

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

Issuer name:	ICHINEN HOLDINGS CO., LTD.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	4th unsecured private placement corporate bonds
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	September 30, 2019
Publication date of review publication:	September 30, 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)

ICHINEN HOLDINGS (the “Company”) is a pure holding company that oversees the ICHINEN Group (the “Group”). Based on the strong unity of the Group, the Company is developing a wide range of businesses, centered on the automotive leasing-related business, including the chemical business, the parking business, the machine tool business, and the synthetic resin business.

In Article 6 of the Corporate Ethics Code, which was established as a part of the Group's management philosophy, it is stated that "we will contribute to the creation of a livable society by focusing on the conservation of the global environment." The Group is also aware that it is its obligation to preserve the global environment in a better manner, according to the Corporate Code of Conduct 6-1, a part of the management philosophy. It considers this initiative to be an important management issue. It will not only comply with environment-related laws and regulations, but also makes every effort to minimize the impact on the global environment of business activities, the products and services it provides. Specific measures include implementing environmental guidelines based on certified ISO14001, not only saving energy and reducing wastes within business sites, but also promoting thorough recycling and actively developing and expanding sales of eco-friendly products.

The Private Placement Bonds (the “Bonds”) subject to this evaluation will be used to finance for purchasing hybrid vehicles, which meet certain CO2 emission requirements, for the automotive leasing-related business, the core business of the Group. JCR confirmed that all purchased vehicles satisfied a globally required level to be considered as low-carbon vehicles and that the projects will contribute to reduce CO2 emissions. It was also confirmed that the Company has taken appropriate measures to avoid or mitigate possible negative environmental impacts, and that this project is unlikely to have a negative environmental impact that exceeds the effects of environmental improvements. Based on the above, JCR assesses that projects have environmental improvement effects.

JCR also confirmed that a management and operating system for the Green Project has been well established, the process of selection criteria and the management of the proceeds are transparent, and that the management of the Company considers environmental issues to be a high priority.

Based on the JCR Green Finance Evaluation Methodology, JCR assigned “g1” for the “Greenness Evaluation (Use of Proceeds)” and “m1” for the “Management, Operating System and Transparency Evaluation.” As a result, JCR assigned “Green 1” for overall “JCR Green Bond Evaluation.”

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

<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 proceeds are used to refinance purchasing hybrid vehicles for leasing, which has environment improvement effects.
- ii. The use of proceeds falls under the category of "clean transportation" as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines.

b. Negative impact on Environment

As a negative effect on the environment of the use of proceeds for the Bonds, the Company expects an increase in waste due to the aging of leasing vehicles. Based on these assumptions, the Company is promoting measures to reduce its environmental impact, such as (1) actively using rebuilt parts and reused batteries for vehicle maintenance, (2) strengthening the sorting system in stock yards for vehicles whose lease term is end, and (3) promoting reuse of vehicles whose lease term is end through overseas subsidiaries.

JCR evaluates that through this project, the Company takes appropriate countermeasures or mitigation measures against potential adverse impacts on the environment.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input 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 | <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):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

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 (please specify) : |

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 (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

- a. The funds raised by the Bonds will be immediately allocated for refinancing short-term borrowings to finance the purchase of hybrid vehicles for leasing, and will not be allocated to other purposes.
- b. The Bonds are funded within the limits of annual fund-raising approval by the Board of Directors at the beginning of each fiscal year in accordance with the Group Fund Management Regulations. The General Manager of the Finance & Accounting Department lends funds to the subsidiary (ICHINEN Co.,LTD.) in charge of automotive leasing-related business as necessary. Until the Bonds are redeemed, the Finance Section of the Finance & Accounting Department will manage the books of the hybrid leasing vehicles subject to the project. The amount and content of these loans are reported semiannually to the Board of Directors for approval.
- c. As for the tracking and management of funds raised by the Bonds, their forms are subject to external audits by an auditing corporation and internal audits based on the environmental guidelines of the Company. Funding documents are subject to long-term storage, and other forms are also held for at least 7 years. The period until the redemption of the Bonds is managed as evidence documents.
- d. The proceeds will be promptly allocated to refinancing short-term borrowings to finance the purchase of hybrid vehicles for leasing, so no unallocated funds are expected to be generated. The company will disclose in its prospectus to investors that it is not expected to generate unallocated funds. Even if the balance of the subject property declines due to the sale of the subject vehicle until the redemption date of the Bonds, the Company has confirmed in dialogue with investors that there is no need to reallocate funds for purchasing new hybrid vehicles because of the possession of many hybrid vehicles that meet the same CO2 emission standards.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input 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 (please specify) : |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The Company plans to disclose to investors that it plans to immediately allocate all the proceeds to the Green Project through the contract and other means. The disclosure is expected to include: (1) an outline of the Green Project, (2) the amount of funding allocated, and (3) the anticipated effects of environmental improvements. Even if the balance of the eligible assets decrease due to the sales before the redemption date, the Company has confirmed in dialogue with investors that there is no need to reallocate funds for purchasing new hybrid vehicles because the Company has enough stock of hybrid vehicles that meet the eligible CO2 emission standards.

b. Impact reporting for environmental benefits

The Company plans to disclose CO2 emission reductions (projected annual gross volume based on theoretical values) realized by the Green Project to investors by writing in the contract of the Bonds.
The Company plans to report on the environmental improvement effects of the Bonds only once at the time of issuance.

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 Bond financed share of total investment

☐ Other *(please specify)*:

frequency:

☐ Annual

☐ Semi-annual

☒ Other *(please specify)*: Once at the time of issuance.

Impact reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify)*:

frequency:

☐ Annual

☐ Semi-annual

☒ Other *(please specify)*: Once at the time of issuance.

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☐ Other ESG indicators *(please specify)*:

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>):
Show on the contract to investors
Show on the website |
| <input checked="" 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.*)

Environment and CSR activities by ICHINEN HOLDINGS CO., LTD.	https://www.ichinenhd.co.jp/environment/
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 (<i>please specify</i>): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: September 30, 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. 1.
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.