

## Green Bond / Green Bond Programme

### Independent External Review Form

#### Section 1. Basic Information

Issuer name:

Seibu Holdings Inc.

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Seibu Holdings Inc. 4th unsecured corporate bond

Independent External Review provider's name:

Japan Credit Rating Agency, Ltd.

Completion date of this form:

November 7, 2019

Publication date of review publication:

November 7, 2019

#### Section 2. Review overview

##### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

## EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Seibu Holdings Inc. (Seibu HD) is a holding company that oversees Seibu Group, and was established in February 2006 after the reorganization of the Group. Seibu Group has Seibu Railway Co., Ltd. (Seibu Railway) and Prince Hotel Inc. (Prince Hotel) as core subsidiaries. The Group is engaged in urban transportation and railway operations centered on Seibu Railway in the northwestern part of Tokyo Metropolis and the western part of Saitama Prefecture. Seibu Group is engaged in hotel and leisure operations centered on the Prince Hotel, which is one of the largest hotel chains in Japan. Seibu Group is also engaged in real estate operations centering on rental facilities in the central Tokyo area and along-line stations.

Seibu Group, including Seibu HD, established its Group Vision in 2006, aiming to respond to sustainable social development issues through a wide range of businesses and services, and to grow strongly with society. Seibu Group calls environmental, social, and governance (ESG) activities "sustainability actions," and is working to achieve sustainable growth throughout the Group. Based on consideration of various issues Japanese society confronting today as well as its shifting market environment, the Group has established 12 key objectives under four broad categories; customer safety, environmental conservation, community engagement and corporate culture. Seibu Group is actively pursuing initiatives in line with the key objectives. The scope of evaluation is the corporate bonds to be issued by Seibu HD. The proceeds of the bonds will be used for the refinancing of funds for purchasing trains that consume less electric power than conventional ones procured by Seibu Railway (Series 001 "Laview" and Series 40000) and the refinancing of funds for constructing solar power generation facilities. The introduction of new trains will reduce energy consumption by about 60% compared with conventional trains, and CO2 emission reduction per train is expected to be about 1,010 tons in Laview and about 780 tons in Series 40000. The solar power generation facilities are expected to reduce energy consumption by about 4,000 t-CO2 per year. As a result, all of these projects contribute significantly to CO2 reduction. Seibu HD investigated and analysed the possible negative impacts of the use of proceeds on the environment, and JCR confirmed that necessary measures are taken. As a result, JCR evaluates that these green projects do not have serious negative impacts that exceed the effect of environmental improvements on the environment and contributes to reduce CO2 emissions.

On the management, operation and transparency, JCR confirmed that Seibu HD has established the management and operation system for the green projects, that the selection criteria and the internal control system for the management of proceeds have been appropriately established, that prior disclosures to investors and post-issuance reporting have been appropriately planned, and that Seibu HD's management has positioned environmental issues as a priority issue with a high level of importance.

Based on the JCR Green Finance Evaluation Methodologies, JCR assigns "g1" for the preliminary evaluation of the "Greenness (Use of Proceeds)" and "m1" for the preliminary evaluation of the "Management, Operation and Transparency". Consequently, JCR assigns "Green1" for overall preliminary evaluation.

The Bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guidelines of The Ministry of Environment of Japan.

<https://www.jcr.co.jp/en/greenfinance/>

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

**Overall comment on section** (if applicable):

**a. On the environmental improvement effects of the project**

i. 100% of the funds will be appropriated for the refinancing of new procurement costs for rolling stock consuming less electricity than conventional one and for the refinancing of funds for the construction of solar power plants operated by Seibu Railway, and CO<sub>2</sub> emission reductions will be expected.

ii. Among the green projects defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines, funds are used for "clean transportation", "clean transportation business", and "renewable energy".

**b. Negative impact on Environment**

JCR evaluates that Seibu HD is identifying possible risks and taking necessary countermeasures.

**Use of proceeds categories as per GBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

**Overall comment on section** (if applicable):

Seibu Holdings Inc. has clear environmental goal, project selection standards and processes to determine the proceeds, which will be in the Shelf Registration Supplements for the issuance of the bonds and in the this Evaluation report composed by JCR.

## Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

## Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |   |

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section (*if applicable*):

The proceeds will be allocated promptly in full to the refinancing of the eligible assets and will not be allocated for any other purpose.

### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

### Additional disclosure:

- |  |  |
|--|--|
| <input type="checkbox"/> Allocations to future investments only                  | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements       | <input type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                    |

## 4. REPORTING

### Overall comment on section (*if applicable*):

#### a. Reporting on proceeds allocation

The proceeds of the bonds will be promptly fully appropriated to the refinancing of the two projects. So it is not currently assumed that the reports on unallocated proceeds will be made during the term.

#### b. Impact reporting for environmental benefits

Seibu HD will disclose the environmental improvement effect annually on their website. Seibu HD plans to disclose following items.

Introduction of new energy-efficient trains: Reductions in CO<sub>2</sub> emissions per km of transportation (gCO<sub>2</sub> per km)

Installation of solar power generation facilities: Power generation (actual power generation)  
annual CO<sub>2</sub> emissions reductions

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis    |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

**Information reported:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts    | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : |  |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                          | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other <i>(please specify)</i> : |                                      |

*All the proceeds will be allocated to the projects promptly after issuing the bonds.*

**Impact reporting:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis    |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual               | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : |                                      |

**Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators <i>(please specify)</i> :<br><i>power generation (actual power generation)</i> |

**Means of Disclosure**

- |  |   |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report                           |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other <i>(please specify)</i> :<br><i>Show on the website</i> |
| <input type="checkbox"/> Reporting reviewed                        |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Seibu Group's Approach on Sustainability Actions and ESG

<http://www.seibuholdings.co.jp/en/group/csr/>

JCR's website about green bond evaluation methodology

<https://www.jcr.co.jp/en/greenfinance/>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

**Review provider(s):**

**Japan Credit Rating Agency, Ltd.**

**Date of publication:**

**November 7, 2019**

## ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.