News Release

Japan Credit Rating Agency, Ltd.

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Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd.

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

# JCR Reviewed Green Finance Framework Evaluation of Vena Energy's Green Financing Framework

Subject : Vena Energy's Green Financing Framework

< Green Finance Framework Review Results >

| Overall Evaluation | Green 1(F) |
|---|---|
| Greenness Evaluation (Use of Proceeds) | g1(F) |
| Management, Operation and Transparency Evaluation | m1(F) |

## 1. Summary

On 24 November 2020, JCR issued the Green Finance Framework Assessment "Green 1(F)" to Vena Energy's Green Finance Framework. The main outlines are as follows.

Vena Energy, headquartered in Singapore, is a renewable energy company in the Asia-Pacific region. Vena Energy ("The Company") is a leading renewable Independent Power Producer (IPP) in the Asia-Pacific region with its total consolidated assets of approximately USD 6.2 billion as of June 2022. Since its establishment in 2012, Vena Energy has actively entered the solar, wind, and battery energy storage business in various countries across the Asia-Pacific region. Based on its strong business operation capabilities, Vena Energy possessed solar, wind and battery energy storage assets across eight countries with an aggregate capacity of approximately 4.7 GW (including those under construction and contracted) as of June 2022. Global Infrastructure Partners (GIP), one of the world's leading independent infrastructure investment funds, acquired Equis Energy, the predecessor of Vena Energy, in 2018. GIP then renamed the company Vena Energy and became its main sponsor. For the acquisition, GIP formed a consortium with Public Sector Pension Investments (PSP), one of the Canada's largest pension funds, and China Investment Corporation (CIC), China's sovereign wealth fund.

Under the Vena Energy's revised Green Finance Framework (the "Framework") in 2020, the proceeds through green bonds or green loans were used for three green eligible categories: Renewable Energy, Energy Efficiency, and Circular Economy Technologies and Process. JCR evaluated that the proceeds were all used for green projects, which contributed to decarbonisation through renewable energy and addressed issues (e.g., unstable output of renewable energy and disposal of power generation facilities) along with the promotion of renewable energy, all of which were highly environmentally friendly. With regard to possible negative environmental and social impacts from the construction and

operations of the above facilities, Vena Energy has established a system to minimize negative impacts in accordance with IFC Performance Standards[1].

This review was carried out due to the amendments to the framework stipulated by Vena Energy. The Company arranged the conventional categories of "Renewable Energy" and "Energy Efficiency" in the Green Eligible Classification in the framework, and added a "Fuel Production" category for hydrogen production. JCR assessed whether these eligible green categories arranged/added comply with the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines (2022 edition), and the Green Loan and Sustainability-Linked Loan Guidelines (2022 edition). These principles and guidelines are not binding because they are the principles or guidelines voluntarily published by the International Capital Markets Association (ICMA), the Loan Market Association (LMA), and the Asia-Pacific Loan Market Association (APLMA), and the Ministry of the Environment, respectively; however, JCR evaluated the aforementioned with reference to these principles and guidelines as currently unified standards worldwide. JCR confirmed the green eligible categories and then evaluated them as categories including projects with environmental benefits.

Vena Energy has a sustainability committee that oversees green project selection criteria, selection and reporting. Vena Energy also manages the fund of proceeds in separate accounts, plans to publish an allocation report every year until full allocation of any Green Financing raised, and has an appropriate KPIs for measuring impact. Consequently, JCR confirmed that Vena Energy has a strong management and operation system and continues to have high transparency for green bond and green loan.

As a result, with regard to the Green Finance Evaluation to be reviewed this time, JCR assigned "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation" based on the JCR Green Bond Evaluation Methodology. Consequently, JCR assigned "Green1 (F)" for overall "JCR Green Finance Framework Evaluation." Detailed evaluation is to be discussed in the next chapter. The framework met the standards for items required by Green Bond Principles (2021 edition), Green Loan Principles (2021 edition), Green Bond Guidelines (2022 edition) and Green Loan and the Sustainability Linked Loan Guidelines (2022 edition) of the Ministry of Environment.

[1] IFC Performance Standard (2012 Edition) is one of the key environmental and social risk-management standards. This is for private sectors to commit to ensure sustainable business activities, set by International Finance Corporation.

## 2. Review items

In this section, JCR describes the items to be confirmed in the review of the framework. The review focuses on items, which content is changed compared with that of the previous evaluation.

### (1) Use of proceeds (Eligible Criteria)

JCR evaluates if the use of proceeds or eligible criteria categories for Green Finance remain the same from the methods stipulated by the issuer when assigning the Green Finance Evaluation.

### (2) Appropriateness and transparency concerning selection standards and processes of the use of proceeds

JCR evaluates if there are any changes to the objectives to be achieved through the Green Finance, the criteria for selecting green projects, the adequacy of the process, and the series of processes to be implemented.

### (3) Appropriateness and transparency of management of the proceeds

JCR evaluates whether the proceeds are certainly allocated for green projects or not. The Company also evaluates if there is a structure and internal system in which the allocation status can be easily tracked and managed.

### (4) Reporting

JCR evaluates if the environmental improvement effects resulting from the green project financed by green finance are appropriately calculated according to the method stipulated by the issuer when assigning the Green Finance Evaluation.

### (5) Organization's environmental activities

JCR evaluates if the issuer's management highly prioritizes environmental issues.

# 3. Contents of Review

## (1) Use of Proceeds (Eligible criteria)

### a. The environmental improvement effects of the project

**i. The Eligible Green Categories listed as the use of proceeds in the Framework are Renewable Energy, Energy Efficiency, Fuel Production and Circular Economy Technologies and Process. These categories are expected to have high environmental improvement effects.**

Vena Energy defines the use of proceeds in the Green Financing Framework (the Framework) in 2020 as follows.

| Eligible Green Categories | Use of Proceeds |
|---|---|
| Renewable Energy | 1. Hydropower: run of river and small hydro <15MW (CDM[2] defined), existing large hydro >20MW in temperate zones, re-powering of existing large hydro system (renovation)<br>2. Solar energy: photovoltaic solar electricity, concentrated solar power, including component manufacturing, and transmission & distribution infrastructure<br>3. Wind energy: offshore and onshore wind farms, including component manufacturing, and transmission & distribution infrastructure |
| Energy Efficiency | Energy Storage: Utility-scale battery energy storage, pumped hydro energy storage, flywheel energy storage, compressed air energy storage, including R&D for Energy Storage System (ESS) design, component manufacturing, and transmission & distribution infrastructure<br>(as part of the energy storage systems / load management system) |
| Circular Economy Technologies and Process | Projects focused on improving the circular economy such as the following:<br>1. Recycling, refurbishment, reuse/redistribution of materials and components, excluding projects related to transportation of waste materials<br>2. Investments that help to maintain/prolong systems, materials and/or assets that contribute to minimizing systematic leakage and negative externalities, excluding investments related to projects that prevent leakage of natural gas and/or methane |

[2] Clean-Development Project stipulated in the Kyoto Protocol of the Framework Convention on Climate Change

Vena Energy made the following changes to the aforementioned uses of proceeds in 2022.

(Use of Proceeds after Change)

| Eligible Green Categories | Use of Proceeds |
|---|---|
| Renewable Energy | 1. Solar energy: photovoltaic solar electricity, concentrated solar power, and dedicated transmission and distribution infrastructure for our projects. These projects do not generate electricity using non-solar fuel.<br>2. Wind energy: onshore wind farms, and dedicated transmission and distribution infrastructure for our projects<br>3. Marine renewables: offshore wind and solar farms, dedicated transmission and distribution infrastructure, and dedicated supporting facilities, including grid connections, transformers, equipment storage and onshore assembly<br>4. Hydropower:<br>a. Run of river projects that does not have an artificial reservoir<br>b. Other hydro projects that meet any of the following criteria:<br>i. The power density of the electricity generation facility is above 5W/m2 ; or<br>ii. The lifecycle GHG emissions from the generation of electricity from hydropower, are lower than 100g CO2e/kWh<br>c. Dedicated transmission and distribution infrastructure |
| Energy Efficiency | Energy Storage:<br>a. Utility-scale battery energy storage<br>b. Pumped hydro energy storage that meet any of the following:<br>i. The power density of the electricity generation facility is above 5 W/m2; or<br>ii. The lifecycle GHG emissions from the generation of electricity from hydropower, are lower than 100g CO2e/kWh<br>iii. In addition, any of the following:<br>• The facility is demonstrably purposefully built in conjunction with intermittent renewables; or<br>• The facility is contributing to a grid which already has a share of intermittent renewables deployment of at least 20% or has credible evidence of programmes in place that increase the share of intermittent renewables to this level within the next 10 years; or |

| | |
|---|---|
| | • The facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged<br>c. Flywheel energy storage<br>d. Compressed air energy storage, including R&D for Energy Storage System(ESS) design<br>e. Dedicated transmission & distribution infrastructure (as part of the energy storage/load management system) |
| Fuel Production | Hydrogen fuel:<br>a. Hydrogen fuel production facilities that meet the following:<br>i. The lifecycle GHG emissions is less than 3tCO2e/tH2 for electrolysis;<br>and<br>ii. Hydrogen production via water electrolysis only<br>b. Dedicated transmission infrastructure and dedicated supporting facilities including grid connections, distribution infrastructure and storage equipment<br>Vena Energy's hydrogen projects will aim to transition to 100% renewable energy-powered electrolysis (enabled through a hybrid battery solution) over time. |
| Circular Economy Technologies and Process | Projects focused on improving the circular economy such as the following:<br>1. Recycling, refurbishment, reuse/redistribution of materials and components, excluding projects related to transportation of waste materials<br>2. Investments that help to maintain/prolong systems, materials and/or assets that contribute to minimizing systematic leakage and negative externalities, excluding investments related to projects that prevent leakage of natural gas and/or methane |

Among the additions and changes revised in the framework, the category of the offshore renewable energy was added as it is a key area of growth for the Company and for the transition to renewable energy in respective countries.

JCR confirmed that the hydropower requirements were in compliance with the EU Taxonomy that defines the eligibility of green projects in EU.

Among the energy efficiency, many requirements were added to pumped hydro energy storage. JCR confirmed that these requirements were in compliance with the standards of Climate Bonds Initiative (CBI), a global NPO on green finance.

As for Fuel production to which the use of proceeds was added, the hydrogen fuel category was added to the eligibility criteria.

Hydrogen production is presently made from various raw materials and is called by different names depending upon its origin. Typical examples include "gray hydrogen," which hydrogen is extracted from fossil fuels such as coals and natural gas by chemical reaction, "blue hydrogen," which CO2 generated from gray hydrogen is captured and stored, and "green hydrogen," which hydrogen is extracted by electrolyzing water using electricity generated from renewable energy. “Green hydrogen,” which is the use of proceeds for the Company, does not use fossil fuels in the generation stage unlike gray hydrogen and blue hydrogen, and is already commercialized in the chemical industry although its production is smaller than those of “gray hydrogen” and “blue hydrogen.” “Gray hydrogen” speeds up global warming since CO2 generated during producing hydrogen is directly emitted into the atmosphere. “Blue hydrogen” may accordingly prolong the use of fossil fuels because CO2 generated is injected into the layer in which natural gas is held, and it is reused to unearth fossil fuels. On the other hand, “green hydrogen” is disadvantageous for being less competitive than the aforementioned two hydrogens in terms of cost, although it is desirable from the viewpoint of preventing global warming and carbon neutrality, since water is electrolyzed by electricity made from renewable energy. However, the cost-related issues are also resolving rapidly, and the costs of green hydrogen and of blue hydrogen from conventional fossil fuels are estimated to be equivalent by 2030 according to Bloomberg NEF[3].

Vena Energy applied the EU Taxonomy standards and stipulated the criteria for green hydrogen production in the eligible criteria. The Company believed that hydrogen fuel production could reduce the use of fossil fuels and contribute to reduce greenhouse gases, sulfur oxide, powder dust, and ground ozone emissions, and that hydrogen itself also would play an important role in the medium-to long-term energy storage strategy. Vena Energy is formulating a comprehensive green hydrogen strategy in the Asia-Pacific region along with a sudden rise of the aforementioned green hydrogen industry.

Based on the above, JCR evaluated that the fuel production, which was added to the eligible criteria as a project by the Company, contributed to environmental improvement, including the eligible criteria stipulated.

It was additionally specified that the ratio of refinancing out of the use of proceeds shall be shared prior to each financing along with the revised use of proceeds. JCR evaluated that the description was appropriate since it was as same as the contents required by the Green Bond Principles, etc.

JCR checked the eligible list of assets in the framework for the review and confirmed that all of them are in-service uneventfully through requesting written materials.

**ii. Among the green projects defined in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan and Sustainability Link Loan Guidelines of the Ministry of the Environment, the use of proceeds falls under "Renewable Energy," "Energy Efficiency," "Circular economy adapted products, production technologies and processes" and "Pollution Prevention and Control" in the framework.**

[3] https://data.bloomberglp.com/professional/sites/24/BNEF-Hydrogen-Economy-Outlook-Key-Messages-30-Mar-2020.pdf

**b. Negative impact on the environment**

Vena Energy assessed and managed risks for sustainable development in projects, respectively based on the following eight IFC Performance Standards.

| | |
|---|---|
| Performance standard 1 | Social and Environmental Assessment and Management System |
| Performance standard 2 | Labour and Working Conditions |
| Performance standard 3 | Pollution Prevention and Abatement |
| Performance standard 4 | Community Health, Safety and Security |
| Performance standard 5 | Land Acquisition and Involuntary Resettlement |
| Performance standard 6 | Biodiversity Conservation and Sustainable Natural Resource Management |
| Performance standard 7 | Indigenous Peoples |
| Performance standard 8 | Cultural Heritage |

Vena Energy also pays due consideration to not only the environment but also the safety of workers, in accordance with the IFC Performance Standards and World Bank Group's Environmental, Health and Safety Guidelines (EHS Guidelines[4]). Among these, waste disposal standards and emergency countermeasures such as typhoons are appropriately planned on a project by project basis. The Company manages an Environmental, Social, and Governance policy (ESG policy) concerning risk assessment and management practices, in which the responsibilities of the Vena Energy's senior management, the relevant Country Heads and each local management teams are clearly defined.

As just described, after such strict due diligence and thorough risk management are conducted in project management, JCR confirmed at the time of reviewing that there were no sites in which disputes or other problems occurred in the renewable energy plants and business sites currently developed and operated by Vena Energy.

## (2) Appropriateness and transparency of the standards for selecting uses of proceeds and their processes

JCR evaluated the appropriateness of the selection criteria and processes described in the framework as appropriate at the initial evaluation time.

The framework at the previous evaluation time was as follows:

(Standards for selecting the use of proceeds and the process thereof, before the change))

> Vena Energy has established a Sustainability Committee as the highest corporate body governing the responsibilities of sustainable investment matters, including the promotion, monitoring, implementation and improvement of cross functional sustainability strategies.

4 EHS Guidelines (General Discussion) include cross-sectoral coverage of potential environmental, health, and safety issues across all sectors.

The eligibility of projects will need to be unanimously agreed by all members of the Sustainability Committee.

The Investment Committee will pre-approve the selected projects, based on a series of analysis and feasibility studies including but not limited to the environmental impact analysis, financial modeling and due diligence of the projects. They will notably be responsible for assessing the compliance of pre-selected projects with the criteria defined in 3.1. Alongside this prescreening, the Company's Investment Team will support the financing decision based on Vena Energy's normal financial and technical criteria (project scale, financial return, risk assessment, etc.), as part of Vena Energy's routine funding process.

Once the project is approved by the Investment Committee, the Sustainability Committee will verify the compliance of the projects with the Framework and its eligibility criteria and classify them into Eligible Projects. The Sustainability Committee will validate the final selection of the projects.

Apart from allocating or raising funds according to the annual budget, projects that will be financed by Green Bond or Loan proceeds will be overseen by the Sustainability Committee to comply with the "Use of Proceeds" provision. The Sustainability Committee will oversee the reporting.

The revised framework is as follows.

(Standards for selecting the use of proceeds and the process thereof, after the change)

Vena Energy has established a Sustainability Committee as the highest corporate body governing the responsibilities of sustainable investment matters, including the promotion, monitoring, implementation and improvement of cross functional sustainability strategies.

The eligibility of projects will need to be unanimously agreed by all members of the Sustainability Committee.

The Investment Committee will pre-approve the selected projects, based on a series of analysis and feasibility studies including but not limited to the environmental and social impact analysis, financial modeling, and due diligence of the projects3. They will notably be responsible for assessing the compliance of pre-selected projects with the criteria defined in 3.1. Alongside this prescreening, the Company's Investment Team will support the financing decision based on Vena Energy's normal financial and technical criteria (project scale, financial return, risk assessment, etc.), as part of Vena Energy's routine funding process.

Once the project is approved by the Investment Committee, the Sustainability Committee will verify the compliance and eligibility of the projects with the Framework, and classify them into Eligible Projects.

Apart from allocating or raising funds according to the annual budget, projects that will be financed by Green Bond or Loan proceeds will be overseen by the Sustainability Committee (or its appointed sub-committee) to comply with the "Use of Proceeds" provision. The Sustainability Committee (or its appointed sub-committee) will oversee the reporting.

The company will monitor continued compliance of the selected projects with the eligibility criteria at least twice a year for the plants included in any green instrument as long as the instrument remains outstanding. If a project no longer complies with the eligibility criteria, we will seek to remedy the non-complying factor where possible. Otherwise, Vena Energy will reallocate the funds to an alternative eligible project.

The company will also monitor potential ESG controversies associated with financed projects throughout the life of the instrument. Environmental and social risk management of projects is guided by local regulations and IFC's Performance Standards. Any incidents must be reported to head office immediately and thorough investigation and corrective or remedial actions will be taken as quickly as possible.

JCR assessed that the revised framework was primarily based on a more detailed monitoring description and that the revised content was appropriate. JCR also evaluated that the transparency was secured because disclosure was made in the evaluation report and on the Vena Energy's website.

## (3) Appropriateness and Transparency of management of the proceeds

JCR evaluated the management of proceeds described in the framework as appropriate at the initial evaluation time. Under the revised framework, “Vena Energy intends to fully allocate the proceeds within 36 months from the date of the bond issuance or loan agreement.” was changed to “Vena Energy intends to fully allocate the proceeds within 24 months from the date of the bond issuance or loan agreement.” according to industry best practices. JCR assessed the change as more desirable, as it shortened the period until allocation and reduced uncertainty about the allocation of proceeds.

## (4) Reporting

### a. Proceeds Allocation Status Reporting

JCR evaluated the appropriateness of the reporting items and frequency at the initial evaluation time.

(Proceeds Allocation Status Reporting) (Before Change)

1. Allocated amount per Eligible Green category vs. total amount (%)
2. Geographic split per country
3. Weighted average age of the project being financed or refinanced by the Green Bond/Loan issuance with information related to the phase (construction vs operation)
4. Total projects size (MW) per asset category
5. Total annual operating hours
6. Example of projects financed by the proceeds, including their description (date, location, category, progress)

In the revised framework, the following examples are subject to reporting.

(Proceeds Allocation Status Reporting) (After Change)

1. Any unallocated proceeds
2. Allocated amount per Eligible Green category vs. total amount of allocated proceeds(%)
3. Geographic split per country
4. Weighted average age of the project being financed or refinanced by the Green Bond/Loan issuance with information related to the phase (construction vs operation)

| |
|---|
| 5. Total project size (MW) per asset category<br>6. Total annual operating hours<br>7. Example of projects financed by the proceeds, including their description (date, location, category, progress) |

JCR evaluated that the revised reporting items were appropriate.

In the 2021 SUSTAINABILITY &FINANCIAL REPORT published in June 2022, JCR confirmed that Vena Energy disclosed the above contents as much as possible, and that also it disclosed all of its portfolio on a whole-of-company basis, given that all projects undertaken by Vena Energy meets the criteria under the Green Financing Framework..

JCR notes that the aforementioned reporting metrics were only examples of possible metrics and accepts that project-level reporting (e.g., breakdown of eligible green category or weighted average age of assets being financed) were challenging given that Vena Energy's development pipeline is evolving over time.

**b. Impact reporting**

In addition to the impact reporting described in the previous framework, Vena Energy was scheduled to disclose the following items, including impacts related to new projects with the use of proceeds.

| Eligible Green Categories | Type of Project | Indicative Reporting Metrics |
|---|---|---|
| Renewable Energy | 1. Solar energy<br>2. Wind energy<br>3. Marine renewables<br>4. Hydropower | ● Installed capacity in MW<br>● Annual renewable energy production in MWh<br>● Annual GHG emissions avoided in tons of $CO_2$ equivalent<br>● Number of Households powered |
| Energy Efficiency | 1. Energy Storage solutions and systems | ● Annual volume of energy stored in MWh<br>● Installed Capacity for Energy Storage / FCAS (Frequency Control Ancillary Service) |
| Circular Economy Technologies & Process | Projects focused on improving the circular economy such as:<br>1. Recycling, refurbishment, reuse/redistribution of materials and components<br>2. Investments that help to maintain/prolong systems, materials and/or assets that contribute to minimizing systematic leakage and | ● Amount of materials recycled such as silicon, glass, aluminum and precious metals, measured by weight (at project decommissioning in particular)<br>● Take back systems of large key equipment which are off-spec, damaged or discarded, measured by weight (e.g. wind turbine blades and towers)<br>● Minimization or phase out of hazardous materials, measured in % reduction compared to existing equipment e.g. lead use in solar panels |

| | negative externalities | |
|---|---|---|
| Fuel Production | Hydrogen fuel production facilities | ● Installed rating capacity in MW<br>● Annual hydrogen fuel production in metric tons<br>● Annual GHG emissions avoided in tons of $CO_2$ equivalent |

JCR evaluated that updated reporting content was appropriate because Vena Energy has committed to auditing on an annual basis the final impact report and related calculations by an independent third party until the full allocation of proceeds into Eligible Projects or if there are material changes. Vena Energy had obtained limited assurance on the impact report from an audit firm in the Sustainability and Financial Report 2021.

## (5) Organization's environmental activities

As a company specializing in developing and operating renewable energy, Vena Energy strives to expand its business in the Asia-Pacific region, with contribution to the conservation of the global environment as an important management policy. The Company's core mission is to accelerate energy transition through the development of sustainable and affordable renewable energy throughout the Asia-Pacific, and Vena Energy is working towards the achievement.

Since its establishment in 2012, Vena Energy has considered ESG at each phase of its business development and asset management as part of the aforementioned. In this regard, the Environmental, Social and Governance Policy ("ESG Policy") was formulated in compliance with global standards such as the IFC Performance Standard and the World Bank Group's Environmental, Health, Social Guidelines, and the policies and procedures were established for actual operations.

ESG policy aims to achieve the following objectives:

- Compliance with Relevant Laws and Regulations
- To maximize the positive impact on the project's environment, employees and stakeholders and to minimize negative risks
- Use natural resources and environmental protection effectively to the greatest extent possible
- To reduce anthropogenic GHG emissions that lead to climate change
- Compliance with ILO International Labour Standards and the United Nations Universal Declaration of Human Rights
- Appropriate considerations for the surrounding society along with business activities

Vena Energy established an investment exclusion list when making actual investment decisions to achieve the objectives above. In revising the framework, Vena Energy newly added "Project or activity that is GHG-intensive" to the investment exclusion list, which confirmed that the above activities were added because they were inconsistent with its policy. Vena Energy hired Environment and Social (E&S) Consultants to assist risk assessment and carry out improvement plans as part of the Environmental and Social Management Plan (ESMP). HSSE Officers supervise and monitor daily occupational health & safety, security and environmental considerations in each country. In the event that a moderate, major or material incident event occurs, the information is reported immediately to the HSSE group including the local project management team, Regional HSSE Team, Country's Senior Management Team, and to the Vena Energy Executive Management Team. The initial details or notification of the incident are also shared throughout the Company via the country incident report portal within 24 hours after the occurrence of any incident,

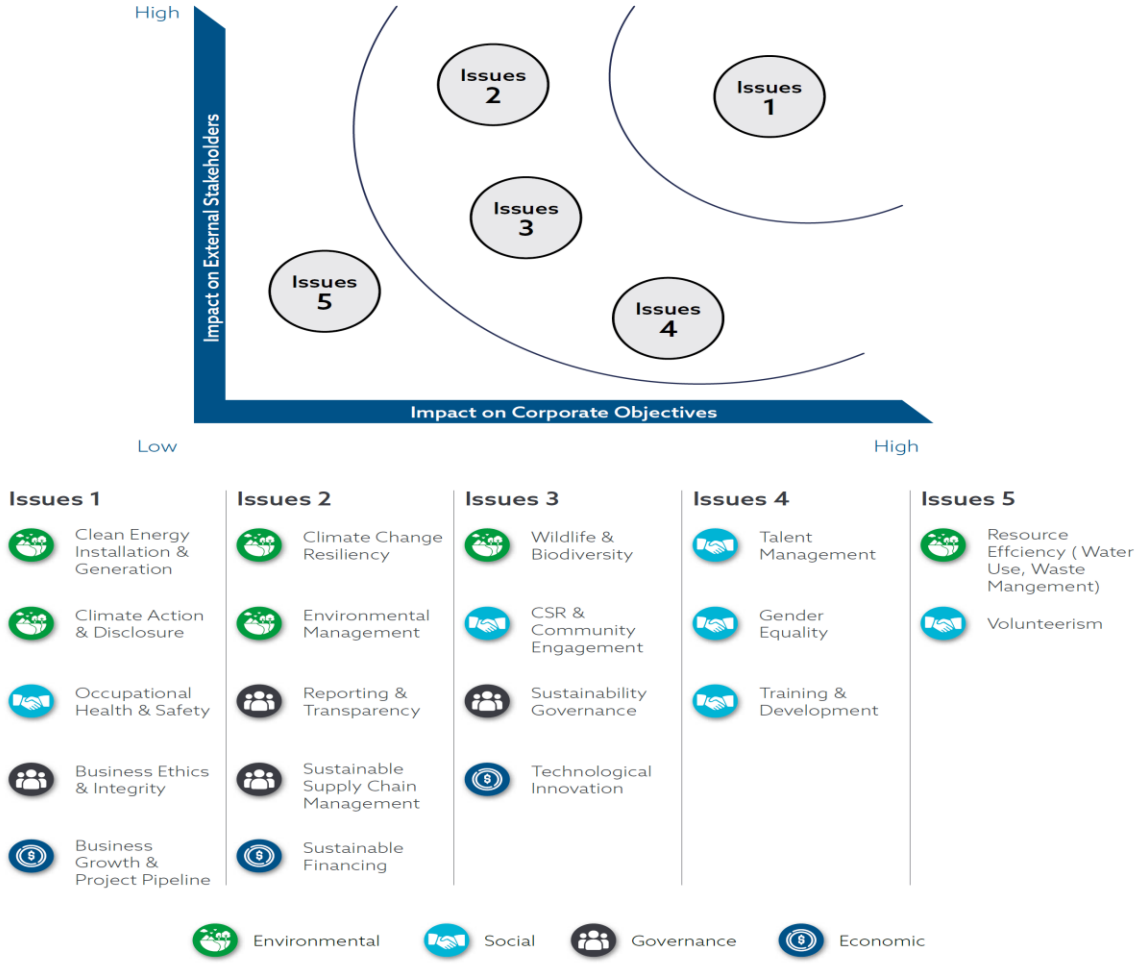
and in particular, the reports of main or material incidents are submitted to the designated incident management team for investigation and direction of corrective actions.

The ESG Policy clearly defines the responsibilities (implementation, monitoring and reporting) of its senior management, the responsible person in countries, and respective regional management teams in responding to environmental and social concerns and matters in green projects.

In November 2019, Vena Energy signed the United Nations Global Compact (UNGC) and declared that the Company incorporated the above policies into its strategy, corporate culture, and day-to-day operations, and simultaneously, it cooperated from the perspective of projects to achieve SDGs advocated by the United Nations. In February 2020, Vena Energy issued its first Green Bond based on this framework, and since then it has continuously strengthened its ESG initiatives, including through financing green loans. JCR evaluated Vena Energy's proactive approach to tackle with environmental issues.

Since 2020, Vena Energy has also conducted a Materiality Survey that describes material items for Vena Energy and its stakeholders, to identify areas to be focused in its sustainability initiatives that is related to economic issues in its ESG and large-scale renewable energy developments, based on the feedback received from its internal and external stakeholders.

(Figure 1: Materiality Survey)




(Source: Vena Energy Sustainability & Finance Report 2021)

Based on the above, JCR confirmed that Vena Energy's management highly prioritized environmental issues and that the Company considered environment and society in operating each project under the leadership of local offices in respective countries. JCR also confirmed that Vena Energy utilized a variety of external experts as necessary depending upon respective stages of the green finance process and the selection, development and management of

green projects. Not only that the Company's business activities themselves contributed to decarbonisation, but also it took enough measures to minimize the potential negative impact on environment and society that might arise in implementing its projects.

## 4. Conclusion

As a result of verifying the matters described in the previous section, JCR confirmed that the content of the framework, i.e., the evaluation target, including the revised part, was expected to be highly effective in improving the environment in the green project, the use of proceeds. JCR also evaluated that the framework met the criteria for items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines, and the Green Loan and Sustainability Linked Loan Guidelines by the Ministry of the Environment.

[JCR Green Finance Framework Assessment Matrix]

| | | Management, operation, and transparency evaluation | | | | |
|---|---|---|---|---|---|---|
| | | m1(F) | m2(F) | m3(F) | m4(F) | m5(F) |
| Green Evaluation | g1(F) | Green 1(F) | Green 2(F) | Green 3(F) | Green 4(F) | Green 5(F) |
| | g2(F) | Green 2(F) | Green 2(F) | Green 3(F) | Green 4(F) | Green 5(F) |
| | g3(F) | Green 3(F) | Green 3(F) | Green 4(F) | Green 5(F) | Not qualified |
| | g4(F) | Green 4(F) | Green 4(F) | Green 5(F) | Not qualified | Not qualified |
| | g5(F) | Green 5(F) | Green 5(F) | Not qualified | Not qualified | Not qualified |

(Responsible analysts for this evaluation) Atsuko Kajiwara and Kosuke Kajiwara

## Important explanations of this Evaluation

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

   JCR Green Finance Framework Evaluation, which is determined and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses JCR's comprehensive opinion at this time regarding the appropriateness of the Green Project as defined by JCR and the extent of management, operation and transparency initiatives related to the use of funds and other matters. Therefore, it is not intended to evaluate the effects of specific environmental improvements and the management, operation and transparency of individual bonds and borrowings, etc. to be implemented based on these policies. In the event an individual bond or individual borrowing based on this Framework is subject to a green finance evaluation, it is necessary to conduct a separate evaluation. JCR Green Finance Framework Evaluation does not prove the environmental improvement effects of individual bonds or borrowings implemented under this Framework, and does not assume responsibility for their environmental improvement effects. JCR confirms the environmental improvement effects of funds procured under the Green Finance Framework measured quantitatively and qualitatively by the issuer or by a third party nominated by the issuer, but in principle it does not directly measure such effects.

2. Method used to conduct this evaluation

   The methodologies used in this assessment are described in "JCR Green Finance Evaluation" on the "Sustainable Finance ESG" section of the JCR website (https://www.jcr.co.jp/en).

3. Relationship with Acts Concerning Credit Rating Business

   JCR Green Finance Evaluation is determined and provided by JCR as a related business, which is different from its activities related to the credit rating business.

4. Relationship with Credit Ratings

   The Evaluation is different from the Credit Rating and does not promise to provide or make available for inspection a predetermined credit rating.

5. Third-Party Evaluation of JCR Green Finance Framework Evaluation

   There are no capital and/or personnel relationships that may result in a conflict of interest between the subject of this evaluation and JCR.



■ Glossary

JCR Green Finance Framework Evaluation: This evaluates the extent to which the funds procured through green finance are appropriated for green projects as defined by JCR and the degree to which the management, operation and transparency of the green finance are ensured. Evaluations based on a 5-point scale are given from top to bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) symbols.

■ Status of Registration as an External Evaluator of Green Finance

- Registered as an External Reviewer of Green Bonds by the Ministry of the Environment
- ICMA (registered as an observer with the Institute of International Capital Markets)

■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the U.S. Securities and Exchange Commission's Nationally Recognized Statistical Rating Organization (NRSRO): (1) financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations and (4) governments and municipalities. If the disclosure is subject to Section 17g-7 (a) of the Securities and Exchange Commission Rule, such disclosures are attached to the news releases appearing on the JCR website (https://www.jcr.co.jp/en/).

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