



# Second Opinion

August 21, 2020

## Honda Finance Co., Ltd. Green Bond Framework

ESG Dept., Credit Rating  
Planning and Research Office  
Chief Analyst: Toru Nagao

Rating and Investment Information, Inc. (R&I) has confirmed that the green bond framework developed by Honda Finance (hereinafter the “Issuer”) complies with the Green Bond Principles (GBP) 2018 and the Green Bond Guidelines 2020 by the Ministry of the Environment. The opinion is based on the following viewpoints.

### ■ Overview of the Opinion

#### (1) Use of Proceeds

The proceeds will be used to refinance the auto loan receivables on vehicles whose CO<sub>2</sub> emissions intensity in the WLTC mode is below the emissions thresholds for passenger cars presented in the IEA Mobility Model. The eligibility applies to the auto loan receivables on electrified vehicles (hybrid vehicles: HV, plug-in hybrid electric vehicles: PHEV, fuel cell vehicles: FCV, battery EV: EV) that the Issuer has handled over the prior three years. The vehicles selected in accordance with the eligibility criteria are expected to generate sufficient environmental benefits (reduction of CO<sub>2</sub> emissions during operation). Consideration is given to negative environmental and social impacts, as evident in the efforts to recover lithium-ion batteries by outsourcing their recycling to the Japan Auto Recycling Partnership. The eligible projects are an acceptable use of green bond proceeds.

#### (2) Process for Project Evaluation and Selection

Eligibility criteria that contribute to the Honda Group’s target to electrify two-thirds of its global automobile sales by 2030 were established, and the proceeds will be used to refinance the receivables on vehicles that meet those criteria. Following discussions between the Issuer’s Business Administration Division and the parent company Honda Motor Co., Ltd., they set clear criteria for selecting automobiles that will be the underlying assets of receivables for which the proceeds will be used. The process for project evaluation and selection is appropriate.

#### (3) Management of Proceeds

The proceeds will be managed by the Issuer’s Business Administration Division based on its management flow. All proceeds will be used for eligible receivables immediately after green bonds are issued. Further, Business Administration Division will also confirm once a year that the total amount of outstanding green bonds does not exceed the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end, and obtain approval from the officer in charge of Business Administration Division. R&I views that based on the Honda Motor’s policy, the share of electrified vehicle sales is likely to further increase in the future, and the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end will sufficiently exceed the outstanding amount of green bonds. The management of proceeds is appropriate.

#### (4) Reporting

In terms of reporting, the allocation of proceeds and environmental benefits will be disclosed on the website immediately after green bonds are issued and once a year. Disclosure information regarding environmental benefits is reasonable as it is expected to include the estimated value of reduced CO<sub>2</sub> emissions.

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## Outline of the Issuer

- The Issuer is a wholly owned sales finance subsidiary of Honda Motor Co., Ltd. As the Honda Group's only sales finance subsidiary in Japan, it primarily provides credit products related to purchasing of Honda products, and also operates automobile leasing services for individuals and corporations. In addition, the Issuer provides leasing of equipment and demonstration cars and loans for purchases and other financing needs to Honda dealers and group companies. A keepwell agreement with the parent company is in place, clearly indicating the parent company's willingness to provide support. Management cohesiveness is extremely strong.
- Under the medium-term policy of enhancing the Honda brand by providing and firmly establishing high-quality financial services, the Issuer operates its business with key targets of providing new value that captures diversifying customer needs, evolving to competitive operations in a new era, and strengthening the source of competitiveness to survive the major turning point.

## 1. Use of Proceeds

### (1) Eligible Projects

- Of receivables under installment sale contracts for Honda cars, the proceeds from green bonds will be used for the receivables on vehicles that meet the eligibility criteria (eligible receivables). Used cars are also eligible for the proceeds.

<Eligibility criteria>

Automobiles that contribute to the Honda Group's target to electrify two-thirds of its global automobile sales by 2030. The eligibility only applies to electrified vehicles (HV, PHEV, FCV, EV) whose CO<sub>2</sub> emissions intensity calculated based on fuel consumption in the WLTC mode<sup>1</sup> is below the emissions thresholds for passenger cars presented in the IEA Mobility Model<sup>2</sup>.

- The use of proceeds is categorized as "clean transportation" in the Green Bond Principles.
- Receivables eligible for proceeds allocation are those handled over the three years prior to the payment date or during the period from the payment date to the redemption date. At the time when a bond is issued, all proceeds will be used for refinancing. Loan maturities are mostly three to five years, with a maximum of seven years.
- The use of proceeds will be described in the green bond framework posted on the Issuer's website. It will be also included in the shelf registration supplements of bonds issued in accordance with the green bond framework.

<sup>1</sup> WLTC mode: Worldwide Harmonized Light Vehicles Test Cycle. WLTC is an international testing procedure and a driving cycle consisting of various driving modes such as urban and highway, which are allocated based on average operation time. Since it is a testing procedure designed to more accurately measure real-road fuel consumption, fuel consumption in the WLTC mode tends to be at the same level as or lower than that in the JC08 mode. The JC08 mode is a Japanese fuel consumption measurement method developed by the Ministry of Land, Infrastructure, Transport and Tourism. Fuel consumption is determined using the weighted harmonic average of fuel consumption values calculated for the cold start phase and the hot start phase. Japan has been implementing the transition to the WLTC mode in stages since October 2016.

<sup>2</sup>This is a simulation model developed by the International Energy Agency (IEA) and presents CO<sub>2</sub> emissions thresholds for passenger cars up to 2050 to achieve a two degree scenario (a scenario that assumes global temperature rise will be kept below 2 degrees Celsius by 2100).

## (2) Environmental Benefits

- Eligible vehicles meet the standard established based on data consistent with the Paris Agreement's two-degree goal. Vehicles that do not meet the standard even if they are HVs are not eligible for proceeds allocation. The eligibility criteria are considered to secure considerable environmental benefits.
- Although HVs reduce CO<sub>2</sub> emissions, there is an issue that they still have a mechanism to burn gasoline. In the interim report prepared in August 2018 by the Strategic Commission for the New Era of Automobiles, which is hosted by the Minister of Economy, Trade and Industry, a long-term goal was set to improve the environmental performance of vehicles produced by Japanese automakers in global markets to the world's highest level by 2050. Specifically, with the aim to increase the share of next-generation vehicles in new passenger car sales to 50 to 70% by 2030, the Commission set a target to achieve the sales volume mix of 30 to 40% for HVs and 20 to 30% for PHEVs and EVs by 2030. This government policy reflects the situation where it will be difficult to achieve the target of curbing total CO<sub>2</sub> emissions under the Paris Agreement, unless improvements are made in the fuel efficiency of vehicles with engines (including HVs), which currently account for the highest share of vehicle sales. When looking at CO<sub>2</sub> emissions over the entire vehicle life cycle that takes into account factors such as power supply structure, battery manufacturing, and battery disposal, there are still points for discussion in comparing HVs, PHEVs, FCVs, and EVs. Assuming that the vehicle is driven in Japan, it is likely that the vehicle repeatedly stops and restarts as there are many traffic lights, and as such, the spread of HVs that use electricity at low-speed is thought to contribute to the reduction of total CO<sub>2</sub> emissions.
- We expect to see environmental benefits if the Issuer collaborates with dealers under the Honda Group's target to electrify two-thirds of its global automobile sales by 2030, and vehicles that meet the eligibility criteria become more widely used.

## (3) Consideration for Negative Environmental and Social Impacts

- As a negative environmental impact of electrified vehicles, resource depletion and environmental pollution arising from battery use is anticipated. It has been considered difficult until now to recycle lithium-ion batteries used to drive hybrid cars. The Honda Group, however, has established advanced recycling technology for these batteries through joint research, and plans to safely treat used lithium-ion batteries, reuse parts, and recycle the metals contained in them in the future.
- As the vehicles meeting the eligibility criteria include used cars, there are electrified vehicles with nickel metal hydride batteries, apart from electrified vehicles with lithium-ion batteries. Nickel metal hydride batteries contain a lot of rare metals and have high resource value, and hence the recovery market has been developed for them. As for lithium-ion batteries, which contain rare metals but have high recycling cost relative to the metal value, the recovery market is still under-developed. Therefore, efforts are being made to recover them by outsourcing recycling to the Japan Auto Recycling Partnership.
- Honda has identified the efficient use of resources as one of its priority environmental issues. The company states in its green bond framework that it is working in cooperation and collaboration with internal and external stakeholders towards the goal of eliminating all the risks associated with resources and disposal that arise during the cycle from resource procurement to the collection and disposal of used products.

R&I determined the use of proceeds is reasonable. The proceeds will be used to refinance the auto loan receivables on vehicles whose CO<sub>2</sub> emissions intensity in the WLTC mode is below the emissions thresholds for passenger cars presented in the IEA Mobility Model. The eligibility applies to the auto loan receivables on electrified vehicles (hybrid vehicles: HV, plug-in hybrid electric vehicles: PHEV, fuel cell vehicles: FCV, battery EV: EV) that the Issuer has handled over the prior three years. The vehicles selected in accordance with the

eligibility criteria are expected to generate sufficient environmental benefits (reduction of CO<sub>2</sub> emissions during operation). Consideration is given to negative environmental and social impacts, as evident in the efforts to recover lithium-ion batteries by outsourcing their recycling to the Japan Auto Recycling Partnership. Accordingly, the eligible projects are an acceptable use of green bond proceeds.

## 2. Process for Project Evaluation and Selection

### (1) Incorporation into Comprehensive Objectives, Strategies, and so on

- The Issuer plays an extremely important role in the sale of Honda products in Japan. At the Honda Group, the “Honda Philosophy” is shared as a set of values for all group companies and employees who work there, and serves as the standard for all corporate activities and the actions and decisions of employees. Based on the Honda Philosophy, to achieve both the creation of growth opportunities for the company and the realization of a sustainable society, Honda has set striving to be “a company that society wants to exist” as its direction for the 21st century, and is carrying out initiatives known as “Creating the Joys,” “Expanding the Joys” and “Ensuring the Joys for the Next Generation.” To realize these goals, Honda has established the “2030 Vision” as a milestone specifying the direction it should take. The Honda Group aims to respond to the expectations and demands of its stakeholders by providing value through its products and services, while fulfilling its corporate social responsibilities such as considering its impact on the environment and society, and contributing to solving social issues through its business activities.
- Key issues to be addressed towards achieving the long-term vision were collated from perspectives of both the Honda Group and its stakeholders. Among the identified issues, priority was given to “responding to climate change and energy issues,” “ensuring clean air,” “advancing powertrain electrification” and so on, and these were incorporated into the company-wide strategy as top priority issues. In terms of “advancing powertrain electrification,” the Honda Group set a target to electrify two-thirds of its global automobile sales by 2030.
- As the Honda Group’s only sales finance subsidiary in Japan, the Issuer contributes to the group’s goals by providing financial support to customers who purchase Honda cars. Through the issuance of green bonds, the Issuer intends to diversify its financing sources as well as promote Honda products in cooperation with dealers.

### (2) Criteria for Project Evaluation and Selection

- The Honda Group has faced environmental issues since the 1960s. Aiming to realize the joy and freedom of mobility and a sustainable society where people can enjoy life, each of Honda’s global business sites is engaging in the reduction of an array of environmental impacts. Such efforts encompass the aspects of both products and corporate activities, and include reducing greenhouse gas emissions that are considered to be the causes of climate change, curbing energy consumption, efficient use of water and mineral resources, as well as appropriate treatment and reduction of waste.
- The Issuer adopted the CO<sub>2</sub> emissions thresholds of passenger cars presented by the simulation model developed by the IEA (IEA Mobility Model) as base values of the eligibility criteria. In addition, proceeds will be used for vehicles with considerable environmental benefits based on the comparison of the CO<sub>2</sub> emissions intensity in the WLTC mode, which more accurately measures real-road fuel consumption, with those base values.

### (3) Process for Project Evaluation and Selection

- The eligibility criteria were established following discussions between the Issuer’s Business

Administration Division and the parent company Honda Motor Co., Ltd. They are designed so that the fund allocation to eligible receivables contributes to the Honda Group's goals. Therefore, Business Administration Division, which is responsible for the fund allocation operations in practice, can ensure the appropriateness of projects from an environmental perspective by selecting vehicles that meet the eligibility criteria.

- Business Administration Division will select types of vehicles that meet the eligible criteria and identify eligible receivables. CO<sub>2</sub> emissions per km from a car are calculated using CO<sub>2</sub> emissions intensity in the WLTC mode, which more accurately measures real-road fuel consumption.

R&I determined that the process for project evaluation and selection is appropriate. Eligibility criteria that contribute to the Honda Group's target to electrify two-thirds of its global automobile sales by 2030 were established, and the proceeds will be used to refinance the receivables on vehicles meeting those criteria. Following discussions between the Issuer's Business Administration Division and the parent company Honda Motor Co., Ltd., they set clear criteria for selecting automobiles that will be the underlying assets of receivables for which the proceeds will be used. Accordingly, the process for project evaluation and selection pertaining to green bonds is appropriate.

### 3. Management of Proceeds

- Information on how the proceeds will be managed is provided in the green bond framework.
- The separation and collection of receivables is managed by the internal system. The outstanding balance of auto loans is reduced by scheduled or accelerated repayment. On the other hand, sales of electrified vehicles generate new eligible receivables every month. Hence, the Issuer's Business Administration Division will confirm once a year that the total amount of outstanding green bonds does not exceed the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end. Business Administration Division will obtain approval for the confirmation results from the officer in charge of the division. Receivables that are underlying assets of asset-backed securities are not included in the balance of eligible receivables.
- If the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end becomes less than the total amount of outstanding green bonds, an amount equal to the shortfall (unallocated funds) will be managed in cash or cash equivalents. All the proceeds will be used to refinance eligible projects on the date of capital raising, so there will be no unallocated funds initially. R&I views that based on Honda Motor's policy, the share of electrified vehicle sales is likely to further increase in the future, and the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end will sufficiently exceed the total amount of outstanding green bonds.
- The procedure to manage unallocated funds is reasonable.

R&I determined the management of proceeds is appropriate. The proceeds will be managed by the Issuer's Business Administration Division based on its management flow. All proceeds will be used for eligible receivables immediately after green bonds are issued. Further, Business Administration Division will also confirm once a year that the total amount of outstanding green bonds does not exceed the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end, and obtain approval from the officer in charge of Business Administration Division. R&I finds the management of proceeds appropriate. Furthermore, R&I views that the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end will sufficiently exceed the outstanding balance of green bonds, as the share of electrified vehicle sales is likely to further increase in the future in view of the Honda Motor's policy.

## 4. Reporting

### (1) Overview of Disclosure

- The summary of the Issuer's reporting is provided below.

	Items	Timing	Method
Allocation of proceeds	(i) Total amount of outstanding green bonds (ii) Balance of eligible receivables <sup>3</sup> (iii) Confirmation that (i) does not exceed (ii) (iv) Statement of (iii) by the officer in charge of Business Administration Division	Immediately after bond issuance, annually	Issuer's website
Environmental benefits	Amount of CO <sub>2</sub> reduction estimated based on the fuel efficiency of electrified vehicles that are the underlying assets of eligible receivables (t-CO <sub>2</sub> )	Immediately after bond issuance, annually	Issuer's website

- If any major change arises in the planned allocation of proceeds or in the status of proceeds allocation subsequently, that information will be disclosed promptly.

### (2) Indicators to Show Environmental Benefits and Calculation Methods, etc.

- Regarding environmental benefits, the Issuer will, as far as reasonably feasible, annually disclose the amount of CO<sub>2</sub> reduction estimated based on the fuel efficiency of electrified vehicles that are the underlying assets of eligible receivables (t-CO<sub>2</sub>), until green bonds are fully redeemed.
  - (i) Amount of CO<sub>2</sub> reduction estimated based on the fuel efficiency of electrified vehicles that are the underlying assets of eligible receivables (t-CO<sub>2</sub>)
  - (ii) Amount of CO<sub>2</sub> emissions reduced by vehicles to which the green bond proceeds are allocated. The amount is estimated by dividing the estimated amount (i) above by the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end, and multiplying the value by the outstanding balance of green bonds.

R&I determined that reporting is appropriate. In terms of reporting, the allocation of proceeds and environmental benefits will be disclosed on the website immediately after green bonds are issued and once a year. Disclosure information regarding environmental benefits is reasonable as it is expected to include the estimated value of reduced CO<sub>2</sub> emissions.

<sup>3</sup>The balance of eligible receivables shall be the amount of eligible receivables outstanding immediately before bond issuance for reporting just after bond issuance. For annual reporting, it shall be the outstanding balance of eligible receivables that arise over the three years prior to the fiscal year-end.



[Disclaimer]

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Second Opinions are R&I's opinions on the alignment of a framework, formulated by companies etc. to raise funds for the purpose of environmental conservation and social contribution, with the principles etc. compiled by public organizations or private organizations related to the relevant financing as of the date of assessment. Second Opinions do not address any matters other than the alignment (including but not limited to the alignment of a bond issue with the framework and the implementation status of the project subject to financing). Second Opinions do not certify the outcomes and other qualities of the projects subject to the financing. Hence, R&I will not be held responsible for the effectiveness of the projects, including their outcomes. Second Opinions are not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and Second Opinions are not a recommendation to purchase, sell, or hold any particular securities and do not constitute any form of advice regarding investment decisions or financial matters. Second Opinions do not address the suitability of an investment for any particular investor. R&I issues Second Opinions 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.

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As a general rule, R&I issues a Second Opinion for a fee paid by the issuer.

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.

[Expertise and Third-Party Characteristics]

R&I has launched the R&I Green Bond Assessment business in 2016, and since then, R&I has accumulated knowledge through numerous evaluations. Since 2017, R&I has been participating as an observer in the Green Bond Principles and Social Bond Principles, which have their own secretariat at the International Capital Market Association (ICMA). It also has been registered since 2018 as an Issuance Supporter (external review entity) of the Financial Support Programme for Green Bond Issuance, a project by the Ministry of the Environment.

The R&I assessment method and results can be found on the R&I website (<https://www.r-i.co.jp/rating/en/esg/index.html>).

There is no capital or personal relationship between R&I and the fundraiser that could create a conflict of interest.



## Green Bond / Green Bond Programme Independent External Review Form

### Section 1. Basic Information

Issuer name: Honda Finance Co., Ltd.

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

Honda Finance Co., Ltd. Green Bond Framework

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

Completion date of this form: August 21, 2020

Publication date of review publication: August 21, 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 type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |   |

*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*)

[Second Opinion on the alignment with Green Bond Principles, etc.]  
R&I has also provided a second opinion that the green bond framework is aligned with Green Bond Principles 2018, Green Bond Guidelines 2020 by Ministry of the Environment of Japan.

For details, please refer to our second opinion 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):

For details, please refer to "1. Use of Proceeds" of our Second Opinion.

#### Use of proceeds categories as per GBP:

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section *(if applicable)*:

For details, please refer to “2. Process for Project Evaluation and Selection” of our Second Opinion.

### 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 <i>(please specify)</i> :  |

### 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 <i>(please specify)</i> :  |   |

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section *(if applicable)*:

For details, please refer to “3. Management of Proceeds” of our Second Opinion.

### 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:

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

## 4. REPORTING

### Overall comment on section *(if applicable)*:

For details, please refer to "4. Reporting" of our Second Opinion.

### Use of proceeds reporting:

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

#### **Information reported:**

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

#### **Frequency:**

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

In addition to the allocation of proceeds per individual bond at the time of the issuance, the company will also disclose annually the outstanding balance of eligible receivables arisen within the past 3 years from the fiscal year-end and its allocation status.

### Impact reporting:

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

#### **Frequency:**

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

In addition to the estimated amount of reduced CO<sub>2</sub> emissions per individual bond at the time of the issuance, the company will also disclose the estimated amount of reduced CO<sub>2</sub> emission annually based on the outstanding balance of eligible receivables arisen within the past 3 years from the fiscal year-end.

#### **Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> 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:**

Second Party Opinion

Certification

Verification

Scoring/Rating

Other (*please specify*):

**Review provider(s):**

**Date of publication:**

## 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.