



SECOND PARTY OPINION

KANADEVIA CORPORATION

2ND GREEN BOND PERIODIC REVIEW (#4)

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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Publication history

Date of issue	Contents
28 October 2022	Hitachi Zosen Corporation 2nd Green Bond Periodic Review (#1)
29 September 2023	Hitachi Zosen Corporation 2nd Green Bond Periodic Review (#2)
22 October 2024	Hitachi Zosen (Kanadevia) Corporation 2nd Green Bond Periodic Review (#3)
29 August 2025	Kanadevia Corporation 2nd Green Bond Periodic Review (#4)

Scope and Objectives

Kanadevia Corporation (hereinafter “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.

Kanadevia has commissioned DNV Business Assurance Japan (hereinafter “DNV”) to conduct a periodic review of the 2nd Green Bond (hereinafter “the Bond”). The objective of the periodic review at DNV is to implement an assessment to confirm that the Bond meets the identified criteria of the Green Bond Principles (ICMA, 2021, hereinafter “GBP”), Green Bond Guidelines (Ministry of the Environment, 2020, hereinafter “GBGL”) and to provide the issuer with independent second-party opinion on the eligibility of the Bond.

After issuing its 1st green bond on 21 September 2018, Kanadevia issued its 2nd green bond, the subject of this review, on 28 October 2021. The issue amount of the Bond is 10 billion yen. DNV’s review team conducted the first periodic review for the period from October 2021 to March 2022, the second periodic review for the period from April 2022 to March 2023, and the third periodic review for the period from April 2023 to March 2024 based on the GBP and GBGL, and has now conducted the fourth periodic review for the period from April 2024 to March 2025.

DNV, as independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for Kanadevia.

In this report, no assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long-term environmental benefits of the transaction.

Table-1: The Bond covered by this review

Name of the bond	Kanadevia Corporation 27th Series Unsecured Straight Bonds (Green Bonds) with inter-bond pari passu clause
Date of issue	28 October 2021
Maturity date	5 years
Total amount of issue	10 billion yen
Number of periodic reviews	4th

Standards/guidelines to be applied or referred

No.	Standards/guidelines	Scheme owner	Applied* ¹ or Referred* ²
1.	Green Bond Principles (GBP)	International Capital Market Association (ICMA), 2021	Applied
2.	Green Bond Guidelines (GBGL)	Ministry of the Environment, 2020	Applied
3.	Climate Bonds Standard Version 3.0 (CBSv3.0) (Sector criteria)	Climate Bonds Initiative, 2019	Referred (applicable technical criteria)

No.	Standards/guidelines	Scheme owner	Applied* ¹ or Referred* ²
4.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2020	Referred
5.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2021	Referred

*1 Applied: Eligibility for all four core common elements to each principle or guideline was assessed.

*2 Referred: Based on the green projects and implementation plans, relevant contents were partially considered.

Responsibilities of the Issuer and DNV

Kanadevia has provided the information and data used by DNV during the delivery of this review. DNV's statement represents an independent opinion and is intended to inform Kanadevia and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided.

In its work, DNV has relied on the information and the facts presented by Kanadevia. DNV is not responsible for any aspect of the nominated projects or 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.

Basis of DNV's Opinion

To provide as much flexibility as possible for Kanadevia, DNV has applied our green bond assessment methodologies, which incorporates the requirements of GBP and GBGL, to create Kanadevia-specific Green Bond Eligibility Assessment Protocol (hereinafter "DNV's Protocol"). The DNV's Protocol can be applied to the green bond under GBP and GBGL.

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

As per DNV's Protocol, the criteria against which the green bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.

- **Principle Two: Process for Project Evaluation and Selection**

The Process for Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using green bond proceeds, and outline how the issuer consider impacts to objectives.

- **Principle Three: Management of Proceeds**

The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuer, that separate portfolios should be created when necessary and that a disclosure of how unallocated funds will be handled should be made.

- **Principle Four: Reporting**

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

Work Undertaken

DNV work constitutes a comprehensive review of the available information, based on the understanding that this information was provided by Kanadevia in good faith. DNV has not performed an audit or other tests to check the veracity of the information provided.

The work undertaken to form DNV's opinion included:

Initial (Pre-Issuance) Assessment: *Not included in this report

- Creation of the Kanadevia-specific Protocol, adapted to the purpose of the Bond, as described above and in Schedule-2 to this Assessment;
- Assessment of documentary evidence provided by Kanadevia on the Bond and supplemented assessment by a comprehensive desktop research. These checks refer to current best assessment practices and standard assessment methodology;
- Discussions with Kanadevia, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

Periodic (annual) review *Contents of this report

- Evaluation of the supporting documents provided by Kanadevia related to the Bond, high-level desktop surveys, document reviews, and interviews with key personnel of the issuer. These checks refer to current best assessment practices and standard assessment methodologies;
- Interview with key personnel of the issuer and review of relevant documents;
- Field survey and inspection, if necessary;
- Review of the nominated projects and assets as at the time of periodic review;
- Documentation of findings for periodic review as detailed in this document.

The DNV's opinion statement (see below for details) summarises these.

Findings and DNV's Opinion

Principle One: Use of Proceeds

DNV has confirmed that, as at the end of March 2024, Canadevia has completed the appropriation of the entire amount of funds (10 billion yen) raised by Canadevia for the following projects.

Mutsu Ogawara Onshore Wind Farm Project – 10 billion yen allocated

Details of the Mutsu Ogawara onshore wind farm project are shown in Table-2. The project is carried by a joint venture between Kanadevia, ITOCHU Corporation, and Tokyo Century Corporation^{*1} with Kanadevia as the construction contractor and the operation and maintenance management company after operation starts. DNV has confirmed that the project is progressing well with the installation of 15 wind turbines underway.

^{*1} Participating in the business after acquiring a portion (10% each) of the equity of Kanadevia and ITOCHU Corporation since March 2024

Table-2: Overview of Mutsu Ogawara Onshore Wind Farm Project

Location	Rokkasho Village, Kamikita District, Aomori Prefecture
Targeted tasks	Design, construction, and post-construction operation of onshore wind power facilities
Number of wind turbines	4.3 MW turbines × 15 units
Maximum output	Connected capacity 57MW (Maximum generating capacity 64.5MW)
Completion of construction	Scheduled for April 2026
Status quo	Installation of 15 wind turbines is underway, and construction is progressing smoothly toward the start of commercial operation.

Principle Two: Process for Project Evaluation and Selection

DNV confirmed that the following project evaluation and selection process had been established within Kanadevia, and that it had been applied to the Bond, based on the evidence from the minutes of board meeting and other sources.

In evaluating and selecting the green projects, each responsible department implementing each eligible project and the Finance Department of Kanadevia confirmed that the project were eligible projects. Final approval for project selection was given by the Board of Directors, the highest decision-making body in business execution.

In addition, DNV confirmed that Kanadevia had targeted projects that met the following requirements.

- The environmental impact assessment by the country of residence or local government is carried out appropriately, if it's required.
- 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 in the equipment manufacturing process 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.
- Strict adherence to work standards and reliable implementation of equipment inspection and maintenance so as to 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 drills for the event of an abnormality or emergency.

Principle Three: Management of Proceeds

DNV reviewed the evidence presented on how Kanadevia has managed the proceeds raised from the bond issuance to 31 March 2024.

DNV confirmed that the Finance Department of Kanadevia managed the proceeds by the number assigned to each eligible project and tracked the budget and actual expenditure in the internal control system in accordance with the stipulated cash management flow. DNV also confirmed that the allocation of proceeds was as shown in Table-3. DNV has confirmed that the full amount of funds raised has been allocated.

As mentioned above, no assurance is provided regarding the financial performance of the Bond, the value of any investments, or the long-term environmental benefits of the transaction.

Table-3: Allocation status (as of 31 March 2025)

Green bond proceeds	10 billion yen			
Breakdown	Before FY2022	FY2023	FY2024	Sub-total
- Allocated to investments in special purpose companies	825 million	528 million	–	1,353 million
- Capital construction costs of power generation facilities	–	5,810 million	2,837 million	8,647 million
Unallocated balance	0 million			

Principle Four: Reporting

DNV has confirmed that Kanadevia plans to disclose the allocation status in Table-3 and the environmental benefits in Table-4 on the Kanadevia website. As the Mutsu Ogawara Onshore Wind Farm Project has not yet started operation, the environmental benefits are stated in the form of the planned maximum output, rather than CO₂ emission reductions.

DNV also has confirmed that Canadevia will continue reporting during the redemption period of the Green Bonds even after the completion of the appropriation, and that if the Mutsu Ogawara Onshore Wind Farm Project starts operation during the redemption period, the environmental improvement effects will be disclosed on Canadevia's website as CO₂ emission reductions based on actual results. The Company also confirmed that if the Mutsu Ogawara Onshore Wind Farm Project starts operation during the reimbursement period, the environmental improvement effects will be disclosed on Canadevia's website.

Table-4: Environmental benefits

Mutsu Ogawara Onshore Wind Farm Project (Installation of 15 wind turbines underway)	
Maximum output	Connected capacity 57MW (Maximum generating capacity 64.5MW, 4.3 MW turbines × 15 units)

Assessment Conclusion

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

DNV Business Assurance Japan K.K.

29 August 2025

A handwritten signature in black ink, appearing to read "M Kanedome".

Masato Kanedome

Technical Reviewer

DNV Business Assurance Japan K.K.

A handwritten signature in black ink, appearing to read "Naoki Maeda".

Naoki Maeda

Representative Director /

SCPA Senior Vice President

DNV Business Assurance Japan K.K.

A handwritten signature in black ink, appearing to read "Akira Tsukasaki".

Akira Tsukasaki

Project Leader/Assessor

DNV Business Assurance Japan K.K.

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 Bond Allocated Project

Of the project categories listed in Schedule-1 under the Kanadevia Green Bond Framework, the proceeds have been allocated to onshore wind power project in the 2nd Kanadevia Green Bond. (No money was allocated to the greyed out areas.)

Project		Category	Project overview and Activities to be allocated		Contribution to SDGs
01	Energy-from-Waste	Pollution prevention and control	Energy-from-Waste facilities and equipment of energy-saving and emission saving type	Activities to be allocated: Capital investment and costs related to facility / equipment development, manufacturing, construction, installation, operation, and maintenance	 
02	Methane fermentation systems		Equipment that extracts biogas from solid organic waste such as food waste and pruned branches and converts it into energy (Business example) Kanadevia Kompogas system, WTM system		 
03	Onshore and offshore wind power	Renewable energy	onshore and offshore wind power facilities.		 
04	Land aquaculture system	Environmentally sustainable management of living natural resources and land use	Land-aquaculture facilities and equipment that are implemented in consideration of reducing the environmental impact of marine-aquaculture while supplementing the sustainable use of natural resources.		 

05	Flap-Gate	Climate change adaptation	Flood disaster countermeasure equipment that requires no electricity or manual operation, using of the power of nature itself such as tsunamis and storm surges. (Business example): neo RiSe, Seabed-type Movable Flap-Gate type Breakwater system		  
06	Hydrogen Generation System	Circular economy adapted products, production technologies and processes	Equipment that generates hydrogen from electricity and water, and requires a sufficiently low amount of electricity and CO ₂ emissions. (Business example): On-site type water electro-chlorination hydrogen generator Hydrospring		