



NEWS RELEASE

April 30, 2020

【R&I Green Bond Assessment】

Loop Inc. Unsec. Str. Bonds No.1 (Green Bonds) : GA1 (Formal)
: 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 (Formal), Second Opinion).

【DESCRIPTION OF INSTRUMENT】

INSTRUMENT NAME	Loop Inc. Unsec. Str. Bonds No.1 (Green Bonds)
ISSUER	Loop Inc.
ISSUE AMOUNT (mn)	JPY 3,000
R&I GREEN BOND ASSESSMENT	GA1 (Formal)
ISSUE DATE	April 30, 2020
MATURITY DATE	April 27, 2035

【Summary】

Loop Inc. engages in renewable energy-related businesses including electric power retailing and generation, centered around the development, sales, installment, and management of solar power generation systems. The company intends to finance the construction and purchase of solar power generation facilities through a green bond. Loop 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 (formal) to the green bond.

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

R&I has 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.

【Rationale】

- The proceeds will be allocated to the construction and purchase of multiple solar power generation plants. R&I has judged that sufficient environmental benefits can be expected based on the project plans in light of the condition of the facilities of the respective power plants and weather conditions, etc., as well as operational track record so far. Due consideration is paid to negative environmental and social impacts associated with the development and operation. R&I considers that it is reasonable as the use of the funds obtained through a green bond.
- The target projects are in conformity with the management philosophy and Environment Policy of Loop which sets out promoting wider use of renewable energy as its vision. The company confirms the probability of environmental benefits through a review of project profitability and impacts on surrounding environments from compliance with related laws and regulations by discussing among relevant departments in selecting power generation plants. It can be considered as a process that ensures control/checking function and expertise.
- The fund allocation plan is clear, with an internal system available to manage the fund allocation status. Evidence and other documents are stored appropriately as per the internal rules, and unallocated proceeds are managed as cash or cash equivalent and short-term financial assets, etc.
- Issuance report will disclose the effect of reducing CO2 emissions by plant. After the issuance, the status of fund allocation and actual reduction in CO2 emissions by plant will be disclosed once a year on the website of the issuer. It will provide disclosure as appropriate in the case of a material change to the situation, including a change to the fund allocation plan.
- Loop engages in businesses aiming at the promotion of wider use of renewable energy with a clear vision. It has built a structure to sell solar power generation systems with high utility that take into consideration the need of electricity users across the country. It presents matters to be promoted with priority to balance business activities with consideration for the environment and contribute to the society as its Environment Policy.

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

Loop installed solar power generation facilities for free in the area afflicted by the Great East Japan Earthquake, which led to the establishment of the company. It has been growing by setting out the promotion of wider use of renewable energy as its vision and rolling out the business of handling from the development, sales, installation, through to management of solar power generation systems across the country. It also engages in power generation business of renewable energy, centered around solar power generation, on the back of the track record of developing more than 2,500 solar power generation plants across the country. It entered into the electrical power retailing business in 2016. Loop is working towards realising an “energy-free” society, where the price of energy is reduced to 0, through the use of renewables and by developing a diversified range of businesses. It positions the issuance of a green bond as one of measures to realize its philosophy.

■ Overview of the Green Bond Framework

Loop 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 overview of this Framework is as follows:

1. Use of Proceeds

- Proceeds will be used for the following projects related to solar power generation facilities (project category: renewable energy).

Description of the projects

Project Number	Location	Starting Date of Operation	Expected Annual Power Generation (kWh)	CO2 Reduction Effect (tCO2/year)
1	Hokkaido, Nakashibetsu	Mar. 2019	1,740,831	1,142
2	Hokkaido, Nakashibetsu	Dec. 2019	571,153	375
3	Hokkaido, Nakashibetsu	Mar. 2020	2,872,078	1,884
4	Okinawa, Yaose	Nov. 2015	2,668,032	2,052
5	Hokkaido, Nakashibetsu	Sep. 2019	29,490,669	19,346
6	Mie, Tsu	Feb. 2014	4,653,800	2,197

The reduction effect is calculated by multiplying expected annual power generation by the CO2 emission coefficient of a utility company which purchases relevant electrical power.

Fund Allocation Plan

Project Number	Use of Proceeds	Completion date/ Acquisition Date	Total Amount of Investment (mil. Yen)	Amount of Allocation (mil. Yen)
1	Refinancing funds for the construction of power plant	Completed in Mar. 2019	214	160
2	Refinancing funds for the construction of power plant	Completed in Dec. 2019	98	80
3	Refinancing funds for the construction of power plant	Completed in Mar. 2020	297	240
4	Refinancing funds for the construction of power plant	Acquired in Nov. 2019	950	720
5	Acquisition of others' ownership interest for the 100% ownership of the power plant	To be acquired in May 2020	1,000	800
6	Acquisition of the power plant	To be acquired in Apr. 2020	1,450	1,000

- Environmental risks that a respective project may bring about are identified, with environmental preservation measures taken in accordance with the laws and regulations.
- Respective projects carry out environmental impact assessment in accordance with environment-related laws and regulations and ordinances by local governments.

Expected environmental risks	Major environmental preservation measures
Destruction of and negative impacts to ecosystems associated with large-scale land development	Appropriate measures that conform to related laws and regulations, including forest land preservation and water source recharge (regulating pond), project activities that give sufficient consideration to environmental preservation, and sufficient consideration for discharge of soil, landslides, and other disasters in respective areas/surrounding areas, in deforestation and land development
Pollution in the acts of development	Appropriate measures and management that conform to related laws and regulations regarding exhausted gas, discharged water, dust, noise, vibration, and bad odors arising from project activities in relation to the acts of development, with a view to preserving the living environment of the community
Light pollution and negative impacts to landscapes	Appropriate measures that conform to related laws and regulations, including consideration for the community's characteristics and harmony with the surrounding landscapes
Noise and vibration from related facilities	Appropriate measures that conform to related laws and regulations

2. Process for Project Evaluation and Selection

- Looop set its environmental goal as “promoting wider use of renewable energy and controlling climate change” and selected projects that are expected to deliver reduction in CO2 emissions.
- In selecting technologies and facilities to be adopted for a new project, Looop usually gets Renewable Energy HQ, Power Generation Business HQ, and Administration HQ, which are responsible for executing the project, to work together, compare the probability of the project completion from environmental, economic, and financial aspects, and review/decide on the selection criteria for technologies and facilities of the project to be invested in each time. The following selection criteria for the technologies and facilities that are adopted in the target projects were also determined through a similar process.

Technologies and facilities	Selection criteria
Solar power generation facilities	<ul style="list-style-type: none"> • Profitability as set by Looop (the IRR of a project being a certain level or higher) is ensured • Able to comply with the laws and regulations relating to a target project as well as ordinances, etc. established by local governments, etc. • No antisocial forces are intervened with those involved in projects

- Administration HQ drove the process of primary evaluation and selection of projects in accordance with the selection criteria, and the Management Committee reviewed the conformity with the Environment Policy, contribution to the management philosophy, and the probability of environmental benefits’ being delivered, to make comprehensive assessment. The Board of Directors ultimately decided on the target projects.

Management Philosophy “Looop VISION”

Realization of energy-free society

Environment Policy

We, Looop Inc., are cognizant of a role that we need to play and responsibilities that we need to fulfill in a modern society which demands a sustainable structure to be built, and will carry out continuous improvements to reduce burdens on the environment. We will promote the following items with priority, in order to eliminate waste of energy as a company striving to get renewable energy used more widely, balance business activities with consideration for the environment, and seek to be a company that contributes to the society:

1. We will set environmental objectives and goals based on the Environment Policy and review the status of execution periodically, to improve the environment management system continuously and prevent pollution.
2. The Company will deliver environmentally-friendly products, services, and information to customers as a company that offers services extending from the procurement of necessary components for solar power generation plants and planning of installation methods, to sales.
3. We will work on resource and energy conservation, reduction in waste, and so on, and strive to reduce environmental burdens in the development, research, and planning phases of a product.
4. We will adhere to the environment-related laws and regulations which are applicable to our business activities, as well as other requirements that the Company consents to.
5. We will document the Environment Policy and make it public to the general public through hard copies and the website over the Internet, as well as getting it well known to and understood by all the employees to improve their awareness for the environment and get them educated and enlightened.

3. Management of Proceeds

- Tracking & management of the proceeds will be performed by Renewable Energy Department and Power Generation Business Department, with Administration Department to be responsible for confirmation. The total amount of the proceeds, funds already allocated to respective projects, and unallocated funds are managed through a borrowing management system. It will manage such that a sum of the unallocated amount and allocated amount matches the total amount of the proceeds, until the proceeds are allocated in full. It will manage such that the accumulated amount of allocation to respective projects matches or exceeds the total amount of the proceeds, once the proceeds are fully allocated. Such confirmation will be done annually.
- Unallocated funds are managed as cash or cash equivalent, short-term financial assets, etc.
- Evidence and other documents related to the proceeds of funds are managed appropriately as per the internal rules.

4. Reporting

- The status of fund allocation and environmental benefits will be disclosed publicly for each project with the following schedule and contents on its own website. In addition, it will provide disclosure as appropriate in the case of a material change to the situation, even after the proceeds from the green bond are allocated in full to projects.

Type of Reporting	Schedule
Issuance Report	Made upon the bond issuance
Annual Report	Once a year until the bond redemption

Details of disclosure
<ul style="list-style-type: none"> List of projects to which the proceeds have been allocated Overview of each project (including the progress status) The amount of funds allocated to each project The amount of unallocated funds, planned fund allocation, and investment method of unallocated funds Environmental benefits (power generation, reductions in CO2 emissions) An approximate amount (or ratio) of the portion that has been allocated to refinance respective projects out of the proceeds

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

R&I evaluated if the green bond framework prepared by Loop 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

Green bond proceeds shall be used for projects that help solve environmental problems.

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] Sufficient environmental benefits are expected from the project

- Power generation plants of the target project have all commenced the operation with no material accidents/failure so far. Going forward it is planned that Loop owns and operates all of the power generation plants. R&I has judged that the project plans in light of the condition of the facilities and weather conditions, etc., are reasonable and that stable operation can be expected in consideration of Loop's extensive development and operational track records so far and operation, maintenance & inspection (O&M) system, and others.
- Project No. 5 is larger in size relative to the power generation plants that Loop has worked on, and accounts for the majority of environmental benefits by the target projects. The company has taken steps such as developing a project plan based on power generation forecasted by a specialized research firm and consigning O&M services to a company with track record for administering power generation plants of similar size.
- R&I confirmed through an interview that Loop plans to allocate the funds to the construction of its own power generation plants which are scheduled to start construction work during this fiscal year as alternative projects in case that projects which it plans to acquire after the financing are not actually acquired. Alternative projects have been selected in accordance with the selection criteria provided in the framework, with the investment amount expected to exceed the planned allocation amount.

[2] Consideration is given to potential negative impact on the environment/society

- Environmental impact assessment was done during the development stage, in addition to appropriate environmental preservation measures that adhere to the laws and regulations taken, as described in the overview of the framework. Project No. 5 with large development

area uses the former golf course site and is considered to have relatively small impacts on the existing environment.

Based on the above, 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

Evaluation

- The target projects are in conformity with the management philosophy and Environment Policy of Looop which sets out the promotion of wider use of renewable energy as its mission.
- As described in the overview of the framework, it confirms the probability of environmental benefits through a review of project profitability and impacts on surrounding environments from compliance with related laws and regulations, etc., by discussing among relevant departments in selecting power generation plants. It is a process that ensures control/checking function and 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, an arrangement to manage proceeds according to the internal system is in place.
- Unallocated proceeds are managed as cash or cash equivalent and short-term financial assets.
- Evidence and other documents are stored appropriately as per the internal rules, etc.

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

- The company will disclose an issuance report and annual reports.
- Loop will disclose the status of fund allocation and environmental benefits publicly on its own website. The content of disclosure includes the amount of CO2 reduction for each project, etc. and R&I considers the company's reporting is appropriate.
- The company will provide disclosure as appropriate in the case of a material change to the situation; i.e. changes in fund allocation schedule, etc.

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>

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.

■ 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 are those stipulated in the 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 eligible project to be especially beneficial to the environment.

2. Process for Project Evaluation and Selection

- R&I confirmed that the projects were selected in accordance with the framework and 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 considers the management to be excellent.

4. Reporting

- The expected CO2 reduction effects for each project will be disclosed in the issuance report.
- After the issuance, status of fund allocation and environmental benefits for each project will be disclosed annually on the issuer's website.
- R&I has judged that the reporting policy for the green bond is especially 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 actual performance 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.






- Looop holds a clear vision of promoting wider use of renewable energy and has grown by rolling out the business of handling from the development, sales, installation, through to management of solar power generation systems across the country. It has built a structure to sell solar power generation systems with high utility that take into consideration the need of electricity users across the country and has been realizing its management philosophy steadily. As it is expanding the businesses including electricity power retailing and power generation businesses, it is also expanding the domains of related business and service areas and seeking the 'realization of energy-free society' through its diversified range of businesses.

<Comprehensive Evaluation>

For the reasons stated above, 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 (formal) 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 due consideration is paid 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 especially reasonable.
Process for project evaluation and selection		R&I has determined that the process for evaluating and selecting the green bond project s 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		The reporting of the green bond consists of CO2 reduction effects, status of fund allocation and actual reduction amount (annual) for each project, and R&I has judged that the reporting policy for the green bond is especially excellent.
Issuer's environmental contribution activities		R&I has judged that issuer has established a policy and system related to the environment, sets goals and action plans based on its vision, and promotes various business and environmental conservation efforts in line with them. R&I considers the issuer's approach towards 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.

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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: Loop 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: April 30, 2020

Publication date of review publication: April 30, 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 (formal) to the green bond.

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

R&I has 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] Sufficient environmental benefits are expected from the project

- Power generation plants of the target project have all commenced the operation with no material accidents/failure so far. Going forward it is planned that Loop owns and operates all of the power generation plants. R&I has judged that the project plans in light of the condition of the facilities and weather conditions, etc., are reasonable and that stable operation can be expected in consideration of Loop's extensive development and operational track records so far and operation, maintenance & inspection (O&M) system, and others.
- Project No. 5 is larger in size relative to the power generation plants that Loop has worked on, and accounts for the majority of environmental benefits by the target projects. The company has taken steps such as developing a project plan based on power generation forecasted by a specialized research firm and consigning O&M services to a company with track record for administering power generation plants of similar size.
- R&I confirmed through an interview that Loop plans to allocate the funds to the construction of its own power generation plants which are scheduled to start construction work during this fiscal year as alternative projects in case that projects which it plans to acquire after the financing are not actually acquired. Alternative projects have been selected in accordance with the selection criteria provided in the framework, with the investment amount expected to exceed the planned allocation amount.

[2] Consideration is given to potential negative impact on the environment/society

- Environmental impact assessment was done during the development stage, in addition to appropriate environmental preservation measures that adhere to the laws and regulations taken, as described in the

overview of the framework. Project No. 5 with large development area uses the former golf course site and is considered to have relatively small impacts on the existing environment.

Based on the above, 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 are those stipulated in the 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 eligible project to be especially beneficial to the environment.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings (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):

< Evaluation on the Green Bond Framework >

- The target projects are in conformity with the management philosophy and Environment Policy of Looop which sets out the promotion of wider use of renewable energy as its mission.
- As described in the overview of the framework, it confirms the probability of environmental benefits through a review of project profitability and impacts on surrounding environments from compliance with

related laws and regulations, etc., by discussing among relevant departments in selecting power generation plants. It is a process that ensures control/checking function and 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 and 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, an arrangement to manage proceeds according to the internal system is in place.
- Unallocated proceeds are managed as cash or cash equivalent and short-term financial assets.
- Evidence and other documents are stored appropriately as per the internal rules, etc.

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 considers the management to be excellent.

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 >

- The company will disclose an issuance report and annual reports.
- Looop will disclose the status of fund allocation and environmental benefits publicly on its own website. The content of disclosure includes the amount of CO2 reduction for each project, etc. and R&I considers the company's reporting is appropriate.
- The company will provide disclosure as appropriate in the case of a material change to the situation; i.e. changes in fund allocation schedule, etc.

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 >

- The expected CO2 reduction effects for each project will be disclosed in the issuance report.
- After the issuance, status of fund allocation and environmental benefits for each project will be disclosed annually on the issuer's website.

R&I has judged that the reporting policy for the green bond is especially 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 (<i>please specify</i>): | |

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.