



SECOND PARTY OPINION

KANADEVIA CORPORATION GREEN FINANCE FRAMEWORK (OCTOBER 2024)

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 22 October 2024

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This assessment was additionally assessed in October 2024 as Revision 1 to the Framework, which was revised in line with the addition of new projects to the “Kanadevia Corporation Green Finance Framework,” the addition of new loans, the updates of GBGL, etc.

Executive Summary

Kanadevia Corporation (hereinafter, “Kanadevia”) is a plant engineering company rooted in Osaka Tekkosho (Osaka Iron Works) and founded in 1881 by E.H. Hunter. Based on the technology cultivated in the shipbuilding industry since its establishment, Kanadevia aims to provide value that is useful to society through manufacturing and engineering technologies and has globally expanded and developed its business in the field of “Environmental systems” and “Machinery/Infrastructure” after the separation of the shipbuilding division in 2002. Kanadevia has changed its company name from Hitachi Zosen Corporation, 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 Kanadevia Group has established the “Sustainable Vision” as a compass for the direction of the Group as a whole, and has formulated a long-term vision, the “2030 Vision,” which serves as a milestone for the “Sustainable Vision.” As a new first step towards achieving these visions, Kanadevia is implementing a new three-year medium-term management plan, “Forward 25,” which begins in fiscal 2023.

To raise the necessary funds in the form of green finance in conformity with internationally defined frameworks, Kanadevia has developed the “Kanadevia Corporation Green Finance Framework” (hereinafter, the “Framework”) in dialogue with investors and a wide range of market players in order to achieve business that is consistent with Kanadevia's environmental policy from the financing stage through to the supply of technologies and services and to fulfil its role as a supplier of technologies and services that contribute to reducing the environmental impact towards realizing the Group's vision.

DNV Business Assurance Japan K.K. (hereinafter, “DNV”), as the external reviewer, has assessed the eligibility of the Framework.

Specifically, DNV applied the following frameworks to provide an eligibility assessment of the Framework:

- Green Bond Principles (International Capital Market Association 2021; hereinafter, “GBP”)*¹
- Green Bond Guidelines (Ministry of the Environment 2022; hereinafter, “GBGL”)
- Green Loan Principles (Loan Market Association (LMA) et al. 2023; hereinafter, “GLP”)
- Green Loan Guidelines (Ministry of the Environment 2022; hereinafter, “GLGL”)

*1: Based on the “Green Enabling Project Guidance document” published in June 2024, DNV has confirmed that some of the eligible projects in the Framework are applicable/compliant.

A summary of the eligibility assessment results for each of the common elements, as presented in the above frameworks, is as follow

<GBP/GLP eligibility assessment results>

GBP/GLP-1. Use of Proceeds:

DNV has confirmed that Kanadevia plans to allocate the proceeds from green finance to new or existing projects (eligible projects) that fall under eligible projects that meet the representative green categories in Table-1 as indicated in GBP/GBGL and GLP/GLGL. (**Bold letters:** Newly added business categories/projects). See Table-1 and Schedule-1 for overview of projects. These processes are consistent with GBP/GLP-1.

Some of the eligible projects defined in the Framework, including newly added business categories/projects, fall under/conform to the “Green Enabling Project Guidance document” published by ICMA in June 2024 as a related document to GBP.

GBP/GLP-2. Process for Project Evaluation and Selection:

Kanadevia ensures that the green projects do not conflict with the exclusion criteria set out in the Framework in advance, in addition to meeting the GBP/GLP-1 eligible project categories. Specifically, each eligible project is evaluated and selected through an appropriate prescribed process by the respective responsible department implementing the project and the Finance Group, Finance Department, Corporate Planning Headquarters, and finally by the Board of Directors. These processes are consistent with GBP/GLP-2.

GBP/GLP-3. Management of Proceeds:

The Finance Group, Finance Department is responsible for the allocation and management of the proceeds from green finance. The majority of the proceeds will be allocated within three years of issuance. An amount equal to the proceeds will be managed in cash and cash equivalents until a decision of allocation is made. An amount equal to the proceeds from green finance implemented under the Framework will be allocated to one of the eligible projects. These processes are consistent with GBP/GLP-3.

GBP/GLP-4. Reporting:

Kanadevia will report on the allocation status of proceeds on an annual basis on its website and in the Integrated Report until the full amount of the proceeds has been allocated to the eligible projects. The reporting will include the allocated amount, unallocated amount, Outline of project, and project progress for each project category. After project completion, relevant indicators and quantified environmental benefits will be published for each project category, focusing on GHG emission reduction amount or percentage. In addition, any major changes in the financial situation after the proceeds have been allocated will be published as soon as possible. These processes are consistent with GBP/GLP-4.

Based on the assessment of the Framework and other relevant documents and information provided by Kanadevia, DNV has confirmed that the Framework meets the criteria required by the relevant frameworks and is eligible as green finance. DNV has also confirmed that the green finance to be implemented by Kanadevia in the future is expected to be properly planned and implemented in accordance with the revised Framework.

Table-1 Kanadevia Green Finance nominated projects

Eligible project category		Category	Outline of project & activities eligible for allocation	
01	Energy-from-Waste		<p>Expenditures related to energy-from-waste facilities and equipment that meet either of the following criteria:</p> <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 	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p>
02	Methane fermentation systems	<p>Renewable energy</p> <p>Pollution prevention and control</p>	<p>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:</p> <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 Initiative in Bioenergy Criteria of August 2022 • Having a CO₂ upcycling process in biogas 	
03	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 100 g-CO₂/kWh or less • Offshore wind power should consider environmental and social impact on aquaculture 	
04	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 	

Eligible project category		Category	Outline of project & activities eligible for allocation	
			<ul style="list-style-type: none"> 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 	
05	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>	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p>
06	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>	
07	Nuclear power related facilities	<p>Pollution prevention and control</p> <p>Low-carbon and decarbonized energy</p>	<p>Expenditures related to casks and canisters for transportation and storage of spent fuel generated from nuclear power plants.</p> <p>Business example: Dry storage cask</p>	

Table of Contents

Executive Summary	2
I. Introduction	7
II. Scope and Objectives	15
III. Responsibilities of Kanadevia and DNV	16
IV. Basis of DNV’s Opinion	17
V. Work Undertaken	18
VI. Findings and DNV’s Opinion	19
VII. Assessment Conclusion	29
Schedule-1 Kanadevia Green Finance Nominated Projects	30
Schedule-2 Green Finance Eligibility Assessment Protocol	33

Revision history

Revision number	Date of Issue	Remarks
0	16 September 2021	Initial
1	22 October 2024	<ul style="list-style-type: none"> - Additional eligibility assessment for the revised Framework in line with updates of the GBP/GBGL and GLP/GLGL, additional guidance, etc. - Eligibility assessment for green projects added to the revised Framework

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per Scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I. Introduction

i. About the Fundraiser

Kanadevia Corporation (hereinafter, “Kanadevia”) is a plant engineering company rooted in Osaka Tekkosho (Osaka Iron Works) and founded in 1881 by E.H. Hunter. Based on the technology cultivated in the shipbuilding industry since its establishment, Kanadevia aims to provide value that is useful to society through manufacturing and engineering technologies and has globally expanded and developed its business in the field of “Environmental systems” and “Machinery/Infrastructure” after the separation of the shipbuilding division in 2002. Kanadevia has changed its company name from Hitachi Zosen Corporation, 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. It also shows that we will pioneer a new path (“via”), through respects to diversity and continuous technological innovation, to bring the same harmony to human society and the natural world, and contribute to the realization of a sustainable society in the business fields of decarbonization, resource recycling, and the creation of safe and prosperous urban areas.

ii. Fundraiser’s ESG Initiatives

The Kanadevia Group has established “Kanadevia Value” (Figure-1) as the basic philosophy and is building a management system to implement its long-term vision, management strategies, etc., based on this basic philosophy.



Figure-1 Group philosophy

In March 2023, the Kanadevia Group newly established the “Sustainable Vision” (Figure-2) 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, the Group has identified risks and opportunities, and established

the Seven Pillars of Success (Materiality) (Figure-3) from the perspectives of society and stakeholders and the impact on business continuity. Going forward, the Group will implement initiatives that address each of the Seven Pillars of Success.



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

Figure-2 Group vision



Figure-3 Seven Pillars of Success (Materiality)

iii. Fundraiser’s Environmental Initiatives

Kanadevia established the Corporate Regulations “Regulations for the Promotion of Environmental Protection” in January 1992 with the aim of protecting the environment. These were renamed the “Regulations for the Promotion of Environmental Conservation” in April 2022 and set out the basic policy and action guidelines for the Kanadevia Group’s active engagement with environmental issues.

[Basic policy for the promotion of environmental conservation]

The Kanadevia Group recognizes that active engagement in environmental issues is an essential condition for building a relationship of trust and symbiosis between the company and society, and that it is the company’s social responsibility to promote environmental conservation.

[Action guidelines]

1. Continuously improve the environmental management system and take appropriate action to address environmental risks.
2. Actively promote the use of renewable energy, energy savings, resource savings, and recycling to support a recycling-oriented society.
3. Actively engage in other environmental conservation activities in the course of its business activities.

In 2017, the Kanadevia Group formulated the “Hitz 2030 Vision” to clarify its desired image for 2030 and to promote initiatives aimed at achieving them. The Group has now revised part of the content to present a new vision for the Group as the “2030 Vision.” While contributing to the achievement of a sustainable society through its overall business activities, the Group aims to enhance its earning power. Through the “2030 Vision” initiatives, the Group will strive to further improve communication with its stakeholders (Figures 4 and 5).

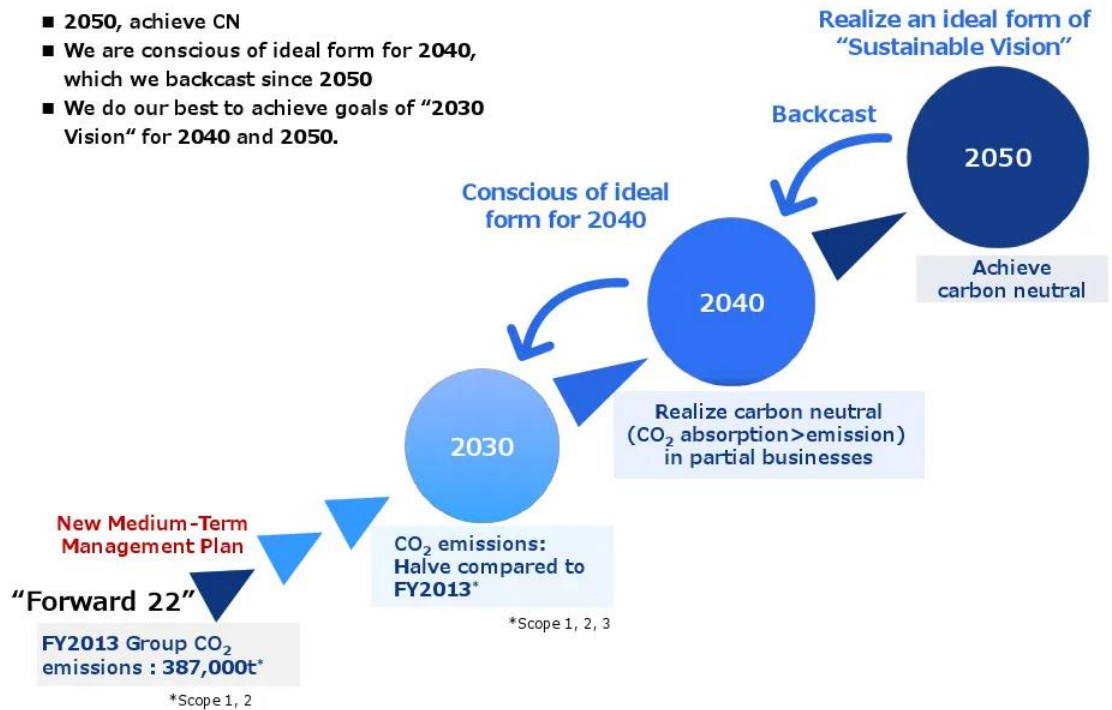


Figure-4: Overview of Kanadevia Group’s long-term vision



Figure-5 The Kanadevia Group's business in 2030

The vision outlining the Kanadevia Group's 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 the Group's desired image in the year 2030, serves as a milestone for the "Sustainable Vision." "Forward 25" is a new first step towards achieving these visions. In carrying out "Forward 25," the Group has established three basic policies: sustainable growth of existing businesses, creation and expansion of growth businesses, and promotion of sustainable management (Figures 6 and 7).

Priority measures	
Basic Policies (1) Sustainable growth of existing businesses	❶ Expanding overseas businesses ❷ Promoting structural reform ❸ Expanding O&M/Service, improving profitability of EPC/New production
Basic Policies (2) Creation and expansion of growth businesses	❶ Promoting investment strategies ❷ 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)	❶ Strengthening human capital ❷ Decarbonization in business activities ❸ Promoting DX Strategies ❹ Thorough risk management

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

Figure-6 Basic policies and priority measures



*Figures are sales targets for FY2025.

Figure-7 Promoting investment in priority areas

Clean energy facilities, including Waste to Energy (WtE), biogas, biomass, and wind power facilities, using the Kanadevia Group’s technologies contribute to reducing CO₂ emissions through its customers’ business activities. As of the end of fiscal 2023, Kanadevia’s products (including the products of licensees) had reduced CO₂ by 25.93 million t-CO₂ per year worldwide, equivalent to roughly 4.0% of the new target for reducing GHG emissions announced by the Japanese government in April 2021. The Group will continue to contribute to CO₂ reduction through its products, aiming to create an annual CO₂ reduction effect of approximately 40 million tons by the end of fiscal 2030 (Figure-8).

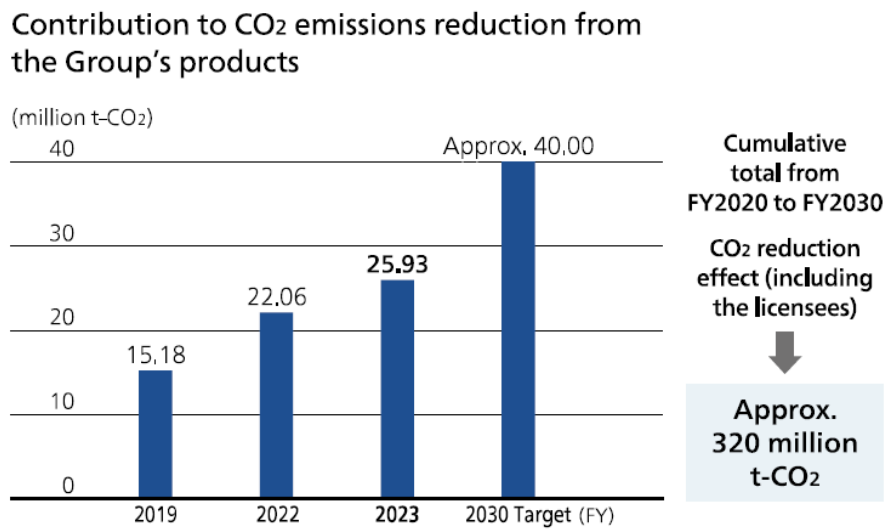


Figure-8 Contribution of the Kanadevia Group’s products to CO₂ emission reduction

iv. Fundraiser’s Initiatives for the SDGs

Kanadevia has identified the SDGs corresponding to the Seven Pillars of Success (Materiality), as shown in Figure-9, and is contributing towards a sustainable society through its business and products.

The contribution to the SDGs in the Framework is shown in Schedule-1.

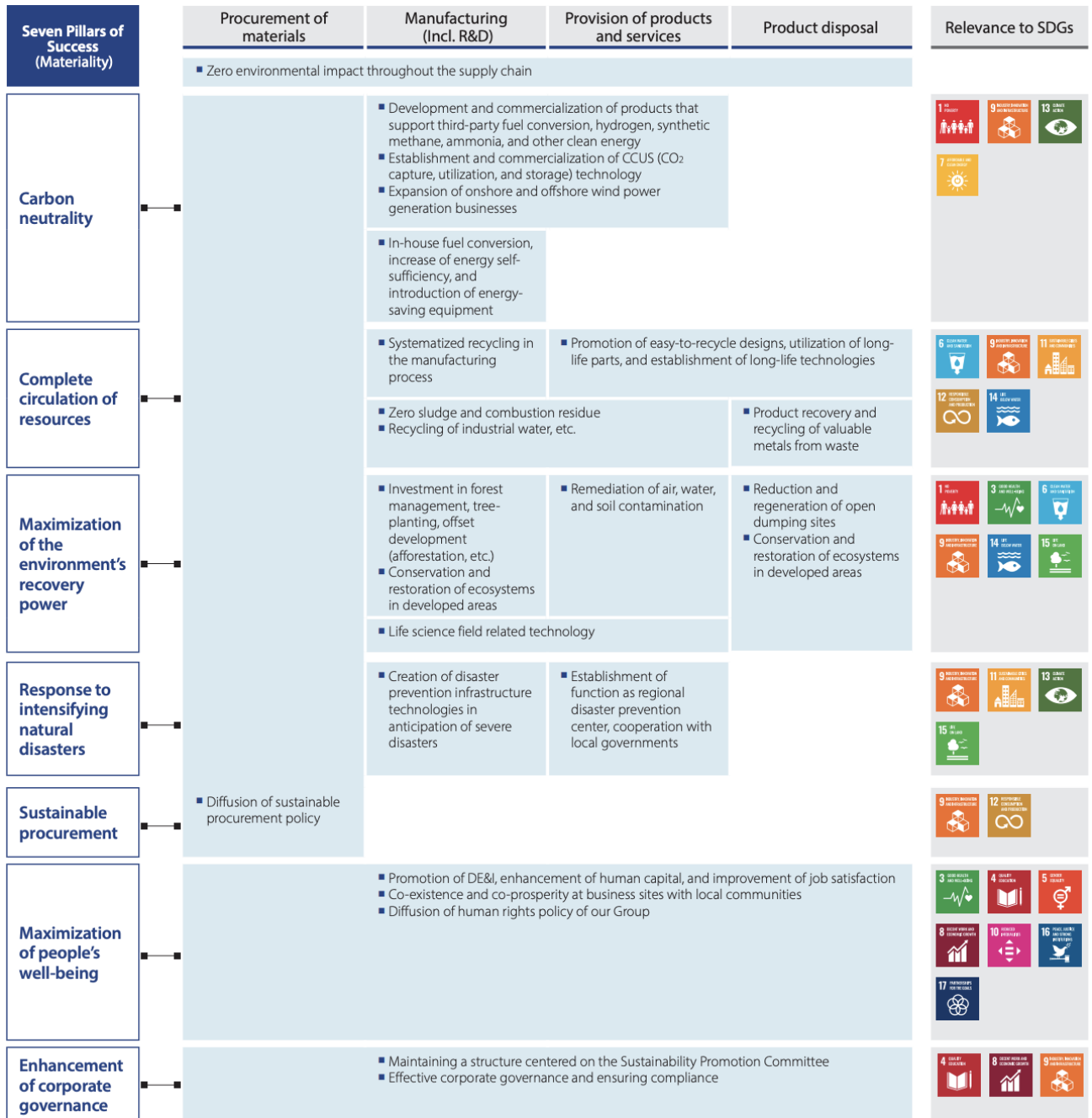





Figure-9 Kanadevia Materiality and SDGs

* The link to the SDGs is complementary to the implementation of green finance and is not directly linked to the financing objectives.

v. External Initiatives

Kanadevia is participating in the external initiatives listed in Table-2 to strengthen its ESG initiatives.

Table-2 Kanadevia’s participation in external initiatives

External initiative		Kanadevia’s initiatives
UN Global Compact		Signed in 2022 and implement the 10 principles.
Task Force on Climate-Related Financial Disclosures (TCFD)		Endorsed TCFD recommendations in March 2021 and disclose information in line with TCFD recommendations from fiscal 2020.
GX League		Planning to participate in voluntary emissions trading (GX-ETS), a pledge-and-review framework for meeting voluntary emission reduction targets.

vi. About the Green Finance Framework

To raise the necessary funds in the form of green finance in conformity with internationally defined frameworks, Kanadevia has developed the “Kanadevia Corporation Green Finance Framework” (hereinafter, the “Framework”) in dialogue with investors and a wide range of market players in order to achieve business that is consistent with Kanadevia's environmental policy from the financing stage through to the supply of technologies and services and to fulfil its role as a supplier of technologies and services that contribute to reducing the environmental impact towards realizing the Group's vision.

The frameworks specifically applied or referred to by the Framework are described in section II (3) below.

Issuer Name : Kanadevia Corporation
Framework Name : Kanadevia Corporation Green Finance Framework
Name of External Reviewer : DNV Business Assurance Japan K.K.
Date of Report : 22 October 2024

II. Scope and Objectives

Kanadevia has commissioned DNV to conduct an eligibility assessment of the Framework. The objective of the eligibility assessment of DNV is to conduct an assessment to ensure that the Framework meets the criteria GBP/GBGL and GLP/GLGL, which will be described later, and to provide a second party opinion on the eligibility of the Framework.

DNV, as an independent external reviewer, declares that it has no interest in the facts and perceptions with Kanadevia in providing its second party opinion.

In this paper, no assurance is provided regarding the financial performance of the bond or loan to be implemented in the future under the Framework, the value of any investments, or the long-term environmental benefits of the transaction.

(1) Scope of review*

The review assessed the following items and confirmed their alignment with the four core elements in the GBP/GLP.

- | | |
|--|--|
| <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 |

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second party opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level ^{*1*2}
1.	Green Bond Principles (GBP) ^{*3*4}	International Capital Market Association (ICMA), 2021	Apply
2.	Green Bond Guidelines (GBGL) ^{*3}	Ministry of the Environment, 2022	Apply
3.	Green Loan Principles (GLP) ^{*3}	Loan Market Association (LMA) et al., 2023	Apply
4.	Green Loan Guidelines (GLGL) ^{*3}	Ministry of the Environment, 2022	Apply
5.	Climate Bonds Standard, Version 4.2 (Sector Technical Criteria)	Climate Bonds Initiative	Refer (applicable technical criteria)

*1 Apply: Eligibility for all four core common elements to each handbook, principle, and guideline was evaluated.

*2 Refer: Based on the green project and execution plan, the related contents were partially considered.

*3 Green projects were assessed for eligibility using referable technical criteria in the Climate Bonds Initiative's Climate Bonds Standard.

*4 The eligibility assessment was conducted with reference to the "Green Enabling Project Guidance document" published by ICMA in June 2024.



III. Responsibilities of Kanadevia and DNV

Kanadevia provided the information and data necessary for DNV to conduct its review. DNV's second party opinion represents an independent opinion and is intended to inform Kanadevia and other interested stakeholders in the Kanadevia Green Finance as to whether the established criteria have been met, based on the information provided to us.

In our work, we have relied on the information and the facts presented to us by Kanadevia. DNV is not responsible for any aspect of the nominated projects and assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Kanadevia and used as a basis for this assessment were not correct or complete.



IV. Basis of DNV's Opinion

To provide as much flexibility as possible for Kanadevia, the Fundraiser, DNV has applied our green finance assessment methodologies, which incorporates the requirements of the GBP/GBGL and GLP/GLGL, to create Kanadevia-specific Green Finance Eligibility Assessment Protocol (hereinafter, the "DNV's Protocol"). The DNV's Protocol is applicable to the Kanadevia Green Finance under the GBP/GBGL and GLP/GLGL.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria are that a green finance should "enable capital-raising and investment for new and existing projects with environmental benefits."

As per DNV's Protocol, the criteria against which the Kanadevia Green Finance has been reviewed are grouped under the four Principles indicated in the GBP/GBGL and GLP/GLGL.

(1) Four common elements of the GBP/GBGL and GLP/GLGL

Principle 1: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a fundraiser of a green finance must use the proceeds to eligible activities. The eligible activities should produce clear environmental benefits.

Principle 2: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that a fundraiser of a green finance should outline the process it follows when determining eligibility of an investment using green finance proceeds, and outline any impact objectives it will consider.

Principle 3: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a green finance should be tracked within the fundraising organization, that separate portfolios should be created when necessary and that a declaration of how unallocated proceeds will be handled should be made.

Principle 4: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors and loan lenders should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

* GLGL sets out requirements for loan-specific elements (internal review). This will be checked during the Green Loan Requirements check.



V. Work Undertaken

Our work constituted a high level of review of the available information, based on the understanding that this information was provided to us by Kanadevia in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

i. Pre-fundraising assessment (Green Finance Framework)

- Creation of the Kanadevia-specific assessment protocol for application to the Kanadevia Green Finance with regard to the above and Schedule-2 that contributes to this assessment;
- Assessment of evidential documents provided by Kanadevia with regard to the Kanadevia Green Finance, supplemented by a comprehensive desktop research. These checks refer to the latest best practice and standard methodologies;
- Discussions with Kanadevia and review of relevant documentation;
- Document creation of findings against each element of the criteria.

ii. Post-fundraising assessment (**not included in this report*)

- Interviews with Kanadevia managers and verification of relevant documentation;
- Field research and inspections (if required);
- Document creation of post-issuance assessment results.

VI. Findings and DNV’s Opinion

DNV’s findings and opinion are as follows.

GBP/GLP-1 to 4 in (1) presents findings and DNV’s opinion on four common elements of GBP/GBGL and GLP/GLGL.

See Schedule-2 for details.

(1) Findings and DNV’s opinion on four common elements of GBP/GBGL and GLP/GLGL

GBP/GLP-1. Use of Proceeds

DNV has confirmed that Kanadevia plans to allocate the entire amount of net proceeds from the Kanadevia Green Finance, excluding expenses, to one or more of the nominated green finance projects that meet the following representative eligible project categories as indicated in the GBP/GBGL and GLP/GLGL as new investment or refinancing.

See Table-3 and Schedule-1 for overview of green finance nominated projects.

Table-4 provides an overview of the newly added eligible project categories (nuclear power related facilities) and projects (methane fermentation systems).

Some of the eligible projects defined in the Framework, including the newly added two projects, correspond/conform to the “Green Enabling Project Guidance document” published by ICMA in June 2024 as a related document to the GBP.

Table-3 Kanadevia Green Finance nominated projects

Eligible project category		Category	Outline of project & activities eligible for allocation	
01	Energy-from-Waste	Renewable energy	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 	Activities eligible for allocation: Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A
02	Methane fermentation systems	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 	

Eligible project category		Category	Outline of project & activities eligible for allocation	
			<p>criteria for anaerobic digestion set by Climate Bonds Initiative in Waste Management Criteria of August 2022</p> <ul style="list-style-type: none"> • CO₂ equivalent of methane emissions per ton of waste input meet criteria for CO₂ equivalent of methane emissions set by Climate Bonds Initiative in Bioenergy Criteria of August 2022 • Having a CO₂ upcycling process in biogas 	
03	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 100 g-CO₂/kWh or less • Offshore wind power should consider environmental and social impact on aquaculture 	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p>
04	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 	
05	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>	
06	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 	

Eligible project category		Category	Outline of project & activities eligible for allocation	
			<p>production measures.</p> <p>Business example: On-site type water electro-chlorination hydrogen generator Hydrospring</p>	
07	Nuclear power related facilities	<p>Pollution prevention and control</p> <p>Low-carbon and decarbonized energy</p>	<p>Expenditures related to casks and canisters for transportation and storage of spent fuel generated from nuclear power plants.</p> <p>Business example: Dry storage cask</p>	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p>

Table-4 Summary of additional green projects

Project classification	Category	Green Outline of project (representative projects) (Validation results of the appropriateness of the project for the surrounding environment and social impacts)
Methane fermentation systems	<p>Renewable energy</p> <p>Pollution prevention and control</p>	<p>Expenditure on Renewable Gas projects through investment in a wholly-owned subsidiary of Kanadevia: DNV has confirmed that the target projects to be selected meet the requirements of the Waste Management Criteria issued by the Climate Bonds Initiative (CBI) (waste storage/sorting, separation/composting/anaerobic digestion/energy from waste) and/or the requirements of the Bioenergy Standard (biofuel/biomass production facilities from target feedstock (livestock manure, agricultural waste)).</p> <p>A specific example is the expenditure on Kanadevia Inova (Switzerland)'s Renewable Gas business through an investment in the company, which is engaged in the design, construction, maintenance, and operation of renewable gas plants, including waste incineration power generation and biogas that meet the above criteria/requirements.</p> <p>The company's biogas plant process technology with CO₂ upcycling process, such as refining the biogas, liquefying the CO₂ in the biogas, and selling it as an alternative to fossil-based CO₂ for the medical, pharmaceutical, and food industries, will promote the use of biological biomass such as animal manure as a raw material for biogas. In addition, eligible projects are expected to contribute to the realization of a resource-recycling society through the application of technologies that enable hygienic storage and transport and wide-area intensive treatment.</p> <p>Kanadevia also ensures that the exclusion criteria set out in the Framework are not violated.</p>

Project classification	Category	Green Outline of project (representative projects) (Validation results of the appropriateness of the project for the surrounding environment and social impacts)
Nuclear power related facilities	<p>Pollution prevention and control</p> <p>Low-carbon and decarbonized energy</p>	<p>Dry storage containers: DNV has confirmed that the target projects to be selected fall under the Prevention and Control of Pollution (businesses that control the release of hazardous chemicals into the environment through the introduction of advanced equipment and technologies for the prevention of leakage, volatilization, and penetration of hazardous chemicals and the use of alternatives) in the GBGL/GLGL of the Ministry of the Environment.</p> <p>Dry storage containers (casks) are used to store spent fuel from decarbonized nuclear power until it can be reprocessed and reused. In order to safely store and transport spent fuel, casks have four safety functions based on appropriate legal standards etc.: slow heating (external air cooling), confinement of radioactive materials, radiation shielding, and criticality prevention, and maintains these functions against disasters such as earthquakes. In addition, as no power source is required for cooling, it can be more safely transported to and stored in intermediate storage facilities, making it an indispensable technology for realizing a safe nuclear fuel cycle.</p> <p>Kanadevia has over 40 years' experience in the development and production of casks, since 1978, when it developed and manufactured the first domestically produced cask.</p> <p>Kanadevia ensures that the exclusion criteria set out in the Framework are not violated.</p>

GBP/GLP-2. Process for Project Evaluation and Selection

DNV has confirmed through the review that the seven green finance nominated projects listed in Schedule-1 meet Kanadevia's Group Philosophy and Group Vision, and are evaluated and selected by the relevant department (each responsible department implementing each eligible project and the Finance Group, Finance Department, Corporate Planning Headquarters) of Kanadevia through an appropriate prescribed process, and finally by Kanadevia's supreme decision-making body on operational execution, the Board of Directors.

In selecting a project, it shall meet the eligible criteria shown in "(3) Standards/guidelines to be applied" in the section "II Scope and Objectives" and meet the following requirements:

- 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.

Evaluation and selection:

- | | | | |
|-------------------------------------|---|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Conforms to the issuer's achievement of environmental contribution goals | <input checked="" type="checkbox"/> | Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> | The project is eligible for use of proceeds by green finance and transparency is ensured. | <input checked="" type="checkbox"/> | Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> | The project is evaluated and selected based on the published standard summary. | <input type="checkbox"/> | Other (<i>please specify</i>): |

Information on responsibilities and accountability:

- Evaluation/selection criteria subject to external advice or verification
- In-house assessment
- Other (*please specify*):

GBP/GLP-3. Management of Proceeds

The Finance Group, the Finance Department will allocate and manage the proceeds from the Green Finance. Specifically, an amount equal to the proceeds from the Green Finance implemented under the Framework will be allocated to any of the eligible projects. It is managed by the number assigned to each eligible project, and the budget and actual expenses are tracked and managed on a monthly basis by the internal management system according to the prescribed fund management flow.

In addition, the preservation of documents related to fund management will be carried out in accordance with the detailed accounting rules regarding the scope of accounting documents and preservation prescribed by Kanadevia, and will be managed by the preservation document account book. Kanadevia plans to allocate most of the proceeds from the Green Finance within three years of implementation (as in the case of new large projects, large equipment with high expenditure cannot always be inspected within 24 months of order receipt). Until the allocation of the proceeds is decided, Kanadevia will manage the amount equivalent to the proceeds in cash and cash equivalents.

If green finance is implemented under the Framework in the future, it will be disclosed in statutory documents etc. before implementation.

Tracking of proceeds:

- Some or all of the proceeds from green finance that are planned to be allocated are systematically distinguished or tracked by the fundraiser.
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*): Unallocated proceeds are managed in cash or cash equivalents.

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements



- Disclose of portfolio balance of unallocated proceeds
- Other (*please specify*): Percentage and amount of existing and new investments in nominated green finance projects will be disclosed at the time of periodical reporting.

GBP/GLP-4. Reporting

DNV has confirmed that Kanadevia will report annually on allocation status of proceeds to eligible projects and their environmental benefits. Specifically, it will be as follows.

If eligible project is under construction, only the allocation status will be reported, and after the project is completed, impact reporting will be carried out from the fiscal year starting operation until the redemption/repayment of the green finance.

<Reporting of allocation status>

Kanadevia will provide information of both allocated amount and unallocated amount annually on its 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, Kanadevia 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, Kanadevia 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).

<Environmental benefits>

Table-5 shows the indicators (examples) in impact reporting. Kanadevia commits to report on the any of or several of the following impact indicators related to eligible projects annually on its 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.

Table-5 Indicators for impact reporting (example)

Project classification		Category	Indicators for environmental impact (example)
01	Energy-from-Waste	Renewable energy Pollution prevention and control	<ul style="list-style-type: none"> > Outline of project (including processing capacity, under construction or completed, and 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)
02	Methane fermentation systems		<ul style="list-style-type: none"> > Outline of project (including processing capacity, under construction or completed, and future business plans) > Biogas generation capacity > Annual CO₂ emission reduction based on annual biogas generation capacity (tCO₂/year)
03	Onshore and offshore wind power	Renewable energy	<ul style="list-style-type: none"> > Outline of project (including processing capacity, under construction or completed, and 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)
04	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, under construction or completed, response status to nature conservation outside the farm, and future business plans)
05	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, under construction or completed, and future business plans)

			> Operation status at the time of disaster and disaster prevention effect (disaster reduction status)
06	Hydrogen Generation System	Circular economy adapted products, production technologies and processes	> Outline of project (including installation purpose, hydrogen production capacity (Nm ³ /h), under construction or completed, and future business plans)
07	Nuclear power related facilities	Pollution prevention and control Low-carbon and decarbonized energy	> Outline of project (including production capacity and future business plans) > Number of products delivered > Product storage capacity

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 finance refinanced share of total investment
 Other (*please specify*):

Frequency:

- Annual
 Semi-annual
 Other (*please specify*): In case of a major change in allocation status occurs after the proceeds have been allocated

Impact reporting (environmental benefits):

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

Frequency:

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

Information reported (expected or ex-post):

- GHG emissions/savings
- Energy savings
- Other ESG indicators (*please specify*):
 - Overview of each facility constructed and installed (certification acquisition/preparation status, response status to conservation of the natural environment outside the farm, assumed disaster prevention target area/population, etc.)
 - Operation status at the time of disaster and disaster prevention effect (disaster reduction status)
 - Hydrogen production capacity (Nm³/h)
 - Number of products placed on the market, product storage capacity

Means of disclosure:

- Information published in financial report (Integrated Report)
- Information published in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): On the Kanadevia website
- Reporting reviewed (if yes, specify which parts of the reporting are subject to external review)

VII. Assessment Conclusion

On the basis of the information provided by Kanadevia and the work undertaken, it is DNV's opinion that the Kanadevia Corporation Green Finance Framework meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose within the GBP/GBGL and GLP/GLGL, which is to "enable capital-raising and investment for new and existing projects with environmental benefits."

DNV Business Assurance Japan K.K.

22 October 2024



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.




With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.








Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV : The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1 Kanadevia Green Finance Nominated Projects


The projects listed in the table are nominated eligible projects that have been assessed for eligibility at the time of the pre-implementation assessment (as of October 2024). Any future bonds or loans made under the Kanadevia Corporation Green Finance Framework will be selected from one or more of the nominated eligible projects and reported in the pre-implementation or post-implementation reporting.

Project classification		Category	Outline of project & activities eligible for allocation	Contribution to the SDGs	
01	Energy-from-Waste	Renewable energy	<p>Expenditures related to energy-from-waste facilities and equipment that meet either of the following criteria:</p> <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 	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p> 	
02	Methane fermentation systems	Pollution prevention and control	<p>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:</p> <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 Initiative in Bioenergy Criteria of August 2022 Having a CO₂ upcycling process in biogas 		
03	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 100 g-CO₂/kWh or less Offshore wind power should consider environmental and social impact on aquaculture 		

Project classification		Category	Outline of project & activities eligible for allocation	Contribution to the SDGs
04	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 	 
05	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>	  
06	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>	 

Activities eligible for allocation:

Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A

Project classification		Category	Outline of project & activities eligible for allocation		Contribution to the SDGs
07	Nuclear power related facilities	<p>Pollution prevention and control</p> <p>Low-carbon and decarbonized energy</p>	<p>Expenditures related to casks and canisters for transportation and storage of spent fuel generated from nuclear power plants.</p> <p>Business example: Dry storage cask</p>	<p>Activities eligible for allocation:</p> <p>Facility / equipment manufacturing, construction, installation, research and development, operation, maintenance and investment or M&A</p>	



Schedule-2 Green Finance Eligibility Assessment Protocol

The checklists below (GBP/GLP-1 to GBP/GLP-4) are a DNV assessment protocol developed for Kanadevia Green Finance (bonds and loans) eligibility assessments, based on the requirements of GBP/GBGL and GLP/GLGL. The “confirmed documents” in the Work Undertaken include the issuer’s internal documents etc., which are provided by Kanadevia to DNV as evidence of the eligibility judgment.

GBP/GLP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of fund	<p>The green finance must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • (Standard) Green Bond/Loan • Green Revenue Bond/Loan • Green Project Bond/Loan • Other 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed through its assessment that the Green Finance (bonds/loans) falls under the following categories:</p> <ul style="list-style-type: none"> • (Standard) Green Bond/Loan
1b	Project Categories	<p>The cornerstone of a green finance is the utilization of the proceeds, which should be appropriately described in the legal documentation for the security.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that Kanadevia planned to allocate the net proceeds except expenses from all proceeds from the Green Finance to seven green finance nominated projects that meet the following representative eligible project categories represented by GBP/GBGL and GLP/GLGL as new investment and refinancing.</p> <p>Specifically, for the projects described in Schedule-1, net proceeds from the Green Finance will be allocated to capital investment and expenses related to the development, manufacturing, construction, installation, operation, and maintenance of facilities and equipment (including capital injection or M&A).</p> <p>Through the assessment, DNV concludes that the nominated green projects provide tangible and genuinely environmental benefits.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																							
				<p>Table: Kanadevia Green Finance nominated projects</p> <table border="1"> <thead> <tr> <th colspan="2">Eligible project category</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Energy-from-Waste</td> <td rowspan="2">Renewable energy Pollution prevention and control</td> </tr> <tr> <td>02</td> <td>Methane fermentation systems</td> </tr> <tr> <td>03</td> <td>Onshore and offshore wind power</td> <td>Renewable energy</td> </tr> <tr> <td>04</td> <td>Land aquaculture system</td> <td>Environmentally sustainable management of living natural resources and land use</td> </tr> <tr> <td>05</td> <td>Flap-Gate</td> <td>Climate change adaptation</td> </tr> <tr> <td>06</td> <td>Hydrogen Generation System</td> <td>Circular economy adapted products, production technologies and processes</td> </tr> <tr> <td>07</td> <td>Nuclear power related facilities</td> <td>Pollution prevention and control Low-carbon and decarbonized energy</td> </tr> </tbody> </table>	Eligible project category		Category	01	Energy-from-Waste	Renewable energy Pollution prevention and control	02	Methane fermentation systems	03	Onshore and offshore wind power	Renewable energy	04	Land aquaculture system	Environmentally sustainable management of living natural resources and land use	05	Flap-Gate	Climate change adaptation	06	Hydrogen Generation System	Circular economy adapted products, production technologies and processes	07	Nuclear power related facilities	Pollution prevention and control Low-carbon and decarbonized energy
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06	Hydrogen Generation System	Circular economy adapted products, production technologies and processes																									
07	Nuclear power related facilities	Pollution prevention and control Low-carbon and decarbonized energy																									
1c	Environmental benefits	All designated green project categories should provide clear environmental benefits, which will be quantified or assessed by the issuer, where feasible.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>The green projects have environmental benefits such as CO₂ emission reduction through low carbonization and decarbonization by project classification and category projects shown in 1b, which contributing to Kanadevia’s environmental policy and goals based on the medium- to long-term vision. The environmental benefit is a CO₂ emission reduction, which is quantified by the fundraiser.</p> <p>DNV has confirmed that, prior to the green finance implementation, the environmental benefits assessment method (calculation method) of the project planned to be allocated by the target finance will be disclosed and quantitatively assessed and reported as CO₂ emission reduction in the annual reporting.</p>																							
1d	Refinancing share	In the event that a proportion of the proceeds may be used for	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework 	Kanadevia plans to use all proceeds for new investment, refinancing, or both in one or more of the candidate eligible projects included in																							



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>refinancing, it is recommended that the issuer provides an estimate of the share of financing vs. refinancing, and where appropriate, also clarifies which investments or project portfolios may be refinanced.</p>	<p>Interviews with stakeholders</p>	<p>Schedule-1. If it is clear, prior to the finance implementation, whether new investment or refinancing is to be made, this will be disclosed in legal documents etc. DNV has confirmed that, if it is undecided, Kanadevia intends to disclose the estimated amount (or percentage) of the proceeds that will be used for refinancing through reporting (annual report).</p>



GBP/GLP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The fundraiser of a green finance should outline the decision-making process it follows to determine the eligibility of projects using green finance proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible green project categories; • The criteria making the projects eligible for using the green finance proceeds; and • The environmental sustainability objectives 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed through the review that the seven nominated green projects listed in Schedule-1 meet Kanadevia’s Group Philosophy and Group Vision, and are evaluated and selected by the relevant department (each responsible department implementing each eligible project and the Finance Group, Finance Department, Corporate Planning Headquarters) of Kanadevia through an appropriate prescribed process, and finally by Kanadevia’s supreme decision-making body on operational execution, the Board of Directors.</p> <p>In selecting a project, it shall meet the eligible criteria shown in “(3) Standards/guidelines to be applied” in the section “II Scope and Objectives” and meet the following requirements:</p> <ul style="list-style-type: none"> - 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 business 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 of 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



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				regular training in the event of an abnormality or emergency.
2b	Issuer's environmental governance framework	In addition to information disclosed by the fundraiser on its green finance process, criteria and assurances, investors may also take into consideration the quality of the fundraiser's overall framework and performance regarding environmental sustainability.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - Integrated Report 2023 - Website <p>Interviews with stakeholders</p>	<p>DNV has confirmed through the documents such as the Framework and through interviews that Kanadevia is working on the conservation of the surrounding environment in each related department and is conducting or planning to conduct regular monitoring in the PDCA cycle when operating and implementing the project.</p> <p>DNV has also confirmed that the green project implemented by Kanadevia based on the Framework is an effective project for the realization of a sustainable society.</p>



GBP/GLP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds of the green finance should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for green projects.	Confirmed documents <ul style="list-style-type: none"> - Framework - Cash management chart Interviews with stakeholders	The Finance Group, Finance Department will allocate and manage the proceeds from the Green Finance. It is managed by the number assigned to each eligible project, and the budget and actual expenses are tracked and managed on a monthly basis by the internal management system according to the prescribed fund management flow. DNV has confirmed that Kanadevia is able to track and manage the proceeds by internal control based on the above process.
3b	Tracking procedure-2	During the redemption/repayment period of the green finance, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Confirmed documents <ul style="list-style-type: none"> - Framework - Cash management chart Interviews with stakeholders	DNV has confirmed that Kanadevia is ready for regularly (at the end of each month) checking that the total of the allocated amount and the unallocated balance match the proceeds, and that Kanadevia has a system to manage the proceeds separately from other balances.
3c	Temporary holdings	Pending such investments or disbursements to eligible green projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed documents <ul style="list-style-type: none"> - Framework - Cash management chart Interviews with stakeholders	DNV has confirmed that the balance of unallocated proceeds is able to be recognized sequentially by the process using the issuer's internal management system etc. DNV has confirmed through the Framework and assessment that the amount equivalent to the proceeds will be managed in cash and cash equivalents. DNV has also confirmed that the balance of unallocated proceeds will be disclosed through the reporting of the allocation status.



GBP/GLP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer should provide at least annually a list of projects to which the green finance proceeds have been allocated including:</p> <ul style="list-style-type: none"> - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact. 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - Integrated Report 2023 - Website <p>Interviews with stakeholders</p>	<p>DNV has confirmed that Kanadevia will carry out an annual report on the Green Finance through its website and Integrated Report until the proceeds are allocated, and will disclose information on the allocation status and environmental benefits. Regarding the environmental benefits, DNV has confirmed that one or more of the following items will be disclosed to the extent practicable in consideration of confidentiality and as long as it is reasonably feasible.</p> <p><Allocation status></p> <ul style="list-style-type: none"> ◆ Allocation status to eligible projects ◆ Balance or percentage of allocated and unallocated amount, estimated allocation period, operation method ◆ Ratio of new investment to refinancing, etc. <p><Environmental impact></p> <ul style="list-style-type: none"> ◆ Overview of installed facilities ◆ Power generation output ◆ GHG emission reduction, etc.