SECOND PARTY OPINION

METAWATER CO., LTD.
BLUE BOND POST-ISSUANCE
PERIODIC REVIEW (1ST)

Prepared by: DNV Business Assurance Japan K.K.

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Publication History

Date of Issue	Contents
26 October 2023	Blue Finance Framework Second Party Opinion
13 September 2024	Blue Bond Post-Issuance Periodic Review (1st) (METAWATER Co., Ltd. 1st Unsecured Bond)

Scope and Objectives

METAWATER Co., Ltd. (hereinafter, “METAWATER”) has commissioned DNV Business Assurance Japan K.K. (hereinafter, “DNV”) to conduct a periodic review of the Blue Bond (METAWATER's first Unsecured Bond, hereinafter, “the Bond”). The purpose of the periodic review of DNV is to carry out an assessment to ensure that the Bond complies with the standards described below: the Blue Finance Guidelines (hereinafter, “BFG”), Bonds to Finance the Sustainable Blue Economy A Practitioners' Guide (hereinafter, “SBEG”), the Green Bond Principles (hereinafter, “GBP”), and the Green Bond Guidelines (hereinafter, “GBGL”), and to provide an independent second party opinion on the eligibility of the Bond.

METAWATER issued the Bond on 7 December 2023. The issue amount of the Bond is 10 billion JPY. DNV's review team conducted the first periodic review under the BFG and SBEG, GBP and GBGL for the period December 2023 to July 2024.

This report provides a regular post-issuance review of the Blue Bond and Green Bond requirements (Principles -1 to -4, as described below).

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

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

Standards/Guidelines to be Applied

No.	Standards/Guidelines	Scheme Owner	Applied Level
1.	Blue Finance Guidelines (BFG)	International Finance Corporation (IFC), 2022	Apply
2.	Bonds to Finance the Sustainable Blue Economy A Practitioners' Guide (SBEG)	International Capital Market Association (ICMA) et al., 2023	Apply
3.	Green Bond Principles (GBP)	International Capital Market Association (ICMA), 2021	Apply
4.	Green Bond Guidelines (GBGL)	Ministry of the Environment, 2022	Apply

Responsibilities of METAWATER and DNV

METAWATER 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 METAWATER and stakeholders of the Bond as the whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and facts presented to us by METAWATER.

DNV is not responsible for any aspect of the nominated assets 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 METAWATER 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 METAWATER, DNV has adopted our Blue Bond Assessment Methodology, which incorporates the requirements of the BFG, SBEG, GBP, and GBGL, to create METAWATER-specific Blue Bond Eligibility Assessment Protocol (hereinafter, "DNV's Protocol"). Please see Schedules - 1~3. The Protocol is applicable to Blue Bond under the BFG, SBEG, GBP, and GBGL.

The DNV Protocol is used to underpin DNV's opinion and allows DNV to provide a second party opinion as an independent external review body.

The DNV's Protocol contains a set of appropriate criteria that contribute to the basis for the DNV's expression of opinion. The overarching principle behind the criteria is that Blue Bond and Green Bond, which form the basis for the DNV's opinion, are as follows:

Blue Bond

"Addresses sustainable water management and ocean protection (SDG 6 and 14 respectively)."

"Promote the sustainable use of marine resources and related sustainable economic activities."

Green Bond

"Enables capital raising and investment for new or existing projects with environmental benefits."

As per our Protocol, the criteria for this Blue Bond have been reviewed are grouped into the following Principles, under BFG, SBEG, GBP, and GBGL, respectively.

(1)Principles of the BFG (Identification of Blue Finance Eligible Projects)

- **Consistent with Green Bond Principles & Green Loan Principles & contribute to Sustainable Development Goals 6 & 14?**

  In order to qualify as a blue project, a project must be consistent with the project categories of Green Bond Principles and Green Loan Principles and contribute to either Sustainable Development Goal 6 or 14 with outputs and outcomes directly related to one or more of the target indicators of Sustainable Development Goals themes, including:

2: Zero hunger 7: Affordable and clean energy 12: Climate action 13: Responsible consumption and production 15: Life on Land	

- **Limited risk to affect progress on other Sustainable Development Goals areas?**

  The project can only be labelled blue if it does not introduce material risk to other themes and priority environmental areas of the Sustainable Development Goals themes, including:

  2: No hunger

  7: Affordable and clean energy

  12: Climate action

  13: Responsible consumption and production

- **Use minimum ESG safeguards?**

  The project must clearly state which internationally accepted sustainability standards it is following. IFC Performance Standards and the World Bank Environmental, Health, and Safety guidelines, or similar, are expected to be followed. In addition, industry specific sustainability standards, as well as certain specific product standards, may also be applied for a blue investment above national requirements.

(2)Three post-issuance bond requirements of the SBEG

- **Management of Proceeds:** It is important to note that market practice has moved increasingly to the simpler tracking of "equivalent amounts" of net proceeds rather than the other methods mentioned in the GBP. It is crucial to underline the recommendation for issuers to use an external auditor, or a third party, to verify the internal tracking method and the allocation of proceeds derived from the net proceeds.

- **Allocation and Impact Reporting**: The Principles recommend annual reporting of both allocations to projects and their expected impact. Impact reporting is also essential as investors want to be informed of positive outcomes of their investments.

- **Obtaining an External Review**: Post-issuance, it is recommended that an issuer's management of proceeds be supplemented using an external auditor, or a third party, to verify the internal tracking and the allocation of proceeds from the green (blue) bond to eligible green (blue) projects.

(3)Four common Principles of GBP and GBGL

Principle -1: Use of Proceeds: The Use of Proceeds criteria are guided by the requirement that an issuer of a Green/Blue Bond issuers must use the funds raised to finance eligible projects. The eligible projects should produce clear environmental benefits.

Principle -2: Process for Project Evaluation and Selection: The Project Evaluation and Selection criteria are guided by the requirements that an issuer of Green/Blue Bond should outline the process it follows when determining eligibility of an investment using 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 Green/Blue Bond should be tracked within the issuing organisation, 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 annual reporting to the stakeholders should be made of the use of bonds proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by METAWATER 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. Blue Finance Framework Assessment (*not included in this report)

- Creation of issuer-specific Protocol for application to Blue Finance regarding the above and Schedules 1~3 that contributes to this assessment.
- Assessment of documentary evidence provided by the issuer on the Finance and supplemented assessment by high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with the issuer, and review of relevant documentation.
- Documentation of findings against each element of the criteria.

ii. Blue Bond Post-Issuance Periodic Review (*Contents of this report)

- Review of evidence documentation provided by the issuer after the Blue Bond issuance, supplemented by high-level desktop research.
- Discussion with issuer management and review of relevant document controls.
- Field research and inspections (if required).
- Review of covered projects and assets at the time of periodic review.
- Documentation of periodic review observations, as detailed in this document.

The DNV's Opinion Statement (see below for details) summarises these.

Findings and DNV's Opinion

Principle-1 : Use of Proceeds

DNV has confirmed that, as of July 2024, METAWATER had been allocated a portion of proceeds (10 billion JPY) to the following projects.

[Concession Project] ・・・・・3.73 billion JPY Allocated

1. Miyagi Prefecture Public-Private Partnership for Integrated Operation of Drinking, Industrial, and Sewage Water

Miyagi Prefecture Public-Private Partnership for Integrated Operation of Drinking, Industrial, and Sewage Water falls under "Sustainable Water and Wastewater Management" and "Energy Efficiency" of the GBP, substantially contributes to SDGs 6 and 14, and falls under the Blue Finance areas A. Water Supply, B. Water Sanitation, D. Ocean-Friendly Chemicals and Plastic Related Sectors, as well as Blue Projects falling under 6. Marine Pollution a. Wastewater Management in the Blue Project Categories and Sub-Categories defined by the SBEG.

From 1 April 2022, the special purpose company (hereinafter, "the SPC"), with METAWATER as its representative company, will be responsible for the facilities (mainly water purification plants and sewage treatment plants, excluding pipeline facilities) of the water supply projects (2 individual projects), industrial water supply projects (3 individual projects), and basin sewerage projects (4 out of 7 individual projects) that Miyagi Prefecture has operated to date. The SPC is responsible for reconstruction, maintenance and management of such facilities under a public-private partnership with the prefectural government. By carrying out projects for drinking water, industrial water, and sewage water that meet the required standards, the SPC contributes to the supply of safe and secure water. DNV has confirmed that each project is being implemented smoothly.

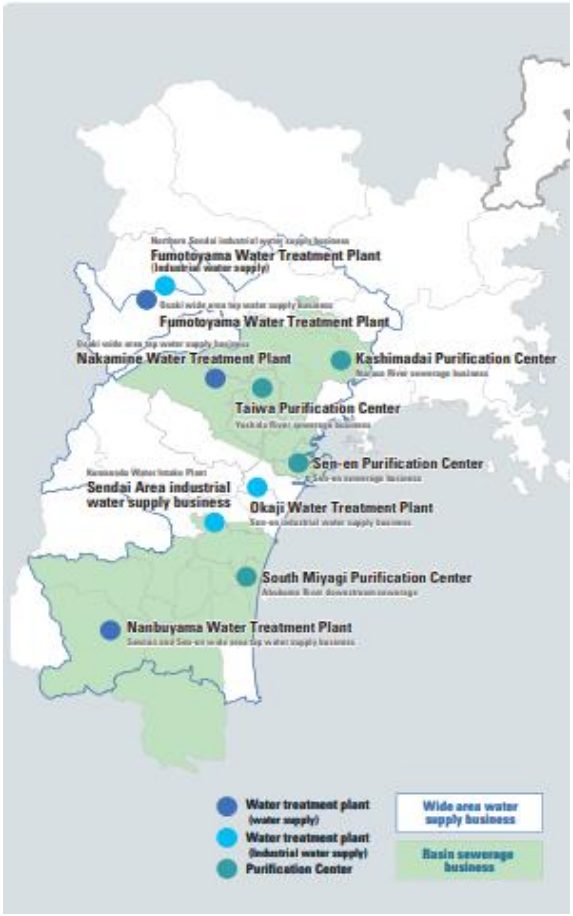

Figure-1 Project area of Miyagi Prefecture Public-Private Partnership for Integrated Operation of Drinking, Industrial, and Sewage Water

2. Kumamoto Ariake/Yatsushiro Industrial Waterworks Operation Project

Kumamoto Ariake/Yatsushiro Industrial Waterworks Operation Project in Kumamoto Prefecture is a Blue Project that falls under "Sustainable Water and Wastewater Management" and "Energy Efficiency" in the GBP, contributes substantially to SDG 6 and falls under A. Water Supply and B. Water Sanitation in the Blue Finance Area defined by the BFG.

From 1 April 2021, the special purpose company (SPC) represented by METAWATER has been carrying out the entire operation of Kumamoto Ariake/Yatsushiro Industrial Waterworks Operation Project operated by the Kumamoto Prefectural Enterprise Bureau, from water intake to water supply, using the concession method, and has been managing and stably providing industrial water to a level stricter than the water quality standards stipulated in the supply regulations. Additionally, part of the industrial water is coordinated with downstream operating organizations and is treated as a source water for water supply in cities such as Omuta and Arao. DNV has confirmed that each project is being implemented smoothly.

Figure-2 Project area of Kumamoto Ariake/Yatsushiro Industrial Waterworks Operation Project

[Investment and Financing] ·····5.26 billion JPY Allocated

The five investment and financing projects fall under "Sustainable Water and Wastewater Management" and "Energy Efficiency" of the GBP, substantially contribute to SDGs 6 and 14, and fall under the Blue Finance areas A. Water Supply, B. Water Sanitation, D. Ocean-Friendly Chemicals and Plastic Related Sectors, as well as blue projects falling under 6. Marine Pollution a. Wastewater Management in the Blue Project Categories and Sub-Categories defined by the SBEG.

3. Aqua-Aerobic Systems, Inc.

Aqua-Aerobic Systems, Inc. is located in Illinois, USA, and is a US-based-applied-engineering-company specializing in total water management solutions in the areas of aeration/mixing, biological processes, Cloth Media Filter, membranes and process control and possesses a wide range of proprietary technologies, including sequencing batch activated sludge treatment, granular sludge treatment, and diffusers. The space-saving recycled water treatment using Cloth Media Filters and wastewater treatment using batch-type activated sludge systems and surface aeration systems contribute to addressing ageing water infrastructure and water shortages. DNV has confirmed that each of its projects is being implemented successfully.

Cloth Media Filter
Effectively over 3,000 units

Biological Nutrient Removal
Effectively over 1,000 units

Surface Aerators
Effectively over 120,000 units

Figure-3 Main products and services of Aqua-Aerobic Systems, Inc.

4. Mecana AG

Mecana AG Switzerland, a subsidiary of AAS, Reichenburg. The company offers a number of engineering and services for wastewater treatment based on the European market, with a focus on Cloth Media Filters developed in-house. The space-saving recycled water treatment with Cloth Media Filters contributes to an efficient water supply. DNV has confirmed that the respective projects are being implemented successfully.

Cloth Media Filter

Chain and Fight Sludge Collector

Figure-4 Main products and services of Mecana AG

5. Fuchs Enprotec GmbH

Fuchs Enprotec GmbH is located in Rhineland-Palatinate, Germany, and is a subsidiary of AAS. The company designs, manufactures, and sells sewage treatment systems mainly in Europe and the USA, and has delivered more than 3,500 units of energy-saving and maintenance-saving products, such as axial flow aerators with proprietary technology, and contributes to the supply of water with reduced energy consumption through energy-saving and maintenance-saving products. DNV has confirmed that each project is being implemented smoothly and confirmed that.

OxyStar® Aerator

Inclined Plate Sedimentation System

Figure-5 Main products and services of Fuchs Enprotec GmbH

6. Wigen Companies, Inc.

Wigen Companies, Inc. is located in Minnesota, USA, and specialises in membrane filtration and ion exchange technologies, serving the potable recycled water market with its products and services. Together with AAS (USA), the two companies have created synergies through their respective resources and have contributed to a stable water supply. DNV has confirmed that each of its businesses is performing well.

UF Systems

NF/RO Systems

Ion Exchange System

Figure-6 Main products and services of Wigen Companies, Inc.

7. RWB Water, B.V.

RWB Water, B.V., located in Almelo, the Netherlands, provides various water treatment systems mainly in the Netherlands, especially ceramic membrane filtration systems, which have been delivered to more than 10 sites. Through collaboration with Mecana (Switzerland) and FUCHS (Germany), they are creating synergies utilising the resources of each company, contributing to a stable water supply in Europe, where environmental regulations are strict, with their advanced water treatment technology. DNV has confirmed that each of its businesses is performing well.

Ceramic Membrane filtration System

Water Softening System

Ion Exchange System

Figure-7 Main products and services of RWB Water, B.V.

Principle -2 : Process for Project Evaluation and Selection

DNV confirmed that METAWATER has assessed and selected blue projects that meet the eligibility criteria according to the Framework.

As part of the specific evaluation and selection process, the Corporate Communication Office and the Accounting and Finance Planning Office select candidates, and after consultation with the relevant internal departments, the General Manager of the Accounting and Finance Planning Office makes the final decision, which is then approved by the President and Representative Director. The results are also reported to the Board of Directors.

DNV also confirmed that METAWATER takes into account potentially negative environmental and social impacts when assessing the eligibility of each project.

Principle-3 : Management of Proceeds

DNV reviewed the evidence presented on how METAWATER has managed the Proceeds since the issuance of the Bond until July 2024. The allocation of Proceeds is shown in Tables - 1 and 2.

DNV confirmed that the Proceeds were deposited into a common account at METAWATER and that the allocation were subsequently managed on a project-by-project basis by the Accounting and Financial Planning Office using an internal management system.

We also confirmed that the unallocated proceeds (950 million JPY) shown in Table-2 are managed in cash and cash equivalents.

As noted earlier, no assurance is provided by DNV regarding any treatment of the financial performance of the Bond, the value of any investment or the long-term environmental effects.

Table - 1: Proceeds Allocated

Blue Project	Allocation
Concession Project	3.73 billion JPY
Investment and Financing	5.26 billion JPY
Total Allocation (of which refinancing amount)	8.99 billion JPY (8.44 billion JPY)

Table-2: Unallocated Balances

Details	Amount
Amount Proceeds (excluding issue costs)	9.94 billion JPY
Allocation Amount	8.99 billion JPY
Unallocated Amount	950 million JPY

Principle -4 : Reporting

DNV confirmed that METAWATER will disclose the allocation of Proceeds in Tables -1 and -2 and the environmental benefits in Table -3 on METAWATER's website. DNV also confirmed that the Framework states that reporting will continue until the full amount of Proceeds has been allocated, and that as of July 2024, there was an unallocated balance of 950 million JPY, which will be disclosed from next year onwards.

The allocation and management of the Proceeds and the environmental benefits (project overview and progress) are as follows.

Table - 3 Environmental Benefits

<table>
<tr><th>Project Name</th><th colspan="4">Environmental Benefits</th></tr>
<tr><td colspan="5">Concession Project</td></tr>
<tr><td rowspan="8">Miyagi Prefecture Integrated Water, Engineering and Sewage Public-Private Partnership Operation Project.</td><td rowspan="8">Capacity to treat various types of water</td><td colspan="3">Water supply projects:</td></tr>
<tr><td></td><td>Osaki wide-area water supply supply business</td><td>Sennan and Senen Industrial Water Supply Project projects</td></tr>
<tr><td>Planned water supply population (persons)</td><td colspan="2">318,000</td><td>1,931,000</td></tr>
<tr><td>(2022 results)</td><td colspan="2">280,000</td><td>1,600,000</td></tr>
<tr><td>Maximum daily water supply (m^3/day)</td><td colspan="2">72,747</td><td>227,726</td></tr>
<tr><td>Target cities, towns, and villages</td><td colspan="2">10 municipalities</td><td>17 cities and towns</td></tr>
<tr><td>Water purification capacity (m^3/day)</td><td>82,300</td><td>18,850</td><td>279,000</td></tr>
<tr><td>Water purification facility</td><td>Hayama water purification plant (drinking water)</td><td>Nakamine water purification plant</td><td>Nanbuyama Water Treatment Plant</td></tr>
<tr><td>Off-site facilities (regulating ponds)</td><td colspan="2">1 facility</td><td>3 facilities</td></tr>
</table>

Off-site facilities (control room, TM room, etc.)	2 water intake facilities, 1 pressure boosting P-plant, 31 TM rooms	1 water intake facility, 23 control rooms, 34 TM rooms

Industrial water supply projects:

	Senen Industrial Water Supply Project projects	Sendai Industrial waterworks	Northern Sendai Industrial Water Supply Project
Contracted water volume (m^3/day)	27,400	39,850	19,880
Average daily water supply (m^3/day)	27,400	40,316	19,880
Number of user companies	41	16	16
Water purification capacity (m^3/day)	100,000 (water purification)	100,000 (raw water)	58,500 (water purification)
Water purification facility (water distribution ponds)	1	1	1
Off-site facilities (pumping stations)	1	-	-

Basin sewerage projects:

	Senen Regional Sewerage Project	Lower Abukuma River Basin Sewerage Project	Naruse River Basin Sewerage Project	Yoshida River Basin Sewerage Project
Planning area (ha)	8,418	10,586	1,399	3,581

Planned population (persons)	321,076	300,738	29,740	85,420
(2021 results)	313,199	306,988	26,798	79,728
Maximum planning capacity sewage volume (m^3/day)	130,399	119,900	11,031	55,380
(2022 results)	110,333	88,870	6,871	31,303
Sewage Exclusion System	distributary	distributary	distributary	distributary
Throughput (m^3/day)	222,000	125,000	8,800	41,825
Treatment plant	Senen Purification centre	Southern Prefectural Sewage Treatment Centre	Kashimadai septic centre	Yamato septic centre
Pumping station	1 facility	6 facilities	5 facilities	4 facilities

Other information such as treatment methods will also be reported.

Updating equipment, Operational status, etc.

Safe and secure water supply through strict water quality control, etc.: treatment that meets 100% of the required standards in projects other than the Osaki wide-area water supply project.
Active introduction of ICT to enhance monitoring and reduce the burden of water operations: systems that contribute to more efficient maintenance and management, such as crisis management functions and KPI management functions for energy intensity and other KPIs, are now in operation.
Facility reconstruction and repair aiming for stability and cost-optimisation of water operations: a ledger system (part of the MDP), which is the basis for asset management, has been introduced and is now in operation. Introduction of mobile dewatering vehicles, power supply vehicles, emergency membrane filtration equipment, etc., which contribute to improving the ability to respond to disaster incidents, is almost complete and actual operation has started.
Reduction in electricity consumption: introduction of energy-saving diffusers, lower power for reaction agitation tank agitation, lower

<table>
<tr><td></td><td></td><td>power by changing the concentration machine system, lower power for digester tank agitators.
Effective use of unused energy: consider introducing small hydropower, solar power and demand response.</td></tr>
<tr><td rowspan="2">Ariake and Yatsushiro Industrial Water Supply Operation Project, Kumamoto Prefecture, Japan.</td><td>Capacity to treat various types of water</td><td>Industrial water supply projects:
<table>
<tr><th></th><th>Ariake Industrial Water Supply Project</th><th>Yatsushiro Industrial Water Supply Project</th></tr>
<tr><td>Contracted water volume (m^3/day)</td><td>14,767</td><td>10,337</td></tr>
<tr><td>Average daily water supply (m^3/day)</td><td>9,248</td><td>7,992</td></tr>
<tr><td>Number of user companies</td><td>13</td><td>23</td></tr>
<tr><td>Water purification capacity (m^3/day)</td><td>33,860</td><td>27,300</td></tr>
<tr><td>Water purification facility</td><td>Uenohara water treatment plant</td><td>Hakushima water treatment plant</td></tr>
<tr><td>Off-site facilities (water distribution ponds)</td><td>1</td><td>0</td></tr>
<tr><td>Off-site facilities (pumping stations)</td><td>1</td><td>0</td></tr>
</table>
Other information such as treatment methods will also be reported.</td></tr>
<tr><td>Updating equipment, Operational status, etc.</td><td>Safe and secure water supply through strict water quality control, etc.: stable water supply is ensured by setting stricter requirements than the water quality standards set out in the supply regulations and by appropriate chemical injection control based on an understanding of trends in raw water quality changes throughout the year.
Active introduction of ICT to enhance monitoring and reduce the burden of water operations: a 'wide-area monitoring system' has been introduced to share operational management information of both water treatment plants in real time via the internet.
Reconstructing and repairing facilities for optimal solutions to water operation stability and costs: implementing reconstruction and repair work by introducing asset management methods. Reduction of reconstruction costs through equipment downsizing and life extension measures.
Reduced electricity consumption: downsizing of water pumps.</td></tr>
</table>

Investment and financing		
Aqua-Aerobic Systems, Inc.	Project overview	Based in the US market, the company offers engineering and services with a focus on wastewater treatment, and also provides solutions with partners outside the US. The company has a number of proprietary technologies, including Cloth Media Filters, batch activated sludge treatment, granular sludge treatment and diffusers, and aims to further expand its business by utilising its strong market presence.
Mecana AG	Project overview	A subsidiary of AAS. The company has developed a number of engineering and services for wastewater treatment based on the European market, with a focus on Cloth Media Filters developed in-house. The company is progressively expanding the application of this technology to regions outside Europe and into sectors other than sewage treatment.
Fuchs Enprotec GmbH	Project overview	A subsidiary of AAS. It designs, manufactures and sells sewage treatment systems, mainly in Europe and the USA, and has delivered more than 3,500 units of energy-saving and maintenance-saving products, such as its proprietary axial-flow aerator technology.
Wigen Companies, Inc.	Project overview	The Company specialises in membrane filtration and ion exchange technologies for potable water, municipal needs, and reclaimed water, aiming to enhance their presence in the rapidly growing potable reclaimed water market. Together with AAS Inc. (USA), they are creating synergies from respective resources to strengthen and expand our North American operations..
RWB Water, B.V.	Project overview	The company provides a range of water treatment systems, mainly in the Netherlands, and has delivered ceramic membrane filtration systems to more than 10 sites in the Netherlands and aims to strengthen and expand its European business in cooperation with Mecana (Switzerland) and FUCHS (Germany) by creating synergies from the resources of each company. The company aims to strengthen and expand its European business by creating synergies from the resources of each company.

DNV Statement of Opinion

Based on the information provided by METAWATER and the work undertaken, it is DNV's opinion that the Blue Bond issued by METAWATER meets the requirements of the criteria established in the Protocol and that it is aligned with the stated definition and purposes of the Blue Bonds and Green Bonds within the BFG, SBEG, GBP, and GBGL.

Blue Bond

"Addresses sustainable water management and ocean protection (SDG 6 and 14 respectively)."

"Promote the sustainable use of marine resources and related sustainable economic activities."

Green Bond

"Enables capital raising and investment for new or existing projects with environmental benefits."

DNV Business Assurance Japan K.K.

13 September 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 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 Our statement represents an independent opinion and is intended to inform the Issuer management and 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. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer is incorrect. Thus, the 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 Blue Finance Guidelines Eligibility Assessment Protocol

The checklist below (BFG-1) is a DNV assessment protocol developed for the METAWATER Blue Bond Eligibility Assessment, in accordance with the Guidelines for Blue Finance published by the International Finance Corporation (IFC) in January 2022.

In addition to the documents reviewed, the assessment work may include cases where information obtained through consultations with the issuer' stakeholders is used as evidence.

BFG-1 Blue Project

No.	Contents	Check Results	Work Undertaken	DNV Findings
The Blue Finance Guidance Framework includes references to Sustainable Development Goals 6 and 14, as well as other activities related to Sustainable Development Goals 2, 12, 13, and 15, which address pollution in rivers and coastal areas. This includes activities identified through the application of the following assessment criteria:				
1	Is the project type consistent with the Green Bond Principles' and Green Loan Principles' eligible project categories and does it make a substantial contribution to Sustainable Development Goals 6 or 14 beyond compliance with applicable laws and regulations? Commentary; To qualify as a blue project, the project must fall under one of the project categories of the Green Bond Principles and Green Loan Principles. It must also contribute to either 6 or 14 of the SDGs and have outputs and outcomes directly related to one or more target indicators of the SDGs.	☒ Yes ☐ No ☐ Not Applicable	Framework Interviews with METAWATER stakeholders	DNV has confirmed that METAWATER's qualifying projects meet the Green Bond Principles' qualifying project categories of 'sustainable water resources and wastewater management' and 'energy efficiency'. It also confirmed its substantial contribution to SDGs 6 and 14.
2	Does the project type introduce risk3 that may affect progress on other environmental priorities, such as Sustainable Development Goals 2, 7, 12, 13 and 15? Commentary;	☒ Yes ☐ No ☐ Not Applicable	Framework Interviews with METAWATER stakeholders	DNV confirmed that, in selecting eligible projects, METAWATER complied with the environmental laws and regulations required by the

No.	Contents	Check Results	Work Undertaken	DNV Findings
The Blue Finance Guidance Framework includes references to Sustainable Development Goals 6 and 14, as well as other activities related to Sustainable Development Goals 2, 12, 13, and 15, which address pollution in rivers and coastal areas. This includes activities identified through the application of the following assessment criteria:				
	Projects can only be blue-labelled if they do not pose a significant risk to priority environmental sectors or other themes, including the following SDG themes 2: Zero hunger. 7: Affordable and Clean Energy 12: Responsibility Consumption and Production 13: Climate Action * https://www.unepfi.org/publications/turning-the-tide-recommended-exclusions/ *UNEP FI, Recommended Exclusions for Financing a Sustainable Blue Economy.*			national and local authorities where the project is located and conducted environmental impact studies where necessary. No risks have been identified at this time that could affect the progress of other environmental priorities.
3	Are Environmental, Social, and Governance (ESG) safeguards and standards, such as the IFC Performance Standards, applied in the implementation of the project if there are material environmental and social risks? Commentary; Projects must clearly demonstrate which internationally recognised sustainable standards they comply with. For example, it is expected to follow IFC Performance Standards, World Bank Environmental, Health and Safety Guidelines or similar. In addition, industry-specific sustainable standards and specific product standards may also apply to blue investments as they exceed national requirements. **https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ performance-standards*	☒ Yes ☐ No ☐ Not Applicable	Framework Interviews with METAWATER stakeholders	DNV confirmed that METAWATER has not identified any significant environmental or social risks at this time. DNV also confirmed that METAWATER will apply appropriate safeguards and standards to address any significant environmental and social risks that may emerge in the future.

Schedule - 2 Bonds to Finance the Sustainable Blue Economy A Practitioners' Guide Eligibility Assessment Protocol

The checklist below has been prepared in accordance with the Bonds to Finance the Sustainable Blue Economy (A Practitioner's Guide) published by the International Capital Market Association (ICMA) et al. in September 2023.

In addition to the documents reviewed, the assessment work may include cases where information obtained through consultations with issuer officials is used as evidence.

For the results of the eligibility assessment prior to the Bond Issuance, please refer to the METAWATER Blue Finance Framework Second Party Opinion (Ref. Nr.: PRJN-468540-2022-AST-JPN-01, 26 October 2023).

Post-Issuance of the Bond

No.	Requirements	Check Results	Work Undertaken	DNV Findings
D	**Management of Proceeds** An essential feature of the Principles with respect to UOP bonds is the focus on management and allocation of proceeds. It is important to note that market practice has moved increasingly to the simpler tracking of "equivalent amounts" of net proceeds rather than the other methods mentioned in the GBP. It is crucial to underline the recommendation for issuers to use an external auditor, or a third party, to verify the internal tracking method and the allocation of funds derived from the net proceeds.	☒ Yes ☐ No ☐ Not Applicable	Framework Interviews with METAWATER stakeholders	DNV confirmed that METAWATER manages Proceeds in accordance with what is set out in the Framework and uses DNV as a third-party to obtain post-issuance periodic reviews.
E	**Allocation and Impact Reporting** The Principles recommend annual reporting of both allocations to projects and their expected impact. Impact reporting is also essential as investors want to be informed of positive outcomes of their investments. While there is no globally accepted list of impact	☒ Yes ☐ No ☐ Not Applicable	Impact reporting Interviews with METAWATER stakeholders	DNV confirmed that METAWATER intends to publish its allocation of proceeds and impact reporting.

No.	Requirements	Check Results	Work Undertaken	DNV Findings
	metrics for SBE projects given that they span from seafood to tourism and to marine protected areas, ICMA's Harmonised Framework for Impact Reporting nevertheless includes explicit indicators for reporting of the impact of "blue bonds," under several project categories, including Biodiversity, Climate Change Adaptation, and Living Natural Resources.25 Appendix 1 of this Guidance provides a list of examples that issuers could use to report on outputs and impacts of "blue bonds."			Impacts are reported in quantitative form wherever possible, such as water supply (m^3/day) and water purification capacity (m^3/day).
F	**Obtaining an External Review** Post-issuance, it is recommended that an issuer's management of proceeds be supplemented using an external auditor, or a third party, to verify the internal tracking and the allocation of funds from the green (blue) bond proceeds to eligible green (blue) projects.	☒ Yes ☐ No ☐ Not Applicable	This report Interviews with METAWATER stakeholders	An external review by DNV has been obtained by this report.

Schedule - 3 Green bond Eligibility Assessment Protocol

The checklists below (GBP-1 ~ GBP-4) are DNV assessment protocol developed for the METAWATER Blue Bond Eligibility Assessment, based on the Green Bond Principles (GBP).

Please interpret it appropriately in the context of “Green Bond” as to “Blue Bond” where applicable.

GBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of funds	Green bonds are classified as one of the following types as defined by the GBP: (Standard) green bond Green Revenue Bond Green project bond Other	Framework	DNVs confirmed through the assessment work that the Bond falls into the following categories: (Standard) green (blue) bond
1b	Green project classification	A crucial aspect of green finance is that the funds raised are to be used for green projects, and this should be properly documented in the statutory documents pertaining to the securities.	Framework Amended issue registration form	DNV confirmed that it was stated in the statutory documents and other documents relating to the securities that the proceeds would be used for eligible projects.
1c	Environmental benefits	All green projects to which procurement funds are earmarked should have clear environmental benefits, which should be assessed and, where possible, quantified by the financier.	Framework	DNV confirmed that the project has clear environmental benefits, the effects of which have been assessed by METAWATER and quantified, such as water treatment capacity, for water supply, industrial water, and sewerage projects.
1d	Percentage of refinancing	Where all or part of the funds raised will or may be used for refinancing, the fundraiser should indicate the estimated proportion of the funds to be used for initial investment and for refinancing and, where appropriate, clarify which investments or	Framework	DNV confirmed that METAWATER has applied the proceeds as both new investment and refinancing to eligible projects that meet the BFG and SBEG. It also confirmed that it intends

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		project portfolios will be subject to refinancing. It is recommended that the fundraiser should also		to disclose the estimated amount of the portion of the proceeds allocated to refinancing.

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	Green finance financiers should provide an overview of the process by which they have determined the eligibility of a project to use green finance procurement funds. This should include (but not be limited to) ・ The process by which a financier determines that an eligible project falls within an eligible green project operating category ・ Developing criteria for the eligibility of projects to use green finance procurement funds. ・ Targets related to environmental sustainability.	Framework	DNV confirmed that METAWATER had determined the eligibility of the project in accordance with the following process set out in the Framework. The Corporate Communication Office and the Accounting and Finance Planning Office select the candidates, and after consultation with the relevant internal departments, the Director of the Accounting and Finance Planning Office makes the final decision and reports the results to the Board of Directors with the approval of the Representative Director.
2b	Funders' environmental and social governance framework	In addition to criteria and certification, green finance investors consider the quality of the funders' framework and environmentally relevant sustainability performance in the information published by the funders on the green finance process.	Framework	DNV confirmed that METAWATER complied with environmental laws and regulations and conducted environmental impact studies as required when selecting the project. It also confirmed that the company had implemented environmentally friendly material procurement, response to environmentally hazardous substances, waste management and human rights considerations.

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking and management of proceeds - 1	Proceeds relating to funds raised through green finance should be managed in sub-accounts, incorporated into sub-portfolios or tracked by other appropriate means. They should also be evidenced by the financier in a formal internal process related to the financier's investment and financing operations for green projects.	Framework Interviews with METAWATER stakeholders	DNV confirmed that METAWATER's Accounting and Financial Planning Office tracked the Proceeds using an internal control system. DNV also confirmed that the actual systems and documents used through the assessment were verified and evidenced accordingly.
3b	Tracking and management of proceeds - 2	During the green finance redemption/repayment period, the balance of the tracked procured funds should be adjusted at regular intervals to match the amount allocated to eligible projects during the period in question.	Framework Interviews with METAWATER stakeholders	DNV confirmed that METAWATER maintains a balance of proceeds, which is reconciled to match the amount allocated to eligible projects.
3c	Temporary operational methods	Where investments in or payments to qualifying green projects have not yet been made, fundraisers should also inform investors of the envisaged temporary management of any unappropriated fund balances.	Framework	DNV confirmed that METAWATER would inform investors through its annual reporting that the unallocated proceeds were managed in cash and cash equivalents.

GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodic reporting	In addition to reporting on the use of proceeds and one-time investment of unallocated funds, funders should provide a list of each project to which funds raised through green finance have been allocated, at least once a year, taking into account the following - Confidentiality and competitive considerations. - Overview of each project, expected sustainable environmental and social benefits.	Framework	DNV confirmed that METAWATER discloses the allocation status of proceeds and impact reporting on METAWATER's website.