped with variable frequency drive and the weight reductions of rolling stocks are projects that can reduce the electricity power consumption when trains run. Rolling stock equipped with variable frequency drive is a rolling stock which has variable frequency drive that control the acceleration force and speed of a train by AC motor while changing the voltage and frequency. That train is capable of acceleration and deceleration with less power than a train equipped with a conventional control system. In addition, the weight reduction of the rolling stock can reduce the electric power required to accelerate and decelerate the train. The introduction of heavy railway tracks and longer railway tracks will contribute to the reduction of noise and vibration caused by the operation of trains and to the improvement of the line-side environment.²

(Projects related to energy efficiency)

Properties that have already obtained or plan to obtain environmental certification for CASBEE B+ or more or three stars or more of BELS certification, as well as renovation projects that are expected to achieve energy efficiency of 10% or more or reduce water consumption.

JCR's evaluation on the eligibility criteria for the Meitetsu energy efficiency projects is described below.

<Evaluation of environmental certification>

1. CASBEE (Comprehensive Building Environment Performance Assessment System)³

The CASBEE's assessment results are divided into five grades: S (excellent), A (very good), B+ (good), B- (slightly poor), and C- (poor). CASBEE for Real Estate is classified into four grades: S (excellent), A (very good), B+ (good), and B (satisfying essential items). The evaluation method is a reconfiguration and quantification of the performance in the four fields of energy consumption, resource recycling, regional environment, and indoor environment in buildings from the viewpoints of environmental quality of buildings (Q = Quality) and environmental burden of buildings (L = Load). Evaluation is based on the BEE (Building Eco-Efficiency) value with L as the denominator and Q as the numerator. High evaluation requires Comprehensive high quality of building such as energy efficiency and the use of materials and equipment with low environmental impact, in addition to give consideration to indoor comfort and landscape. Meitetsu defines Buildings with B+ or higher as eligible criteria are properties with a BEE of 1.0 or higher, indicating that the environmental quality of the building is greater than or equal to the environmental impact of the building. JCR considers this standard to be appropriate.

² Length of one rail to 200 m or more by welding, etc.

³ An acronym for the English name of the Building Environment Performance Assessment System. (Comprehensive Assessment System for Built Environment Efficiency)

This is a method for evaluating and rating the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for buildings was established as a joint project with industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Since then, the committee has been continuously conducting development and maintenance. In addition to CASBEE for Buildings, CASBEE for Urban Development, assessment tools include CASBEE for Real Estate developed for the real estate market with the purpose of showing environmental performance in an easy-to-understand manner. Some municipalities are obligated to submit environmental plans when constructing buildings of a certain size, using CASBEE.

2. BELS (Building Energy Conservation Performance Indication System)

BELS is an English acronym for Building-housing Energy-efficiency Labeling System. BELS is a building energy efficiency performance indicator system under which third-party assessment bodies evaluate and accredit the energy efficiency performance of new and existing buildings. The outer skin performance (performance standards and specification standards) and primary energy consumption (performance standards and specification standards) are subject to evaluation, and the evaluation results are expressed in stars according to the achievement values of the energy efficiency standards. High evaluation requires excellent energy-efficiency performance. In BELS, this ranking is based on BEI (Building Energy Index). The number of stars is divided from one to five by BEI. BEI is a measure of energy efficiency performance that uses the designed primary energy consumption as the molecular weight and the standard primary energy consumption as the denominator, and is compared with the standard value. One star is the existing energy saving standard, two stars is the energy saving standard, and three stars are the guiding standard. Buildings with BELS three star or higher specified by Meitetsu as eligible criteria are considered appropriate based on energy efficiency performance (non-residential: BEI value of 0.8 or less) that exceeds the guiding standard.

< Evaluation of Renovation >

For renovations, it is stipulated that the energy efficiency or water consumption is expected to be reduced by 10% or more of the target property. JCR believes that target setting is not very high when it compared with the global level, but it is appropriate to set the target value in the current Japanese Green Building Market.

Based on the above, JCR evaluates both the projects related to clean transportation and the projects related to energy efficiency are the projects with effective in improving the environment.

- ii. **The use of proceeds falls under the category of "Clean transportation", "Green buildings which meet regional, national or internationally recognised standards or certifications" and "Energy efficiency" among the green projects defined in the Green Bond Principles, the Green Loan Principles, or the Ministry of Environment of Japan's Green Bond Guidelines.**

b. Negative impact on the environment

Meitetsu examines environmental and social risks when implementing projects, and takes the following mitigation measures against risks when there is a risk of adverse effects on the environment. The following measures will be taken to mitigate the negative impacts for the estimated negative impacts on the environment by the projects that are defined as eligible criteria of Meitetsu's green finance framework.

1. Assumed risks

- Noise and vibration generated during construction and impact on the landscape
- Adverse effects of inappropriate treatment of equipment and facilities prior to replacement
- Social impact of the deterioration of the working environment

2. Risk mitigation measures

- Complying with laws and regulations (limited to those applicable)
- Safety management of workers in construction

Based on the assumed risks and measures for risk mitigation stated above, JCR confirmed that Meitetsu has a framework for implementing appropriate risk mitigation measures in response to the risks in projects which is targeted for use of proceeds.

c. Consistency with SDGs goals and Targets

The use of proceeds stated in Meitetsu's green finance framework are classified as "clean transportation", "Green Buildings which meet regional, national or internationally recognised standards or certifications" and "energy efficiency". JCR evaluated these projects as contributing to the following SDGs objectives and targets, referring to the SDGs mapping of ICMA.



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



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

Target 11.2. by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

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.

Target 11.7. By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

Evaluation Phase 2: Evaluation on Management, Operation and Transparency

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

Rationale: These projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's key consideration in this factor

In this section, JCR confirms that the objectives to be achieved through the green bond or green loan, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors or borrowers.

(2) Current status of evaluation targets and JCR evaluation

a. Goal

<The Framework for Green Bond Issuance Objectives>

(Investment Policy Based on Long-Term Vision)

[Meitetsu Group Eco Vision]

Basic Principle

Meitetsu Group aims to be an environmentally friendly company by considering environmental issues on a global scale and acting at the local and individual levels.

Basic Policy

1. Improvement of the Awareness of Environmental Issues among Every Employee

We will strive to raise awareness through environmental education and awareness-raising so that each and every employee can act in order to realize a sustainable society and to understand global environmental issues correctly.

2. We strive to improve and provide our environmental conservation-related technological capabilities

Leveraging the Group's wide-ranging businesses, each company aims to reduce its environmental burden by sharing its own and developing environmental conservation businesses and know-how and providing them to society.

3. We value the cooperation with local communities and make social contributions to environmental conservation.

We will work with local communities and other stakeholders to improve global environmental conservation. We will also deepen dialogue with all stakeholders by disclosing environmental information.

4. Ensuring Proper Understanding and Compliance with Environmental Laws and Regulations

In accordance with Meitetsu Group Basic Policy on Corporate Ethics, we will strive to prevent and reduce environmental risks through mutual exchange of information among Group companies, as well as understanding and compliance with environmental laws and regulations.

(continued on following page)

Action Targets

In accordance with the above basic principles and policies, each Meitetsu Group company sets action targets for its environmental activities.

<Evaluation of JCR for Green Bond Issuance Objectives >

Meitetsu will select and implement projects described in the green finance framework, with the objective of contributing to the realization of the principles and four basic policies set out in “Meitetsu Group Eco Vision”, which is the environmental policy of the entire Meitetsu Group. The Meitetsu Group companies set action targets for environmental activities under the Meitetsu Group Eco Vision. As part of the Meitetsu Eco Plan, Meitetsu has formulated its environmental policy, action guidelines, and action targets as follows.

[Meitetsu Eco Plan (Nagoya Railroad Co., Ltd. Environmental Policy)]

Action Guideline

<Reducing the environmental impact>

1. Reduce greenhouse gases by setting targets for energy efficiency and recycling.
Achieve the operating power reduction target (basic unit).
Achieve 100% recycling rate for end-of-life tickets.

<Improvement in the convenience>

2. We will provide efficient and convenient public transportation services and promote the use of environmentally friendly railways.

<Contribute to local environment>

3. We will work with local residents to promote environmental conservation activities and contribute to the creation of environmentally friendly local communities.

<Compliance with Environmental Laws and Regulations>

4. We will raise awareness of environmental issues and ensure thorough compliance with environmental laws and regulations.

Action Targets

Each department sets environmental action targets in accordance with the business operations under its jurisdiction. All department managers declare the content as "Eco-Manifests" and review it annually.

In Meitetsu Group Environmental Report 2018, the "Projects related to clean transportation" (purchase of rolling stock equipped with variable frequency drive, weight reduction of rolling stock, introduction of heavy railway tracks and longer railway tracks than ordinary one), one of the eligible projects in Meitetsu's green finance framework, is listed as a specific initiative in the above-mentioned action guidelines. In addition, the "Projects related to energy efficiency" was confirmed to fall under the category of "2. We strive to improve and provide our environmental conservation-related technological capabilities" in the basic policy of "Meitetsu Group Eco Vision."

These principles and policies of Meitetsu Group and Meitetsu are properly disclosed on Meitetsu's website. In addition, JCR evaluates projects that are subject to the use of green finance in accordance with the principles and policies.

b. Selection standard

<The Framework for Selection Criteria>

Eligibility Criteria

- Projects that comply with laws and regulations
- Projects where environmental improvement effects and negative environmental impacts are appropriately avoided
- Projects that measure environmental improvements (CO₂ emissions and reductions in energy consumption) in the railway business
- Projects to improve the efficiency of railway operations (such as shortening operating hours)
- The property that have obtained or plan to obtain the following environmental certification (including self-assessment) In the real estate business.
CASBEE B + or more, BELS certification three stars or more
- Renovations, Which energy efficiency effects of 10% or more or reduction in water consumption is expected.

<Evaluation of JCR for Selection Criteria>

Meitetsu green finance's eligibility criteria for selecting the use of proceeds are as stated above and "Evaluation Phase 1: Greenness Evaluation." JCR evaluates these criteria as targeting businesses with environmental improvement effects.

c. Processes

<The Framework for Processes>

(Selection Process for Eligible Projects)

1. Project Selection Participants

Projects to be the use of proceeds are reviewed by Finance and Accounting Department and Public Relations Department, which is responsible for matters related to environmental measures, and evaluated and selected.

2. Project selection process

In selecting the target project, Finance and Accounting Department interviews Management Strategy Department, which controls the entire investment, and the candidate business departments. After that, Finance and Accounting Department selects the candidate projects.

Subsequently, after confirming the green eligibility of the candidate project to Public Relations Department, a request for approval is submitted to the General Manager of Finance and Accounting Department. "Meitetsu Group Action and Eco Promotion Committee", chaired by the Chief Executive of Public Relations Department and composed of the directors of Meitetsu and the directors of major Meitetsu Group companies, will be reported on selected projects.

<Evaluation of JCR for processes>

At Meitetsu, Finance and Accounting Department selects candidates and Public Relations Department checks the green eligibility of candidates against the eligibility criteria described in "b. Selection Standard". Subsequently, a request for management decision is made by the director in charge of Finance and Accounting Department, and the project is decided. The target projects will be reported to "Meitetsu Group Action and Eco Promotion Committee", which is chaired by the Chief Executive of Public Relations Department and is composed of executives of Meitetsu and executives of major Meitetsu Group companies. The selection process and subsequent

reporting clearly demonstrate the involvement of management, and JCR evaluates the selection process as appropriate.

The criteria and processes for the green bond issuance or green loan implementation of Meitetsu are scheduled to be disclosed in this evaluation report, ensuring transparency for investors and lenders.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's key consideration in this factor

The management method of the proceeds is usually assumed to be diverse by the issuer or borrower. JCR assesses whether the proceeds under this framework firmly allocated to the green project and the project have internal systems to easily track the allocation of the proceeds and the money funded under this framework will be allocated to the green project at once.

JCR also considers the evaluation of asset management of unallocated money. It also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the proceeds procured under the framework will be allocated to the green projects at an early stage.

(2) Current status of evaluation targets and JCR evaluation

<The Framework for proceeds management>

3. Management of the proceeds

(Methodology of Linking Proceeds to Assets)

The proceeds are fully tied to a pre-selected individual project.

(Method of Tracking and Management of proceeds)

Finance and Accounting Department tracks and manages the procurement funds on the internal system so that the proceeds are allocated to pay for the target project. Meitetsu will also periodically confirm that the difference between the amount of the proceeds and the amount allocated for the project or the full amount has been allocated until the repayment of the Green Loan (or the redemption of the Green Bond).

(Internal and External Audits for Tracking Management)

Finance and Accounting Department will periodically report to the President and other management on the status of allocation of proceeds for the projects, and a system shall be established to submit to the Internal Audit Department, etc. as necessary.

(Method of Management of Unallocated proceeds)

Until the proceeds are allocated to the target project, the proceeds are managed in cash or cash equivalents (certificates of deposit, etc.). Meitetsu will manage in the same manner until the new project is selected and proceeds is allocated in case of unallocated proceeds are generated due to the cancellation of the project.

<Evaluation of JCR for proceeds management>

In this framework, proceeds procured through green finance are fully tied to individual projects. Since JCR believes that it is desirable to link the proceeds procured through green finance to the projects, JCR evaluates Meitetsu's management methods as appropriate.

In addition, JCR evaluates that the funding policy is highly transparent, since unallocated proceeds are managed in cash or cash equivalents (certificate of deposit, etc.) until the full allocation to the target project, and that, even if unallocated proceeds are generated due to the cancellation of the project, Meitetsu will try to allocate another eligible projects to reallocate the unallocated amount.

At Meitetsu, proceeds procured through green finance are managed by the internal system. Remittances shall be approved by the person in charge in Finance and Accounting Department, and withdrawals shall be approved

by the manager of the relevant department and approved by the person in charge in Finance and Accounting Department. Deposits and withdrawals are assumed to be made on a project-by-project basis.

JCR also confirmed that the audit corporation conducts quarterly accounting audits and that the accounting books are properly stored in preparation for audits. In addition, JCR also confirmed that Internal Audit Department conducts accounting audits and audits of internal controls on a regular basis.

JCR confirmed that the allocation status of the project is periodically reported to the President and other executives by Finance and Accounting Department, and that documents related to the management of fund procurement are appropriately retained.

JCR evaluates the appropriateness and transparency of Meitetsu's cash management as high.

3. Reporting

(1) JCR's key consideration in this factor

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

(2) Current status of evaluation targets and JCR evaluation

<The Framework for Reporting System>

4. Reporting

(Method of Disclosure Concerning the Status of Allocation of Proceeds)

- The allocation of the proceeds will be disclosed annually to the lender (or investor) after approval by the General Manager of Finance and Accounting Department and Public Relations Department.
- Before the repayment of the Green Loan (or the redemption of the Green Bond), JCR will review the status of the allocation of proceeds and the reporting of environmental improvement effects.

(Methodology and Frequency of Disclosure of Impact Reporting)

- Impact reporting will be disclosed annually to the lender (or investor) after approval by the General Manager of Finance and Accounting Department and Public Relations Department.
- Before the repayment of the Green Loan (or the redemption of the Green Bond), JCR will review the status of the allocation of proceeds and the reporting of environmental improvement effects.

(Impact Reporting KPIs (key performance indicator))

The following impact reporting is planned as an environmental improvement effect.

- Projects related to clean transportation
 - Reduction in energy consumption
 - Reductions in CO₂ emissions
 - Degree of reduction of noise and vibration
 - Improvement of transportation efficiency (average delay time, reduction of average congestion rate, etc.)
- Projects related to energy efficiency
 - Acquisition status of environmental certification (CASBEE and BELS) (including self-assessment)
 - Implementation of energy-saving equipment

<Evaluation of JCR for the reporting system>

(Fund Allocation Status Reporting)

The use of proceeds under this framework is targeted at "projects related to clean transportation" and "projects related to energy efficiency", and some projects may take longer time to allocate full amount of proceeds. Meitetsu discloses to lenders or investors the status of allocation of internal approvals once a year until the proceeds procured are fully allocated.

(Impact Reporting)

Meitetsu plans to conduct an annual impact reporting on the effects of environmental improvement on lenders or investors after internal approval.

JCR evaluates the items and frequency of disclosure as appropriate along with Green Bond Principles and the Green Loan Principles.

4. Organization's environmental efforts

(1) JCR's key consideration in this factor

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority management issue, and whether the green finance policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

(2) Current status of evaluation targets and JCR evaluation

Meitetsu Group's management philosophy set forth in Meitetsu Group's Management Vision formulated in 2005 is "We, Meitetsu Group, aim to "be a top brand of trust" that is loved by local communities through businesses that realize affluent lifestyles". Based on this philosophy, we are committed to global environmental conservation activities as one of the fulfillment of our social responsibilities.

As part of this initiative, Meitetsu Group has established "Meitetsu Group Eco Vision" in 2006. To realize this vision, Meitetsu Group has been actively promoting environmental conservation activities on a group-wide basis, setting forth basic policies such as "Improving the awareness of environmental issues among every employee" and "We strive to improve and provide our environmental conservation-related technological capabilities". In addition, the "Action Eco Medium-Term Plan" was formulated for the three-year period from FY2018 to FY2020, and efforts are being made to reduce energy consumption and environmental impact by promoting concrete activities such as the introduction of energy-saving trains, eco-activities in offices, reduction of waste, and improvement of recycling rate.

"Meitetsu Eco Plan", an environmental policy that outlines the fundamental concept of environmental activities, was formulated in 2007 by Meitetsu as its action guidelines, which include "Reducing the environmental Impact", "Improvement in the convenience", "Contribute to local environment", and "Compliance with environmental laws and regulations". In addition, the "Action Targets" have been formulated in accordance with these Guidelines, and various concrete measures are being taken.

"Projects related to clean transportation", which is an eligible project indicated in Meitetsu's green finance framework, is exemplified in the Environmental Report as a project that contributes to the reduction of environmental impacts under "Meitetsu Eco Plan". In addition, the "Projects related to energy efficiency" is regarded as falling under the category of "We strive to improve and provide our environmental conservation-related technological capabilities" in basic policy of "Meitetsu Group Eco Vision". JCR evaluates Meitetsu Group Eco Vision as an example of how it is reflected in each company's environmental policies and embodied in more concrete projects.

In addition, Meitetsu encourages local residents to use public transportation, such as its own railway businesses, under the slogan "ECO MOVE by train" as "making it a simple and familiar environmental activity" compared to private cars. In railway businesses, Meitetsu introduced rolling stocks equipped with regenerative brakes that allow electric power generated by the train to act as a generator when the train brakes, return the electric power generated to the overhead line, and reuse (regenerate) the electric energy of other trains in operation. Rolling stocks equipped with variable frequency drive control functions, which control the acceleration and speed of the train by efficiently controlling the voltage and frequency of the alternating current motor, also have been successively introduced. The number of rolling stocks equipped with regenerative brakes or variable frequency drive has increased from 78% to 89.9% among the 1,072 vehicles registered at the end of FY2017 compared to 10 years ago. JCR evaluates this as an indicator of Meitetsu's efforts to reduce its environmental burden.

Meitetsu Group's Environmental Report 2018 also includes a message from the President. JCR evaluates these initiatives as an indication of management's high interest in environmental issues and high priority issues.

Meitetsu has Public Relations Department as a department with specialized knowledge of environmental issues. The department is responsible for preparing basic policies on environmental measures, the secretariat of "Meitetsu Group Action and Eco Promotion Committee", preparing environmental reports, and other information dissemination activities. Meitetsu also participates in meetings with private railway companies to exchange opinions on the environment, and regularly exchanges opinions with them.

When implementing Green Finance, Finance and Accounting Department selects a candidate project, Public Relations Department confirms its eligibility as a green finance, and then Finance and Accounting Department Chief Executive makes a decision. Subsequently, Report will be made on "Meitetsu Group Action and Eco Promotion Committee", which consists of directors of Meitetsu and directors of major Meitetsu Group companies.

JCR considers environmental issues to be a high priority for the management of these organizations, although it is not external expert, the departments with expert knowledge are clearly involved as organizations in the selection of green bond procurement policies and processes and green projects.

■ Evaluation result

Based on JCR Green Finance Evaluation Method, JCR assigns "g1(F)" for "Evaluation of Greenness (Use of Proceeds)" and "m1(F)" for "Evaluation on Management, Operation and Transparency". Consequently, JCR assigns "Green1(F)" as an overall evaluation. The Framework is considered to meet the criteria for items in Green Bond Principle, Green Loan Principle and MOE's Green Bond Guidelines.

[JCR Green Finance Framework Evaluation Matrix]

		Management, Operation and Transparency				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	Not Qualified
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	Not Qualified	Not Qualified
	g5(F)	Green 5(F)	Green 5(F)	Not Qualified	Not Qualified	Not Qualified

■ Evaluation Subject

Issuer/Borrower: Nagoya Railroad Co., Ltd. (Securities Code: 9048)

[Assignment]

Target	Evaluation
Green Finance Framework	JCR Green Finance Framework Evaluation: Green 1(F) Evaluation of Greenness :g1(F) Management, operation, and transparency :m1(F)

Analysts in charge of this evaluation: Atsuko Kajiwara and Kosuke Kajiwara

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

JCR Green Finance Framework Evaluation provided by Japan Credit Rating Agency, Ltd. (JCR) evaluates the policies set forth in the Green Finance Framework, and presents JCR's overall opinion at this time on the suitability of the Green Project as defined by JCR and the extent of efforts to ensure management, operation, and transparency regarding the use of funds. Therefore, it is not intended to perform specific environmental improvement effects, management and operational systems, and transparency evaluations, etc. of the use of funds for individual bonds or borrowings, etc. implemented based on the said policy. In cases where green finance evaluations are granted for individual bonds or individual borrowings based on the framework, it is necessary to perform a separate evaluation. JCR Green Finance Framework Evaluation does not demonstrate the environmental improvement effects of individual bonds or borrowing implemented under this framework, and does not assume any responsibility for the environmental improvement effects. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms matters that are quantitatively and qualitatively measured by the issuer or by 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 & ESG in <https://www.jcr.co.jp/en>) as JCR Green Finance Evaluation Method.

3. Relationship with Acts Related to Credit Rating Business

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

5. Independence in Evaluation of JCR Green Finance Framework

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

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