



NEWS RELEASE

March 31, 2020

【R&I Green Bond Assessment】

Asahi Holdings, Inc. Green Bond : GA1 (Formal)

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment (GA1 (Formal)). R&I announced a preliminary assessment for this instrument on January 31, 2020. The preliminary assessment has now been converted to a formal assessment.

【DESCRIPTION OF INSTRUMENT】

INSTRUMENT NAME	Asahi Holdings Green Bond
ISSUER	Asahi Holdings, Inc.
ISSUE AMOUNT (mn)	JPY 5,000 (Private offerings)
R&I GREEN BOND ASSESSMENT	GA1(Formal)
ISSUE DATE	March 31,2020
MATURITY DATE	March 31,2025

R&I has confirmed that the green bond is in conformity to the green bond framework developed by Asahi Holdings from the perspectives of the fixed issue amount, term, etc. and assigned GA1 (Formal) to the green bond.

Details are provided in the attached press release dated January 31, 2020 regarding R&I Green Bond Assessment (GA1 (Preliminary), Second Opinion).

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.



NEWS RELEASE

January 31, 2020

【R&I Green Bond Assessment】

Asahi Holdings, Inc. Green Bond : GA1 (Preliminary)
: Second Opinion

(The second opinion is an opinion regarding the alignment with the Green Bond Principles, etc.)

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment (GA1 (Preliminary), Second Opinion).

【DESCRIPTION OF INSTRUMENT】

INSTRUMENT NAME	Asahi Holdings Green Bond
ISSUER	Asahi Holdings, Inc.
ISSUE AMOUNT (mn)	JPY 5,000 scheduled (Private offerings)
R&I GREEN BOND ASSESSMENT	GA1(Preliminary)
ISSUE DATE	March 31,2020 scheduled
MATURITY DATE	March 31,2025 scheduled

【Summary】

The main business of Asahi Holdings, Inc. is precious metal business and environmental preservation business. In the precious metal business, the Company recycles and sells precious and rare metals by collecting them from waste materials containing precious metals. In the environmental preservation business, the Company engages in collection/transportation and intermediate treatment of industrial waste.

Asahi Holdings, Inc. plans to issue a green bond to use the proceeds to finance the building/upgrading of waste incinerators and building of power generation facilities, Asahi Holdings formulated a green bond framework that coincides with four requirements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) specified by the Green Bond Principles.

【R&I Green Bond Assessment】

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that the proceeds from the green bond would be invested into projects with significant environmental benefits, and assigned GA1 (preliminary) to the green bond. Comprehensively R&I is confident that the Asahi Holdings Green Bond issued under this framework is in line with the Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan. This is a preliminary assessment and will be reassessed after the final confirmation of bond issuance details.

【Second Opinion on the alignment with the Green Bond Principles, etc.】

R&I has also provided a second opinion that the green bond framework is aligned with the Green Bond Principles 2018 and the Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

Note that R&I has confirmed that the green bond scheduled to be issued is going to be in conformity to the said framework from the perspectives of issue amount and term, details of eligible projects, assets and investment schedule, etc.

【Rationale】

- Proceeds will be used for refinancing and investment related to the building/upgrading of waste incinerators and building of power generation facilities. The business operated by the Company using the proceeds will contribute to solving environmental issues as it involves proper processing of and heat recovery from waste which is forced to be incinerated and disposed of in Japan amid a decline in the final disposal rate of waste in line with the formation of a sound material-cycle society due partly to increasing frequency and severity of weather disasters and issues of transboundary movement of waste. In terms of the environmental benefits, it contributes to reducing CO2 emissions through replacement of grid electricity through heat recovery and increase in efficiency of incinerators in addition to prevention of environment pollution caused by waste. R&I has determined that the use of proceeds is appropriate.
- In selecting a project, comprehensive assessment is conducted in consideration of conformity to the environmental policy and contribution to the priority SDG-related goals in addition to checking selection standards that give consideration to the environment related to technologies and facilities. The process has control and checking features, ensures expertise, and is clear and rational.
- The Planning Division manages the status of allocation of the proceeds to individual projects using systems, etc. Appropriate response is stipulated, for example, evidence and other documents are stored as per the internal rules and unallocated proceeds are managed as cash or cash equivalent, short-term financial assets, and others.
- The status of allocation of proceeds, environmental benefits, and other information will be reported annually on the Company's website. The contents of report are reasonable as information such as the reduction of CO2 emissions will be disclosed by project.
- The Company has a framework to build an environmental management system controlled by the ISO Secretariat and conduct environmental preservation activities that are closely linked to its business. Examples of environmental activities include acquisition of ISO14001 certification for offices in Japan including affiliated companies, various initiatives to achieve the target to reduce CO2 emissions vs. FY2015 by FY2030, and environmental preservation activities initiated by employees.

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

■ Outline of the Issuer

Since its founding in 1952 as Asahi Chemical Laboratory engaged in silver recycling business from photographic fixing solutions, Asahi Holdings, Inc. has engaged in precious metal recycling. In line with the enforcement of the Waste Management and Public Cleansing Act in 1971, the Company started the waste disposal business aimed at reducing environmental burdens across society.

The Company has set the “Asahi Way,” the corporate philosophy that should be shared by group employees, including credo, corporate values, employee principles, and code of conduct. The Company aims to implement the “Asahi Way” with the goal of achieving the group’s sustainable growth and enhancement of mid- to long-term corporate value.

The Asahi Way

“Totally Committed to Protecting the Natural Environment and Preserving Resources”

【Our Credo】

We conserve limited natural resources, preserve the global environment, and support human health.

【Our Corporate Values】

- **Cooperation with stakeholders**
We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.
- **Corporate governance with a balance of protective and proactive measures**
We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.
- **No growth without profit**
We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.
- **Trusted corporate brand**
We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.
- **Addressing diverse risks**
We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.
- **Highly motivated employees**
We promote work-life balance for employees and continuously improve working environments and conditions.
- **Strong sense of mission and high ethical standards**
We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.
- **Being a company of good people**
We value good employees over the long-term; our vision of a “good employee” is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

【Our Employee Principles】

- Innovate and embrace challenges
- Put safety first
- Maintain high quality
- Promptly report (especially bad news)
- Build trust and connection

【The Asahi Holdings Group Code of Conduct】

- #1 We comply with all laws and regulations
- #2 We respect the dictates of social norms and our own conscience
- #3 We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
- #4 We refrain from conducting any political or religious activities in the workplace
- #5 We treat customers with sincerity
- #6 We practice fair competition and optimal decision-making when selecting business partners
- #7 We respect the confidential information obtained through our work and avoid disclosing it externally
- #8 We refrain from providing or receiving meals or gifts in pursuit of personal benefit
- #9 We act for the greater good, not for personal or affiliated parties’ gain
- #10 We focus on the actual sites, actual things, and actual facts

【Source : Asahi Holdings Website】

NEWS RELEASE

Active promotion of the SDGs has been included in the 8th Medium-term Business Plan (FY2018 to FY2020). The Company aims to contribute to achieving the SDGs through business activities by setting the six priority SDG-related goals.

Priority SDG-related Goals	Goal to address the achievement
<p>1 Expand precious metal recycling We will expand and promote precious metal recycling globally in order to make more effective use of limited global resources.</p>	
<p>2 Supply precious metals in ways that are friendly to people, society, and the environment We will help create a sustainable society by supplying precious metal products while protecting the environment and human rights. We will use precious metal-containing scrap and raw materials free from conflict minerals.</p>	
<p>3 Expand waste recycling We will strive to expand waste recycling as a waste disposal expert and work to help realize a sustainable recycling society.</p>	
<p>4 Reduce CO₂ emissions We will work to reduce CO₂ emissions group-wide by implementing energy saving activities at each site, switching to low CO₂ emission power plans.</p>	
<p>5 Enhance the system for human resources to succeed We will strive to enhance job satisfaction by improving the system to help diverse human resources to succeed within the Group. This will be done by reforming working styles, implementing health management, and promoting diversity.</p>	
<p>6 Encourage and support SDG-related activities We will encourage and support employee activities outside the Group's main business areas that contribute to SDG achievement, including individual and group volunteer activities. This initiative is called "Asahi Holdings SDG Activities."</p>	

【Source : Created R&I from Asahi Holdings CORPORATE REPORT2019】

The Company has identified social issues and clarified the values provided by the Company based on strengths of its business activities. Social issues in the precious metals business and environmental preservation business are deeply related to the environment.

Business Segments	Social issues	strengths	Value provided by Asahi
Precious metals business	<ul style="list-style-type: none"> -Depletion of precious metal resources -Environmental destruction during mining -Human rights and labor issues related to mining -Money laundering and terrorism financing risk 	<ul style="list-style-type: none"> -Outstanding technologies for <u>recycling and refining of precious metal</u> -Highly transparent procurement and management systems that meet international standards -Global business development in Asia and North America 	<p>Precious metal products</p> <p>By recycling the precious metals indispensable for modern manufacturing, we are contributing to the effective utilization of resources and the development of industry.</p>
Environmental preservation business	<ul style="list-style-type: none"> -Contamination by <u>hazardous waste</u> -Impact on land and <u>ocean ecosystems</u> -Pollution of <u>water resources</u> 	<ul style="list-style-type: none"> -Advances and wide-ranging <u>treatment technologies for various waste products</u> -Group network and licenses covering all of Japna 	<p>Proper processing and recycling of industrial waste</p> <p>By properly processing and recycling a wide variety of waste materials, we are helping to realize a recycling-oriented society.</p>

【Source : Created R&I from Asahi Holdings CORPORATE REPORT2019】

In the environmental preservation business, the Company is committed to contributing to realizing a sustainable society and solving global environmental issues by solving social issues through detoxification and proper processing of waste. Efforts to control emissions and proper processing of waste are required under the Waste Management and Public Cleansing Act. Related laws include the Basic Act on Establishing a Sound Material-Cycle Society, which has a higher authority and aims to establish a sound material-cycle society, and various recycling laws related to each waste. Types of waste that are primarily processed by the Asahi Holdings Group are industrial waste and specially controlled industrial waste. Industrial waste is waste generated as a result of business activities and categorized into 20 types. Among those, waste that is designated by a government ordinance as having an explosive nature, toxicity, infectivity, or other characteristics that may harm people's health or living environment is categorized as specially controlled industrial waste. Licenses are necessary to process these waste and the Group has acquired licenses for collection, transportation, and intermediate treatment of most types of these waste. There is a recognition system for excellent industrial waste management companies in which prefectures and government ordinance cities examine and certify excellent industrial waste management companies that conform to more stringent standards compared to ordinary permission standards. Asahi Pretec, a group company, is certified in all prefectures and government ordinance cities.

Licenses acquired by the Group [As of March 31,2019]

Industrial waste collection transportation license All prefectures and government ordinance cities	Industrial waste collection transportation license All prefectures and government ordinance cities
Industrial waste disposal license 12 prefectures and 8 government ordinance cities	Industrial waste disposal license 12 prefectures and 8 government ordinance cities
Specially controlled industrial waste collection transportation license All prefectures and government ordinance cities	Specially controlled industrial waste collection transportation license All prefectures and government ordinance cities
Specially controlled industrial waste disposal license 10 prefectures and 7 government ordinance cities	Specially controlled industrial waste disposal license 10 prefectures and 7 government ordinance cities
Excellent industrial waste management company certification* Asahi Pretec: All prefectures and government ordinance cities	Excellent industrial waste management company certification* Asahi Pretec: All prefectures and government ordinance cities

[Source : Created R&I from Asahi Holdings CORPORATE REPORT2019]

The Company plans to issue green bonds by considering the use of funds suited to its policy for environmental activities through business activities and developing a green bond framework.

■ Overview of the Green Bond Framework

Asahi Holdings has developed a green bond framework, which addresses the four key pillars of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting, under which it intends to issue a green bond. The summary of this Framework is as follows:

1. Use of Proceeds

- Proceeds will be remitted to its subsidiary Asahi Pretec and allocated to the following projects:

No	Project	Category
1	Upgrading of waste incinerator and building of new power generation facilities for Kitakyushu Plant, Asahi Pretec	<ul style="list-style-type: none"> Energy efficiency Pollution prevention and control
2	Building of a new waste incinerator for Taniyama Rinkai Plant, Taiyo Chemical	<ul style="list-style-type: none"> Energy efficiency Pollution prevention and control
3	Upgrading of waste incinerator for Hibiki Plant, Asahi Pretec	<ul style="list-style-type: none"> Pollution prevention and control

[Project 1]

Location	3-81-5 Shinmoji, Moji-ku, Kitakyushu-shi, Fukuoka
Progress	Scheduled completion in June 2020
Size	2,942 million yen (excluding the subsidy for projects supporting low-carbon waste treatment)
Fund allocation plan	Refinancing: 2,021 million yen New: 921 million yen
Overview	Promoting proper processing of waste and efficient waste disposal in Kyushu through upgrading of incinerators in waste processing facility and introduction of power generation facility using waste heat generated at the time of waste incineration.
Environmental benefits	<p>[1] Reduction of CO2 emissions Replacing grid electricity by generating electricity through introduction of a power generation facility that collects and uses waste heat generated from waste incineration.</p> <p>[2] Reduction of exhaust gas emissions Lowering the upper limit of emissions compared to the previous equipment by reinforcing exhaust gas treatment equipment.</p>

[Project 2]

Location	3-2-10 Taniyamako, Kagoshima-shi
Progress	Completed in April 2018 (in operation)
Size	1,823 million yen
Fund allocation plan	Refinancing: 1,823 million yen
Overview	Promoting proper processing of waste and efficient waste disposal in Kyushu through building of a large incinerator for a waste processing facility that accepts infectious waste emitted from medical institutions, waste plastics emitted from various plants, waste oil, and other industrial waste.
Environmental benefits	[1] Reduction of CO2 emissions Lowering the fuel consumption per unit necessary for waste incineration compared to the previous facility by introducing a new and efficient incinerator. [2] Increase in waste processing volume Increasing the intake of waste plastics by increasing the waste processing capacity through building of a new incinerator.

[Project 3]

Location	1-111-2 Hibikimachi, Wakamatsu-ku, Kitakyushu-shi, Fukuoka
Progress	Scheduled completion in April 2021
Size	1,650 million yen
Fund allocation plan	New: 235 million yen
Environmental benefits	[1] Increase in waste processing volume Increasing the waste processing capacity through building of a new incinerator. Planning to obtain permission for general waste treatment aimed at responding to disasters and processing waste that is difficult to incinerate at local municipalities' incineration facilities.

- Identifying environmental risks that are projected to be generated by each project and taking environmental preservation measures pursuant to laws and regulations.
- Each project conducts environmental impact assessment pursuant to environmental laws and regulations as well as regulations of local governments.

Projected environmental risks	Key environmental preservation measures
Pollution of air quality	<ul style="list-style-type: none"> Installation of flue gas desulfurization equipment Installation of flue gas denitration equipment Installation of dust collector
Generation of noise and vibration	<ul style="list-style-type: none"> Leveling of operating time of construction related vehicles Soundproofing of facilities
Soil contamination	<ul style="list-style-type: none"> Proper processing pursuant to the Soil Contamination Countermeasures Act Proper processing of effluent
Generation of bad odor	<ul style="list-style-type: none"> Sealed storage and proper processing of waste Sealed storage and proper processing of liquid waste
Generation of waste	<ul style="list-style-type: none"> Reduction of the amount of waste Recycling and proper processing of waste

2. Process for Project Evaluation and Selection

- In selecting technologies and equipment used for the green bond project, environment-related divisions which are primary players of each business, technology-related divisions, and administration-related divisions collaborate with each other, identify material factors through comparison with technologies and equipment that are similar in terms of environmental, economic, and financial perspectives, and discuss/determine selection standards for technologies and equipment at each occasion. The Company conducted primary evaluation and selection of the project based on the following selection standards with a particular focus on environmental and economic evaluation.

Technologies/equipment for which proceeds will be used	Technology/equipment selection standards
Power generation facility using heat generated from waste incineration	Using waste as a heat source and ensuring continued stable operation and power generation
Waste incinerator (building and upgrading)	Efficiency of waste incineration (the fuel consumption per unit necessary for waste incineration) improves compared to the existing waste incinerator.

- In addition to the above, comprehensive evaluation was carried out as part of the final selection in consideration of conformity to the environmental policy, contribution to the priority SDG-related goals, and probability of the occurrence of the environmental benefits. A final decision was made after holding deliberation at the Company's group executive meeting.

3. Management of Proceeds

- Group Finance will remit proceeds to the Company's subsidiary Asahi Pretec while Asahi Pretec will allocate proceeds to each project. Unallocated proceeds are managed as cash or cash equivalent, short-term financial assets, and others.
- The Company's Planning Division is responsible for follow-up management of proceeds which is checked by the Accounting Division. Total amount of proceeds, proceeds allocated to each project, and unallocated proceeds will be managed using electronic files. Until all proceeds are allocated, efforts are made to match the total of the amount of unallocated proceeds and that of allocated proceeds with the total amount of proceeds. After all proceeds are allocated, efforts are made to keep the total amount of proceeds above the cumulative total of the amount allocated to each project. These checks are conducted annually and evidence and other documents related to proceeds are managed appropriately as per the internal rules.

4. Reporting

- The latest information on the status of allocation of proceeds to each project, environmental benefits and other information will be disclosed to the public on the Company's website by project. Issuance report will be posted immediately after issuance of the green bond and annual report will be posted afterwards until maturity. When major changes occur after all proceeds are allocated to projects, information will be disclosed as necessary.

Details of disclosure

- A list of projects to which proceeds are allocated
- An overview of each project (including progress)

- The amount of proceeds allocated to each project
 - The amount of unallocated proceeds, plans for allocation of proceeds, and management methods of unallocated proceeds
 - Environmental benefits by the green project (reduction of CO2 emissions)
 - Estimated amount (or percentage) of proceeds allocated to refinancing of each project
-
- The Company's Planning Division is primarily in charge of developing issuance report and annual report. The Technology Management Division of Asahi Pretec checks the statements related to the environmental benefits. There is a plan to seek advice from an independent, third party institution for measurement, etc. of the environmental benefits.

■ Evaluation Result on the Green Bond Framework (Second Opinion)

In line with R&I Green Bond Assessment Methodology, R&I evaluated if the green bond framework prepared by Asahi Holdings is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

1. Use of Proceeds

For green bond proceeds to be used to invest in projects with environmental benefits, the eligible projects in which the funds are invested must be identified as being environmentally beneficial.

Main basis of the evaluation

- Details of the framework
- The contents of the target project

Evaluation

- R&I has determined that the use of proceeds is appropriate based on the confirmation that (1) Sufficient environmental benefits are expected from the Project, and (2) Consideration is given to potential negative impact on the environment/society.

[1] Are the environmental improvement effects from eligible projects sufficient?

[Project 1] Upgrading of waste incinerator and building of new power generation facilities for Kitakyushu Plant, Asahi Pretec

Reducing CO2 emissions through power generation with the effective use of waste heat to replace grid electricity. In addition, reinforcing exhaust gas treatment equipment attached to the waste incinerator will lower the upper limit of exhaust gas emissions compared to the previous equipment.

Heat recovery of waste processing is promoted in the Basic Energy Plan and the basic policy based on the Waste Management Act. The Project has been selected as a project for high-efficiency heat recovery from waste as part of the 2018 subsidy for CO2 emission control projects, etc. (low-carbon waste treatment support project). Quantitative environmental benefits will be assessed by multiplying the volume of electricity generated by the grid electricity CO2 emission factor.

[Project 2] Building of a new waste incinerator for Taniyama Rinkai Plant, Taiyo Chemical

A large incinerator has been built for a waste processing facility that accepts infectious waste emitted from medical institutions, waste plastics emitted from various plants, waste oil, and other industrial waste. The new incinerator is highly efficient and reduces CO2 emissions as a result of reducing fuel for waste incineration compared to the previous incinerator. The fuel consumption per unit necessary for waste incineration in 2019 was more than halved from 2017, before the introduction of the incinerator. In addition, the waste processing capacity will be increased which will lead to increasing the intake of waste plastics and preventing dissipation of waste, etc., including the handling of disaster waste. Quantitative environmental benefits will be assessed by deducting new incinerator's CO2 emissions from the existing incinerator's CO2 emissions.

[Project 3] Upgrading of waste incinerator for Hibiki Plant, Asahi Pretec

The introduction of a new incinerator will significantly increase efficiency of waste incineration compared to the previous incinerator. There is a plan to obtain permission for general waste treatment for the purpose of processing waste that is difficult to incinerate at local municipalities' incineration facilities and handling disaster waste in addition to increasing the waste processing capacity. These will lead to preventing dissipation of waste, etc.

- The Basic Act on Establishing a Sound Material-Cycle Society stipulates that in a sound material-cycle society, waste controls should be carried out in the order of [1] Prevention or reduction of generation, [2] Reuse, [3] Recycle, [4] Heat recovery, [5] Proper disposal; the final disposal rate of waste is on the decline. Meanwhile, waste processing in Japan has been a major issue due partly to increasing frequency and severity of weather disasters and issues of transboundary movement of waste. Further promotion of prevention or reduction of generation, reuse, and recycle of waste is deemed to be an urgent issue. The Project that aims to reduce environmental burdens to the extent possible for waste which is forced to be incinerated and disposed of is of great significance.

[2] Is consideration paid to potentially negative environmental or social effects?

- As stated in the overview of the framework, environmental risks are identified and appropriate environmental preservation measures are taken.
- In selecting a project, contribution to the priority SDG-related goals is being considered.

Based on the above, R&I has determined that the project falls under “energy efficiency” and “pollution prevention and control” and the use of proceeds is appropriate as the use of funds for green bonds. R&I has judged the use of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

2. Process for Project Evaluation and Selection

For green bond proceeds to be used to invest in projects with environmental benefits, the issuer's rationale and process regarding the selection of eligible projects must be clear and reasonable.

Main basis of the evaluation

- Details of the framework
- Confirmation of environmental guidelines and environmental targets

Evaluation

- As stated in the overview of the framework, in selecting a project, comprehensive assessment is conducted in consideration of conformity to the environmental policy and contribution to the priority SDG-related goals in addition to checking selection standards that give consideration to the environment related to technologies and facilities.
- Divisions specializing in environment are involved in the concept and standards of project selection and the concept and standards are clear and rational in selecting projects contributing to resolving environmental issues.
- The project selection process has control and checking features and ensures expertise.

For the reasons stated above, R&I has judged the process for project evaluation and selection under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

3. Management of Proceeds

For the green bond proceeds to be used to invest in projects with environmental benefits, the proceeds must be allocated to eligible projects, and must not be invested in projects other than eligible projects.

Main basis of the evaluation

- Details of the framework

Evaluation

- As stated in the overview of the framework, a system to manage proceeds is in place.
- Appropriate response is stipulated, for example, evidence and other documents are stored as per the internal rules and unallocated proceeds are managed as cash or cash equivalent, short-term financial assets, and others.

For the reasons stated above, R&I has judged the policy for management of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

4. Reporting

To ensure that green bond proceeds are used to invest in projects with environmental benefits, the issuer is expected to provide details on the eligible projects, the timing of investments, and the environmental benefits yielded by the projects.

Main basis of the evaluation

- Details of the framework

Evaluation

- A framework such as the use of proceeds and allocation plans is posted on the website at the time of issuance.
- Interim reporting will be made annually on the website containing progress of the project, the amount allocated, and environmental benefits.

For the reasons stated above, R&I concluded that the reporting in this framework is in line with the Green Bond Principles 2018 and the Ministry of the Environment's Green Bond Guidelines 2017.

<Comprehensive Evaluation>

In line with the assessment methodology of R&I green bond assessment, R&I has judged that the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

This second opinion shall be applied to the green bond to be issued at this time. For subsequent issues, R&I will review the status and then releases its second opinion again.

■ Evaluation of the Green Bond

In line with the assessment methodology of R&I Green Bond Assessment, R&I confirmed if the amount and term of the green bond to be issued, as well as details of eligible projects and the allocation schedule, etc. thereof, are in conformity to the provisions of the framework. Also, in accordance with the details of the framework and specific measures to be taken for the green bond, R&I evaluated the extent the proceeds from the green bond are used to invest in businesses with environmental benefits.

1. Use of Proceeds

- The eligible projects of the green bond and the eligible projects under the framework are the same, thus in line with the green bond framework.
- R&I checked whether or not 1) sufficient environmental benefits are expected from the eligible projects in which funds are invested, and 2) due consideration is paid to potentially negative environmental and social impacts, similar to the evaluation of the framework. R&I evaluated that the use of funds is appropriate as a use of green bond proceeds.
- For the reasons stated above, R&I has judged that the eligible project is evaluated to be reasonably beneficial to the environment.

2. Process for Project Evaluation and Selection

- R&I confirmed that the projects were selected in accordance with the framework established by the issuer.
- R&I has determined that the process for project evaluation and selection is excellent in its clarity and rationality.

3. Management of Proceeds

- The proceeds from the green bond will be managed in accordance with the framework established by the issuer.
- R&I has determined that the method for managing the green bond proceeds is properly prepared and considered to be excellent.

4. Reporting

- R&I confirmed that the green bond reporting will be implemented in line with the framework established by the issuer.
- R&I has judged that the reporting policy for the green bond is excellent in content and frequency.

5. Issuer's environmental contribution activities

The extent the proceeds from a green bond is used to invest in businesses with environmental benefits is considered to be affected by issuer's attitude toward environmental activities and track records of such activities. This is because an issuer with higher interest in and more track records of environmental activities are more likely to allocate proceeds from a green bond to businesses with environmental benefits and get those businesses done.

- Asahi Holdings Group has obtained ISO14001 certification at 32 offices in Japan. The environmental management promotion system is controlled by the ISO Secretariat and thoroughly promoted through environmental preservation officers installed at each office. In addition, offices where

ISO14001 certification has been obtained develop office environmental objectives and targets (annual plan) and conduct environmental preservation activities that are closely linked to its business.



- Environmental business divisions have been installed at key operating companies of Asahi Holdings Group. There is a system in place where each company engages in environment-related business while the Environmental Business Division of Asahi Pretec compiles group-wide environment-related cases.
- As stated in the corporate overview, permission from all prefectures and government ordinance cities has been obtained as a company engaging in environmental preservation business.
- R&I deems that the issuer's involvement in environmental contribution activities is excellent.






<Comprehensive Evaluation>

For the reasons stated above, R&I has judged that the green bond will be issued under the framework established by the issuer and is in conformity to Green Bond Principles 2018 and the four requirements of Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

R&I also evaluated the green bond in line with R&I Green Bond Assessment. In accordance with the comprehensive evaluation based on individual evaluation result by item, R&I has judged that the proceeds from the green bond subject to evaluation is highly likely to be used to invest in businesses with environmental benefits and assigned GA1 (preliminary) to the bond. Individual evaluation result by item is as follows:

【Assessment of each item】

Each item has been assessed on a scale of one to five, with  being the highest and  being the lowest.

Items	Evaluation	Summary
Use of proceeds		The eligible asset is expected to bring sufficient environmental benefits and paid due consideration for potentially negative environmental impacts. R&I deems that the extent to which the asset is used to invest in projects with environmental benefits is reasonable.
Process for project evaluation and selection		R&I has determined that the process for evaluating and selecting the green bond project is excellent in its clarity and rationality.
Management of proceeds		R&I has determined that the method for managing the green bond proceeds is properly prepared and considered to be excellent.
Reporting		R&I has judged that the reporting policy for the green bond is excellent in content and frequency.
Issuer's environmental contribution activities		R&I has judged that issuer has established an environmental policy and system focusing on specific goals, and promotes business and environmental activities accordingly. R&I considers the issuer's stance toward environmental contribution activities to be excellent.

The methodology for R&I Green Bond Assessment is disclosed on R&I's website.
<https://www.r-i.co.jp/en/rating/products/esg/index.html>

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits. In R&I Green Bond Assessment, R&I may also provide a second opinion on a green bond framework. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

R&I Green Bond Assessment is not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and R&I Green Bond Assessment is not a recommendation to purchase, sell, or hold any particular securities and does not constitute any form of advice regarding investment decisions or financial matters. R&I Green Bond Assessment does not address the suitability of an investment for any particular investor. R&I issues R&I Green Bond Assessment based on the assumption that each investor will investigate and evaluate the securities which they plan to purchase, sell, or hold for themselves. All investment decisions shall be made at the responsibility of the individual investor.

The information used when R&I issues R&I Green Bond Assessment is information that R&I has determined, at its own discretion, to be reliable. However, R&I does not undertake any independent verification of the accuracy or other aspects of that information. R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to any such information.

R&I may suspend or withdraw R&I Green Bond Assessment at its discretion due to insufficient data or information, or other circumstances.

R&I is not responsible or liable in any way to any party, for all or any damage, loss, or expenses arising out of or in relation to errors, omissions, inappropriateness of, or insufficiencies in the information used when issuing R&I Green Bond Assessment, R&I Green Bond Assessment or other opinions, or arising out of or in relation to the use of such information or R&I Green Bond Assessment, or amendment, suspension, or withdrawal of R&I Green Bond Assessment (regardless of the nature of the damage, including direct, indirect, ordinary, special, consequential, compensatory, or incidental damage, lost profits, non-monetary damage, and any other damage, and including expenses for attorneys and other specialists), whether in contract, tort, for unreasonable profit or otherwise, irrespective of negligence or fault of R&I. As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant.

The Assessment Methodologies R&I uses in connection with evaluation are R&I's opinions prepared based on R&I's own analysis and research, and R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to the Assessment Methodologies. Further, disclosure of the Assessment Methodologies by R&I does not constitute any form of advice regarding investment decisions or financial matters or comment on the suitability of any investment for any party. R&I is not liable in any way for any damage arising in respect of a user or other third party in relation to the content or the use of the Assessment Methodologies, regardless of the reason for the claim, and irrespective of negligence or fault of R&I. All rights and interests (including patent rights, copyrights, other intellectual property rights, and know-how) regarding the Assessment Methodologies belong to R&I. Use of the Assessment Methodologies, in whole or in part, for purposes beyond personal use (including reproducing, amending, sending, distributing, transferring, lending, translating, or adapting the information), and storing the Assessment Methodologies for subsequent use, is prohibited without R&I's prior written permission.

[Japanese is the official language of this material and if there are any inconsistencies or discrepancies between the information written in Japanese and the information written in languages other than Japanese the information written in Japanese will take precedence.]



Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name: Asahi Holdings, Inc.

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

Independent External Review provider's name: Rating and Investment Information, Inc. (R&I)

Completion date of this form: January 31, 2020

Publication date of review publication: January 31, 2020

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 checked="" 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.

Latest update: June 2018

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

【R&I Green Bond Assessment】

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that the proceeds from the green bond would be invested into projects with significant environmental benefits, and assigned GA1 (preliminary) to the green bond.

【Second Opinion on the alignment with the Green Bond Principles, etc.】

R&I has also provided a second opinion that the green bond framework is aligned with the Green Bond Principles 2018 and the Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

For details, please refer to R&I Green bond assessment report above.

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):

< Evaluation on the Green Bond Framework >

R&I has determined that the use of proceeds is appropriate based on the confirmation that (1) Sufficient environmental benefits are expected from the Project, and (2) Consideration is given to potential negative impact on the environment/society.

[1] Are the environmental improvement effects from eligible projects sufficient?

[Project 1] Upgrading of waste incinerator and building of new power generation facilities for Kitakyushu Plant, Asahi Pretec

Reducing CO2 emissions through power generation with the effective use of waste heat to replace grid electricity. In addition, reinforcing exhaust gas treatment equipment attached to the waste incinerator will lower the upper limit of exhaust gas emissions compared to the previous equipment.

Heat recovery of waste processing is promoted in the Basic Energy Plan and the basic policy based on the Waste Management Act. The Project has been selected as a project for high-efficiency heat recovery from waste as part of the 2018 subsidy for CO2 emission control projects, etc. (low-carbon waste treatment support project). Quantitative environmental benefits will be assessed by multiplying the volume of electricity generated by the grid electricity CO2 emission factor.

[Project 2] Building of a new waste incinerator for Taniyama Rinkai Plant, Taiyo Chemical

A large incinerator has been built for a waste processing facility that accepts infectious waste emitted from medical institutions, waste plastics emitted from various plants, waste oil, and other industrial waste. The new incinerator is highly efficient and reduces CO2 emissions as a result of reducing fuel for waste incineration compared to the previous incinerator. The fuel consumption per unit necessary for waste incineration in 2019 was more than halved from 2017, before the introduction of the incinerator. In addition, the waste processing capacity will be increased which will lead to increasing the intake of waste plastics and preventing dissipation of waste, etc., including the handling of disaster waste. Quantitative environmental benefits will be assessed by deducting new incinerator's CO2 emissions from the existing incinerator's CO2 emissions.

[Project 3] Upgrading of waste incinerator for Hibiki Plant, Asahi Pretec

The introduction of a new incinerator will significantly increase efficiency of waste incineration compared to the previous incinerator. There is a plan to obtain permission for general waste treatment for the

purpose of processing waste that is difficult to incinerate at local municipalities' incineration facilities and handling disaster waste in addition to increasing the waste processing capacity. These will lead to preventing dissipation of waste, etc.

The Basic Act on Establishing a Sound Material-Cycle Society stipulates that in a sound material-cycle society, waste controls should be carried out in the order of [1] Prevention or reduction of generation, [2] Reuse, [3] Recycle, [4] Heat recovery, [5] Proper disposal; the final disposal rate of waste is on the decline. Meanwhile, waste processing in Japan has been a major issue due partly to increasing frequency and severity of weather disasters and issues of transboundary movement of waste. Further promotion of prevention or reduction of generation, reuse, and recycle of waste is deemed to be an urgent issue. The Project that aims to reduce environmental burdens to the extent possible for waste which is forced to be incinerated and disposed of is of great significance.

[2] Is consideration paid to potentially negative environmental or social effects?

As stated in the overview of the framework, environmental risks are identified and appropriate environmental preservation measures are taken.

In selecting a project, contribution to the priority SDG-related goals is being considered.

Based on the above, R&I has determined that the project falls under “energy efficiency” and “pollution prevention and control” and the use of proceeds is appropriate as the use of funds for green bonds. R&I has judged the use of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

The eligible projects of the green bond and the eligible projects under the framework are the same, thus in line with the green bond framework.

R&I checked whether or not 1) sufficient environmental benefits are expected from the eligible projects in which funds are invested, and 2) due consideration is paid to potentially negative environmental and social impacts, similar to the evaluation of the framework. R&I evaluated that the use of funds is appropriate as a use of green bond proceeds.

For the reasons stated above, R&I has judged that the eligible project is evaluated to be reasonably beneficial to the environment.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 | <input type="checkbox"/> Green buildings (Environmentally Responsible Building) |

processes

- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
- 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):

< Evaluation on the Green Bond Framework >

As stated in the overview of the framework, in selecting a project, comprehensive assessment is conducted in consideration of conformity to the environmental policy and contribution to the priority SDG-related goals in addition to checking selection standards that give consideration to the environment related to technologies and facilities.

Divisions specializing in environment are involved in the concept and standards of project selection and the concept and standards are clear and rational in selecting projects contributing to resolving environmental issues.

The project selection process has control and checking features and ensures expertise.

For the reasons stated above, R&I has judged the process for project evaluation and selection under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

R&I confirmed that the projects were selected in accordance with the framework established by the issuer.

R&I has determined that the process for project evaluation and selection is excellent in its clarity and rationality.

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):

< Evaluation on the Green Bond Framework >

As stated in the overview of the framework, a system to manage proceeds is in place.

Appropriate response is stipulated, for example, evidence and other documents are stored as per the internal rules and unallocated proceeds are managed as cash or cash equivalent, short-term financial assets, and others.

For the reasons stated above, R&I has judged the policy for management of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by the Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

The proceeds from the green bond will be managed in accordance with the framework established by the issuer.

R&I has determined that the method for managing the green bond proceeds is properly prepared and considered to be excellent.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify): The proceeds are fully allocated as refinance funds

4. REPORTING

Overall comment on section (if applicable):

< Evaluation on the Green Bond Framework >

A framework such as the use of proceeds and allocation plans is posted on the website at the time of issuance. Interim reporting will be made annually on the website containing progress of the project, the amount allocated, and environmental benefits.

For the reasons stated above, R&I concluded that the reporting in this framework is in line with the Green Bond Principles 2018 and the Ministry of the Environment's Green Bond Guidelines 2017.

< Evaluation on the Green Bond >

R&I confirmed that the green bond reporting will be implemented in line with the framework established by the issuer.

R&I has judged that the reporting policy for the green bond is excellent in content and frequency.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (*please specify*):

Information reported:

- Allocated amounts Green Bond financed share of total investment
 Other (*please specify*):

Frequency:

- Annual Semi-annual
 Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (*please specify*): Based on the Scope of Data Calculation in ESG Report

Frequency:

- Annual Semi-annual
 Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (*please specify*):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (*please specify*): Issuer's website
 Reporting reviewed (*if yes, please specify which parts of the 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.)

The methodology for R&I Green Bond Assessment

<https://www.r-i.co.jp/en/rating/products/esg/index.html>

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 type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

■Contact : Sales and Marketing Division, Customer Service Dept. TEL. +81-(0)3-6273-7471 E-mail. infodept@r-i.co.jp
■Media Contact: Corporate Planning Division (Public Relations) TEL. +81-(0)3-6273-7273

Rating and Investment Information, Inc. TERRACE SQUARE, 3-22 Kanda Nishikicho, Chiyoda-ku, Tokyo 101-0054, Japan <https://www.r-i.co.jp>

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits and is not statements of fact. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business. Further, R&I does not give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing R&I Green Bond Assessment and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to R&I Green Bond Assessment (including amendment or withdrawal thereof). As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.

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.