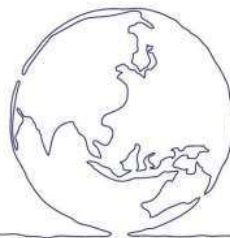


Kanadevia

Technology for people and planet



1. Introduction

1.1 Overview of the company

Kanadevia Corporation (hereafter “Kanadevia”) is a plant engineering company rooted in Osaka Tekkosho (Osaka Iron Works) and founded in 1881 by E.H. Hunter. Kanadevia has globally expanded and developed its business in the field of “Environmental systems”, “Machinery and Infrastructure” in order to provide the values for society through manufacturing and engineering technologies developed by shipbuilding technology (since the shipbuilding business division was divested in 2002). On October 1, 2024, we changed our company name to "Kanadevia" combining the Japanese verb "kanaderu" meaning "to play music in harmony" and the Latin word "via" meaning "way" or "method" under the concept of taking on the challenge through the power of technology, to create a world that lives in balance with nature. The new trade name shows that we respect diversity, just as the many diverse players in an orchestra work in harmony (“kanaderu”). It also shows that we will pioneer a new path (“via”), through continuous technological innovation, to bring the same harmony to human society and the natural world. Its head office is located at Osaka in Japan. The global enterprise activity is executed with 12,148 employees and 131 consolidated subsidiaries (as of end-March 2024).

1.2 Environmental Efforts

1.2.1 The basic philosophy [Kanadevia Value]

The Group has established "Kanadevia Value" as the basic philosophy and is building a management system to implement its long-term vision, management strategies, etc., based on this basic philosophy.



1.2.2 Sustainable Vision

In March 2023, our Group newly established the Sustainable Vision for 2050 under the Kanadevia Value, which consists of the Group’s corporate philosophy, management stance, and standards of business behavior. In light of social issues, we have identified risks and opportunities, and established the Seven Pillars of Success (Materiality) from the perspectives of society and stakeholders and the impact on business continuity. Going forward, we will implement initiatives that address each of the Seven Pillars of Success.

The vision outlining our desired image in the year 2050

Sustainable Vision

- (1) Realize zero environmental impact (2) Maximize people's well-being

<Seven Pillars of Success (Materiality)>

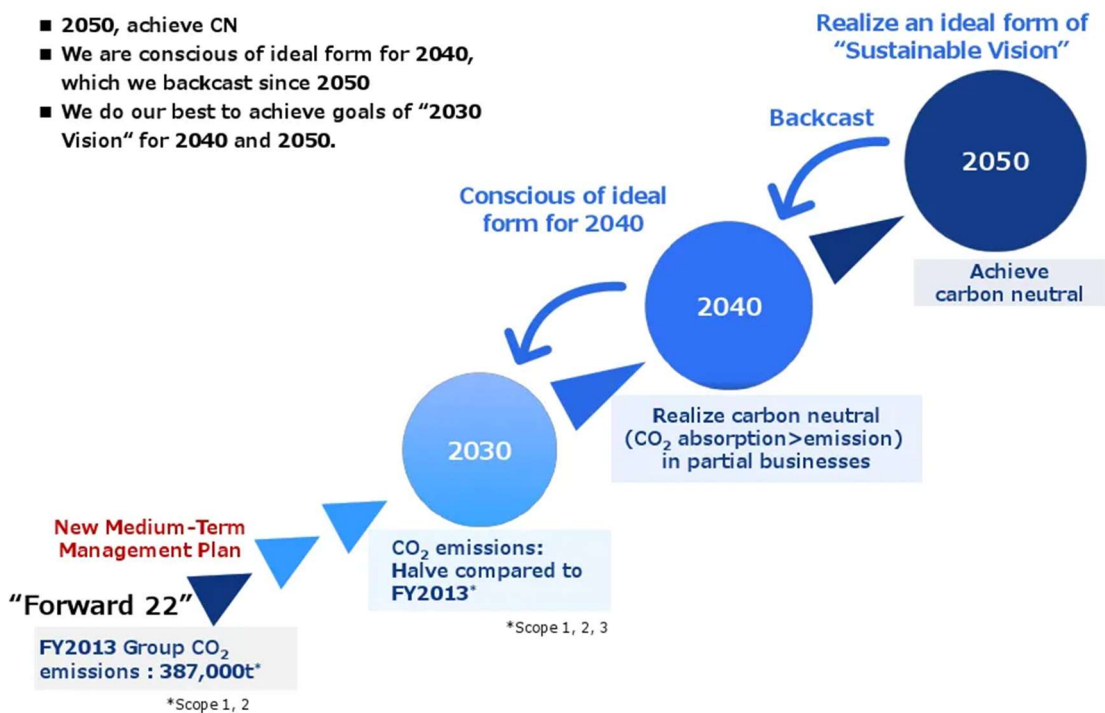
- Carbon neutrality
- Maximization of environment's recovery power
- Sustainable procurement
- Enhancement of corporate governance
- Complete circulation of resources
- Response to intensifying natural disasters
- Maximization of well-being of people

1.2.3 Long-Term Vision: The 2030 Vision

In 2017, the KanadeviaGroup formulated the Hitz 2030 Vision, our long-term vision, to clarify our desired image for 2030 and to promote initiatives aimed at achieving them. We have now revised part of the content to present a new vision for the KanadeviaGroup as the 2030 Vision. While contributing to the achievement of a sustainable society through our overall business activities, our Group aims to enhance its earning power. Through the 2030 Vision initiatives, we will strive to further improve communication with our stakeholders.

<The Long-Term Vision "Overview">

- 2050, achieve CN
- We are conscious of ideal form for 2040, which we backcast since 2050
- We do our best to achieve goals of "2030 Vision" for 2040 and 2050.



Business in 2030: Sustainable growth of existing businesses, and creation and expansion of growth businesses



* Waste to X = Energy, material, chemical, fuel, H₂, CO₂ storage, phosphorus recovery, etc.

1.2.4 New medium-term management plan Forward

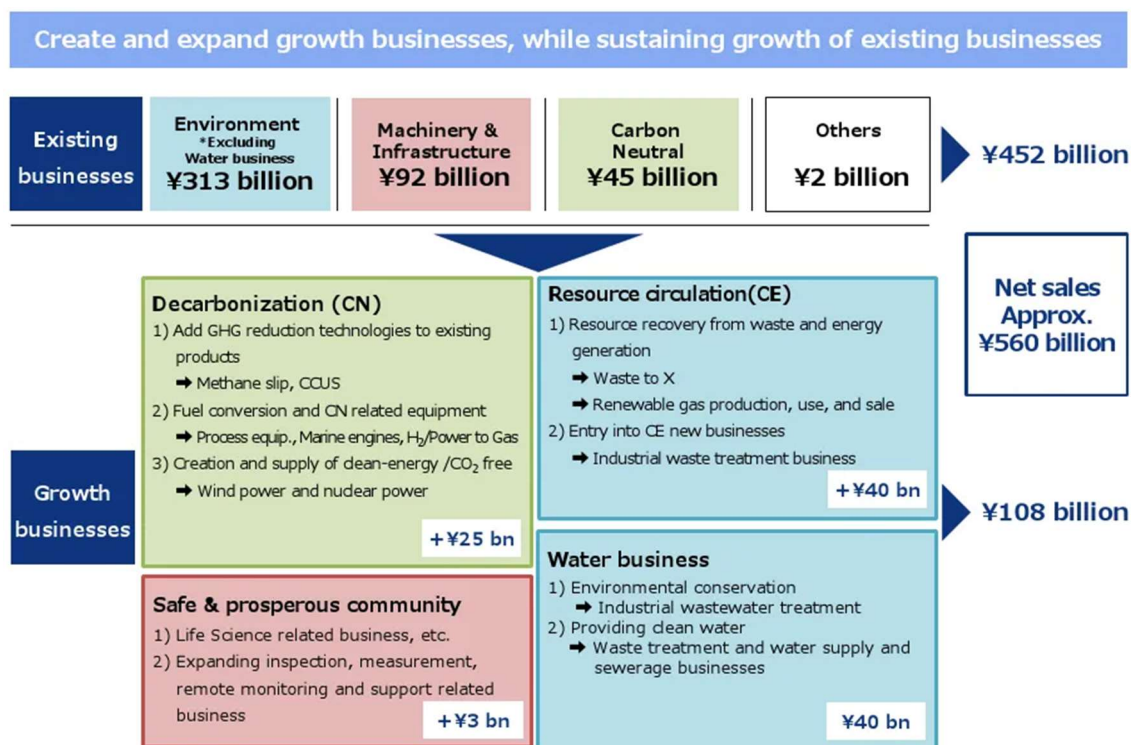
The vision outlining our desired image in the year 2050, the Sustainable Vision, serves as a compass that shows the direction of the entire Group, and the 2030 Vision, the vision outlining our desired image in the year 2030, serves as a milestone for the Sustainable Vision. Forward 25 is a new first step toward achieving these visions. In carrying out Forward 25, we have established three basic policies: sustainable growth of existing businesses, creation and expansion of growth businesses, and promotion of sustainable management.

<Basic policies and priority measures>

Priority measures	
Basic Policies (1) Sustainable growth of existing businesses	<ol style="list-style-type: none"> ① Expanding overseas businesses ② Promoting structural reform ③ Expanding O&M/Service, improving profitability of EPC/New production
Basic Policies (2) Creation and expansion of growth businesses	<ol style="list-style-type: none"> ① Promoting investment strategies ② Promoting investment in priority areas <ul style="list-style-type: none"> ●Decarbonization (CN) business: Wind Power, Nuclear and CN Related, H₂ generation and Power to Gas, Fuel conversion, CCUS ●Resource circulation (CE) business: Waste to X*+ carbon credit, Renewable gas production/use/sales, Industrial waste disposal business ●Water business: Industrial wastewater, Water supply and sewage ●Life science related business: Various devices for drug discovery, regenerative medicine, and next-generation medicine ●Inspection, measurement, monitoring and remote support related business
Basic Policies (3) Promoting sustainable management (Enhancement of corporate value)	<ol style="list-style-type: none"> ① Strengthening human capital ② Decarbonization in business activities ③ Promoting DX Strategies ④ Thorough risk management

* Waste to X = Energy, material, chemical, fuel, H₂, CO₂ storage, phosphorus recovery, etc.

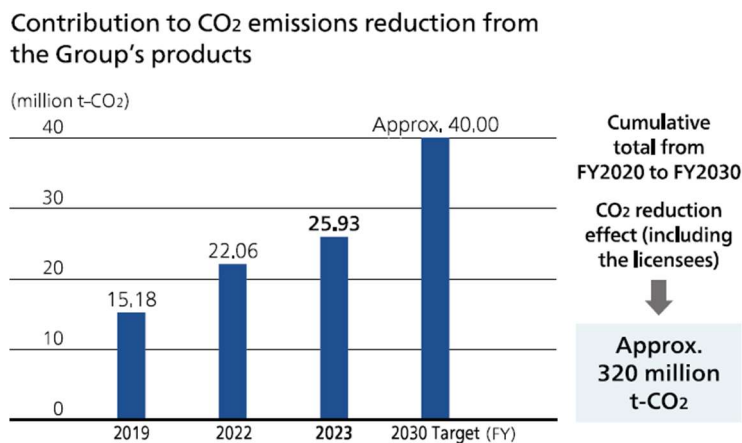
<Promoting investment in priority areas>



*Figures are sales targets for FY2025.

1.2.5 Contribution to CO₂ emission reduction from the Group's products

Clean energy facilities, including Waste to Energy (WtE), biogas, biomass, and wind power facilities, using our Group's technologies contribute to reducing CO₂ emissions through our customers' business activities. As of the end of fiscal 2023, our products (including the products of licensees) had reduced CO₂¹ by 25.93 million t-CO₂ per year worldwide, equivalent to roughly 4.0% of the new target for reducing greenhouse gas emissions announced by the Japanese government in April 2021. We will continue to contribute to CO₂ reduction through our products, aiming to create an annual CO₂ reduction effect of approximately 40 million tons by the end of fiscal 2030.



¹ The CO₂ reduction effect was calculated from the power generation capacity of working facilities (excluding use of heat inside facilities), "The Method of Calculating Greenhouse-Gas Emissions and List of Emission Coefficients" issued by the Japanese Ministry of the Environment, and "Global Warming" (emission factors in foreign countries) issued by the Agency for Natural Resources and Energy. The fiscal 2030 target was calculated proportionally based on actual results through fiscal 2022. Japan's fiscal 2030 target for reducing greenhouse gas emissions, which was used to estimate the Kanadevia Group's contribution rate, is a reduction of 46% from the 2013 level of 1,408 million tons (CO₂ equivalent).

1.2.6 Purpose of Green Finance Execution

Kanadevia will execute the Green Finance to provide Kanadevia's environmental solution technology and service (facilities and management). We believe that delivering service consistent with our environmental policy in all the business phases from funding to providing technology and services to customers will achieve Kanadevia's mission. We made this framework for the Green Finance to ensure consistency with Green Bond Principles (ICMA 2021), Green Bond Guidelines (Ministry of the Environment 2022), Green Loan Guidelines (Ministry of the Environment 2022), Green Loan Principles (LMA, APLMA, LSTA 2023) and Climate Bond Standards (CBI, v4.1).

2. Green Finance Framework



For the execution of the Green Finance, this framework is designed in align with the Green Bond Principle 2021's four core components which are: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting. This framework will be released on our web page (or report them to the lender in the case of loans), and components of framework will also be revealed on legal documentations for the relevant Green Bond issuance and disclosed information to the stakeholders.

Kanadevia will execute the Green Finance in accordance with this framework, subject to the approval of the Board of Directors, the highest decision-making body in the Company's operations.





2.1 Use of Proceeds


All the net proceeds from the execution of the Green Finance will be allocated to finance and/or refinance of expense for facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A of projects which meet the following eligible criteria. Refinancing for existing projects are limited to be finalized/taken into operation within 24 months preceding to the date of execution of the Green Finance.

Eligible Projects

Eligible project category	ICMA GBP category ²	Representative Eligible project and eligibility criteria	SDGs
Energy-from-Waste	Renewable energy Pollution prevention and control	Expenditures related to energy-from-waste facilities and equipment that meet either of the following criteria: <ul style="list-style-type: none"> Energy from Waste (EfW) facilities efficiency meet criteria for Energy from Waste set by Climate Bonds Initiative in Waste Management Criteria of August 2022 Energy-saving and emission saving type of energy-from-waste facilities and equipment 	
Methane fermentation systems	Renewable energy Pollution prevention and control	Expenditures related to equipment that generates and extracts biogas from solid organic waste and biological waste such as food waste and pruned branches and converts it into energy, and that meet either of the following criteria: <ul style="list-style-type: none"> Methane emissions per unit of input waste meet criteria for anaerobic digestion set by Climate Bonds Initiative in Waste Management Criteria of August 2022 CO₂ equivalent of methane emissions per ton of waste input meet criteria for CO₂ equivalent of methane emissions set by Climate Bonds 	

² Including a part of GX Economy Transition Bond's green category

		<p>Initiative in Bioenergy Criteria of August 2022</p> <ul style="list-style-type: none"> Having a CO₂ upcycling process in biogas 	
Onshore and offshore wind power	Renewable energy	<p>Expenditures related to onshore and offshore wind power facilities that meet the following criteria:</p> <ul style="list-style-type: none"> Direct CO₂ emissions shall be 100gCO₂/kWh or less Offshore wind power should consider environmental and social impact on aquaculture 	
Land aquaculture system	Environmentally sustainable management of living natural resources and land use	<p>Expenditures related to land-aquaculture facilities and equipment that are implemented in consideration of reducing the environmental impact of marine-aquaculture itself while supplementing the sustainable use of natural resources, and that meet the following criteria:</p> <ul style="list-style-type: none"> Conformity to environmental laws, regulations, etc., required by the central and local governments of the area where the operation site exists Discharge the residual feed and manure to the outside of the system after proper processing Conservation of nature and biodiversity outside the farm and prevent harm for biosystem 	
Flap-Gate	Climate change adaptation	<p>Expenditures related to flood disaster countermeasure equipment that requires no electricity or manual operation, using of the power of nature itself such as tsunamis and storm surges.</p> <p>Business example: neo RiSe, Seabed-type Movable Flap-Gate type Breakwater system</p>	
Hydrogen Generation System	Circular economy adapted products, production technologies and processes	<p>Expenditures related to equipment that generates hydrogen from electricity and water that meet any of the following criteria:</p> <ul style="list-style-type: none"> Electrolyzed by electricity derived from renewable energy CO₂ emissions per 1 kg of hydrogen produced meet criteria for CO₂ emissions set by Climate Bonds Initiative in Hydrogen Criteria of November 2023 Direct or indirect CO₂ emissions and electricity consumption are lower than other hydrogen production measures <p>Business example: On-site type water electro-chlorination hydrogen generator Hydrospring</p>	

Nuclear power related facilities	Pollution prevention and control Low-carbon and decarbonized energy	Expenditures related to casks and canisters for transportation and storage of spent fuel generated from nuclear power plants. Business example: Dry storage cask	
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2.2 Process for Project Evaluation and Selection

The list of selected eligible projects to be allocated with proceeds from the Green Finance will be evaluated in each responsible department implementing each eligible project and the Finance Department. The Board of Directors, Kanadevia's supreme decision-making body on operational execution, will give final approval to the eligible project selection and allocation of the Green Finance Proceeds.

We will confirm that the following measures are taken for all the eligible projects in order to reduce environmental and social risks.

- The environmental impact assessment by the country of residence or local government is carried out appropriately, if necessary.
- The overview of the projects is explained to the residents around the projects location and efforts are made to get the understanding of the projects from local residents.
- Making efforts to decrease the environmental risks through management of emissions by setting voluntary standards and target values that are stricter than the law on the emission of pollutants to the environment in the equipment manufacturing process.
- Thorough work according to operation standards and reliable implementation of equipment inspection and maintenance, preventing the occurrence of environmental problems in business activities and minimizing environmental risks.
- Establishing response procedures to minimize pollution in the event of an environmental accident, and conducting regular training in the event of an abnormality or emergency.

2.3 Management of Proceeds

The Finance Department is in charge of allocation of the proceeds to eligible projects and managing the proceeds. The budget and actual outlay of the proceeds from the Green Finance execution will be traced and managed using an internal management system on a monthly basis in accordance with Kanadevia's cash management flow by numbering each eligible project. We will preserve cash management related documents complying with Kanadevia's accounting rule defining the range of accounting documents and preservation of the documents and manage the documents with document saving books. Kanadevia intends to allocate most of the proceeds of the Green Finance within 3 years of the execution date. Until the allocation of the proceeds is decided, unallocated proceeds will be managed in cash or cash equivalent forms.

2.4 Reporting

Kanadevia will provide information on the allocation of the net proceeds and environmental effects of the eligible projects on an annual basis. During construction of the eligible projects, Kanadevia will only disclose allocation of the net proceeds. After completion of the eligible projects, Kanadevia will report environmental impact from the year starting operation until the maturity of the Green Finance.

Allocation Reporting

Kanadevia will provide information of both allocated amount and unallocated amount annually on our website and integrated report (or report them to the lender in the case of loans) until net proceeds are fully allocated. In addition, Kanadevia will disclose allocation breakdown in proportion by each project level subject to the clients' approval (or report them to the lender in the case of loans). For long-term assets that will be continuously refinanced by using several Green Finances, we will report the elapsed years, remaining durable year as well as refinancing amount in the possible extent at the time of the Green Finance execution (or report them to the lender in the case of loans).

The first allocation report will be made public within 1 year from the date of the Green Finance execution. In case of material developments, we will renew the information on the use of proceeds on a timely basis even after the full allocation of the proceeds (or report them to the lender in the case of loans).

Impact Reporting

Kanadevia commits to report on the any of or several of the following impact indicators related to eligible projects annually on our website and the integrated report (or report them to the lender in the case of loans) to the extent practicably feasible considering confidentiality until the maturity of the Green Finance.

Eligible project category	ICMA GBP category ²	Indicators for environmental impact (example)
Energy-from-Waste	Renewable energy Pollution prevention and control	<ul style="list-style-type: none"> ➤ Outline of project (including processing capacity, whether it is under construction or completed, future business plans) ➤ Annual power generation output after the start of operation of the constructed and installed facility (MWh/year) ➤ Annual GHG emission reduction based on annual power generation output (tCO₂/year)
Methane fermentation systems	Renewable energy Pollution prevention and control	<ul style="list-style-type: none"> ➤ Outline of project (including processing capacity, whether it is under construction or completed, future business plans) ➤ Biogas generation capacity ➤ Annual CO₂ emission reduction based on annual biogas generation capacity (tCO₂/year)

Onshore and offshore wind power	Renewable energy	<ul style="list-style-type: none"> ➤ Outline of project (including whether under construction or completed, future business plans) ➤ Annual power generation output (capacity) after the start of operation of the constructed and installed facility (MWh/year) ➤ Annual power generation output after the start of operation of the constructed and installed facility (MWh/year) ➤ Annual GHG emission reduction based on annual power generation output (tCO₂/year)
Land aquaculture system	Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ➤ Outline of project (Including certification acquisition / preparation status, whether under construction or completion status, and response status to nature conservation outside the farm, future business plans)
Flap-Gate	Climate change adaptation	<ul style="list-style-type: none"> ➤ Number of projects and Outline of project (including installation purpose, assumed disaster prevention target area / population, whether under construction or completion, future business plans) ➤ Operation status and disaster prevention effect at the time of disaster (disaster reduction status)
Hydrogen Generation System	Circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> ➤ Outline of project (including installation purpose, hydrogen production capacity (Nm³/h), whether under construction or completion, future business plans)
Nuclear power related facilities	<p>Pollution prevention and control</p> <p>Low-carbon and decarbonized energy</p>	<ul style="list-style-type: none"> ➤ Outline of project (including production capacity, future business plans) ➤ Number of products delivered ➤ Product Storage Capacity

2.5 External Review

We plan to assign DNV Business Assurance Japan to provide an external review to evaluate whether the eligible projects conform to this framework within 1 year after execution date of the Green Finance. This review will be conducted annually until all proceeds by the Green Finance have been allocated.