

# GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

## Section 1. Basic Information

Issuer name:	The Sumitomo Warehouse Co., Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	7th unsecured bond
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	August 9, 2019
Publication date of review publication:	August 9, 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)*

The Sumitomo Warehouse Co., Ltd. (the “Company”) is a major warehouse company founded in 1899. In addition to logistics businesses such as warehousing, port transportation, international transportation, and land transportation, it also operates a real estate leasing business utilizing its land in urban areas such as the Tokyo Sumitomo Twin Building. Under the current medium-term management plan, the Company plans to construct and acquire domestic warehouses worth about 130,000 m<sup>2</sup> and to improve efficiency by introducing advanced logistics technologies. The Company aims to enhance facilities mainly in Southeast Asia, where logistics demand is strong and expands its international integrated transportation operations overseas. In the real estate business, in addition to acquiring new facilities mainly in the Tokyo metropolitan area, the Company is working to acquire new facilities mainly in the Tokyo metropolitan area and to redevelop land owned in Osaka and Minamihorie.

Based on the recognition that global environment conservation is an important management issue, the Company formulated its Environmental Policy (see page 6) in 2006 with the aim of reducing the environmental impact of its corporate activities and contributing to environmental conservation, and is engaged in a wide range of environmental conservation activities from a medium-to long-term perspective in the overall logistics service business centered on the warehousing industry.

The proceeds of the bonds that are subject to this evaluation (the “Bonds”) are used for new investment and refinancing of the power usage saving project and renewable energy power generation project implemented by the Company: (1) replacement of air-conditioning equipment, (2) replacement of lighting equipment to LEDs, and (3) installation of solar power generation equipment. Based on the materials and interviews with the Company, JCR confirmed that those projects were effective in reducing electricity consumption and CO<sub>2</sub> emissions. JCR also confirmed that the Company had implemented appropriate measures to avoid or manage possible negative impacts on the environment, and that these projects were unlikely to have a negative impact on the environment that exceeds the effects of environmental improvements. Based on the above, JCR evaluates that the projects subject to this evaluation have high environmental improvement effect.

JCR also confirmed that the management and operation system for the projects is well established, that selection criteria and management of the proceeds are highly transparent, and that its management considers environmental issues to be a high priority.

Based on the JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the preliminary evaluation of the "Greenness Evaluation (use of proceeds)" and "m1" for the preliminary evaluation of the "Management, Operation and Transparency Evaluation." As a result, the JCR assigned "Green 1" for overall "JCR preliminary Green Bond Evaluation."

<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 for new investment and refinancing for power-saving projects and renewable energy generation projects, which hashighenvironmental improvement benefits.
- ii. Renewal of air conditioning equipment and replacement of lightning to LEDs falls under “Energy Efficiency” and installation of the solar power generation facility falls under “Renewable Energy” listed in ICMA Green Bond Principle and MOE green bond guidelines.

#### b. Negative impact on Environment

The Company properly asks the disposal contractor to dispose the old equipment in compliance with the Waste Disposal Law in order to prevent anyadverse effects caused by improper disposal of the old equipment, and acquires evidence that the disposal of the waste was properly and reliably carried out by the manifest (industrial waste management sheet) issued by the disposal contractor.

The solar power generation facility in Singapore will be installed on the rooftop of an existing warehouse, so there is no adverse impact on the ecosystem caused by land development. In addition, the installation work is ordered to a Japanese well-skilledgeneral contractor who is familiar with the installation of solar panels, and the risks of accidents and other work related to construction are sufficiently managed.

### Use of proceeds categories as per GBP:

☒ Renewable energy

☒ Energy efficiency

☐ Pollution prevention and control

☐ Environmentally sustainable management of living natural resources and land use

☐ Terrestrial and aquatic biodiversity conservation

☐ Clean transportation

☐ Sustainable water and wastewater management

☐ Climate change adaptation

☐ Eco-efficient and/or circular economy adapted products, production technologies and

☐ Green buildings

☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs

☐ 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. In accordance with the allocation plan, the proceeds will be fully allocated for new investments and refinancing for the energy-saving projects and the renewable energy power generation project between FY2019 and FY2021, and will not be appropriated for other purposes.
- b. The proceeds are tracked by the Accounting Department using the internal control system. Expenses for the projects are reported to the Accounting Department whenever payments are made. The department records the funds procured and the expenses spent. These are reported monthly to the general manager of the Accounting Department.
- c. The Audit Department audits the tracking of funds raised by the Bonds, which shows the effective internal controls are ensured. Documents related to cash management are stored in accordance with the document retention rules stipulated by the Company and documents that serve as evidence are appropriately maintained until the redemption of the Bonds.

### 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 Sumitomo Warehouse plans to disclose the fund allocation status on its website once a year until the it is fully allocated to the green projects. The Company will allocate the funds raised through the Bonds to other eligible projects in the event of a significant change in the funding situation, such as the postponement or cancellation of the projects. The Company plans to make timely disclosures on its website in the event of a major change in the allocation plan, regardless of before or after the allocation.

### **b. Impact reporting for environmental benefits**

The Company will disclose the following key performance indicators on its website once a year until the Bonds are redeemed:

- Summary of each green project (including progress) and the amount of funds allocated
- Number of facilities which renew either air-conditioning equipment or lighting equipment, and the number of new units for air-conditioning equipment etc.
- Electricity consumption and CO2 emissions reduced by the eligible green projects

(Annual total amount based on theoretical value)

### **Use of proceeds reporting:**

☒ Project-by-project

☐ Linkage to individual bond(s)

☒ On a project portfolio basis

☐ Other (please specify):

### **Information reported:**

☒ Allocated amounts

☐ Other (please specify):

☐ Green Bond financed share of total investment

### **frequency:**

☒ Annual

☐ Other (please specify):

☐ Semi-annual

### **Impact reporting:**

☒ Project-by-project

☐ Linkage to individual bond(s)

☐ On a project portfolio basis

☐ Other (please specify):

### **frequency:**

☒ Annual

☐ Other (please specify):

☐ Semi-annual

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

☒ GHG Emissions / Savings

☐ Decrease in water use

☒ Energy Savings

☐ 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> ):<br>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.*)

Sustainability activities by The Sumitomo Warehouse Co., Ltd.	<a href="https://www.sumitomo-soko.co.jp/English/corporate/csr/index.html">https://www.sumitomo-soko.co.jp/English/corporate/csr/index.html</a>
JCR's website about green bond evaluation methodology	<a href="https://www.jcr.co.jp/en/greenfinance/">https://www.jcr.co.jp/en/greenfinance/</a>

## 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:** August 9, 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.