



## Social Bond / Social Bond Programme

### External Review Form

#### Section 1. Basic Information

Issuer name:

ANA HOLDINGS INC.

Social Bond ISIN or Issuer Social Bond Framework Name, if applicable: *[specify as appropriate]*

37th unsecured corporate bonds

Independent External Review provider's name:

Japan Credit Rating Agency, Ltd.

Completion date of this form:

May 16, 2019

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

May 16, 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 SBPs:

- |  |  |
|--|--|
| <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 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 <i>(please specify):</i> |  |

*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)

ANA HOLDINGS INC. (hereinafter referred to as "ANA Holdings") is a holding company that owns ALL NIPPON AIRWAYS CO., LTD., one of Japan's leading airlines. The ANA Group's annual passenger traffic on domestic and international routes totaled 53.89 million (FY18/3 results, excluding LCC). On April 1, 2013, the company changed its name from All Nippon Airways to ANA Holdings, shifting to a holding company system. Thanks to the high market share in the domestic passenger business, which is a mainstay of ANA group, its business foundation is stable. On international routes, it has joined the Star Alliance, the world's largest airline alliance, and has built an efficient network by utilizing ATI (antitrust exemption) on European and U.S. routes, etc. In addition, for the seven consecutive years, the Company has been certified by SkyTrucks Ltd. of the United Kingdom as a 5 STAR, the highest service quality rating.

Based on the Group's mission statement, "Built on a foundation of security and trust, "the wings within ourselves" help to fulfill the hopes and dreams of an interconnected world," it identifies "the environment," "human rights," "diversity and inclusion (D & I)," and "regional revitalization" as its material management priorities and are actively engaged in the activities which will contribute to these issues. The medium-term management strategy identifies the social and economic values of each of these material issues, and by linking them with the SDGs (Sustainable Development Goals) that each of them contributes, it clarifies the degree of contributions to the SDGs.

The subject of this evaluation is the Bonds that ANA Holdings plans to issue. JCR evaluates whether the Bonds is in line with the Social Bond Principles (SBP) (2018 edition) and SDGs targets. The principles of social bonds are the "principles" voluntarily published by the International Capital Markets Association and are not regulations, and therefore are not binding, but are widely referenced globally at this time. Therefore, JCR confirms their conformity with these principles. In addition, the social bond principles emphasize the use of funds and their impacts, as well as the alignment of international sustainability objectives and national policies. Therefore, the SDGs and social project categorization mappings developed by the Society are used as reference indicators for evaluations.

The use of proceeds can be broadly divided into two categories. One is the renovation of airport facilities and websites to improve accessibility of the passengers (it is named as "universal services" that will ease the use of airport facilities and websites for people with disabilities and the elderly). The second is the renovation of business facilities and equipment to ensure universal support for employees. JCR recognizes that the use of proceeds contributes to the realization of an "inclusive society" in which everyone respects and supports each other's personalities and individuality. JCR believes that the proceeds will contribute to the SDGs goals and Japan's policy targets for contributing to SDGs goals and that social benefits are high. Among social projects for which funds are used, the former is considered to be "improved access to essential services" for the "disabled" and the "elderly" as socially vulnerable in the ICMA social bond principles, and the latter to be "socioeconomic empowerment" for the "disabled" and "LGBT" as socially vulnerable. In addition, the former is a project that will contribute to SDGs Goal 11 "Sustainable cities and communities," and the latter is a project that will contribute to SDGs Goal 10 "Reduced inequalities."

Regarding the management, operation and transparency system, JCR confirmed that (i) selection criteria have been properly established; (ii) funds are to be used for new investments and refinancing, whose ratio is to be disclosed; and (iii) the management of proceeds is to be reported to the director in charge of finance on an annual basis after confirming the allocation status. (iv) It also plans to disclose the allocation status and impacts of proceeds (social improvement effects) on its website once a year until the redemption. Based on the above, JCR evaluates that it has secured a high degree of transparency in its capital procurement. As a result, based on the JCR Social Finance Evaluation Methodology, JCR assigned "s1" for the "Social Impact Evaluation (Use of Proceeds)" and "m1" for the "Evaluation on Management, Operation and Transparency." Consequently, JCR assigned "Social 1" for the overall "JCR Social Bond Evaluation." Detailed evaluation results are discussed in the next chapter. The Bonds also fully meet the standards for the requirements of the Social Bond Principles and are consistent with the SDGs Objectives and concrete measures for the SDGs Goals of the Government.

### 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):

The use of proceeds is largely intended to achieve two objectives. One is the renovation of airport facilities and websites to improve accessibility by providing universal services to its passengers (services that are easy to use for people with disabilities or elderly people). Another is the renovation of business facilities and equipment to ensure universal support for its employees. These two projects have high social benefits and will contribute to SDGs and Japan's policy objectives for achieving SDGs goals through realizing an "inclusive society" where every citizen mutually respect and support other's personalities and individuality.

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

- |  |   |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure   | <input checked="" type="checkbox"/> Access to essential services                        |
| <input type="checkbox"/> Affordable housing  | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security   | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment           |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the social taxonomy, if other than SBPs:

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

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

The selection criteria of the Company are (1) Provide Services for Passengers (ANA Brand) and (2) Universal Response to Employees.

JCR evaluates all of the selection criteria as social projects that contribute to the resolution of the Group's key issues.

JCR confirms through interview with the group that that each department has a clear expertise and a sense of responsibility for their work, and is engaged in the selection, planning, and implementation of this project. In addition, the final confirmation was made at the CSR, Risk and Compliance Conference of the Group and the management team was proactively involved in the selection process.

These selection criteria and selection and evaluation processes will be disclosed in the Shelf Registration Supplement.

## Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social 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 Social 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)*:

JCR evaluates cash management to be appropriate given that the bonds are expected to be used for social projects, that the proceeds are managed internally by an appropriate method, that the internal control system is in place, and that there are no particular concerns about the management of the proceeds that have not been allocated.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Social 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 <i>(please specify)</i> :  |

### 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 <i>(please specify)</i> :                                |

## 4. REPORTING

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

#### a. Reporting on the allocation of proceeds

The Company will annually publish on its website an explanation of the allocation status of the proceeds and the project until the full amount of the proceeds will be allocated to the eligible projects. It will also be included in the annual report published by ANA Group.

#### b. Reporting on society improvement effects

ANA Holdings will publish the following information annually on its website and annually in its annual Integrated Report, to the extent reasonably practicable and within the confidentiality of the period until the Social Bond is redeemed:

##### Output indicators

(1) Functions (Outlines) of the website where the Universal Compliance Renovation was Completed

(2) Number of airports where universal facilities and equipment renovations have been completed

(3) Number of office buildings where universal works and equipment renovations have been completed

##### Outcomes measure

(1) Number of passengers with disabilities who use ANA brand flights (YoY)

(2) Employment Ratio of Persons with Disabilities (Total for All Nippon Airways and Group Companies Approved)

##### Impact

Respecting the Diversity of Our Passengers and Employees and Contributing to the Realization of a inclusive society for All

### 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 (please specify):      |

#### Information reported:

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

#### Frequency:

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

### 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 (please specify):      |

#### Frequency:

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

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Number of beneficiaries | <input type="checkbox"/> Target populations |
|---|---|

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 (please specify):<br>Information published in SDGs Impact Report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Use of Proceeds, reporting and overall alignment with ICMA's social bond principle |  |

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.)

ANA HOLDINGS INC.'s Website about CSR efforts  
<https://www.ana.co.jp/group/en/csr/>

JCR's Social Finance 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:**

**May 16, 2019**

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

1. **Second Party Opinion:** An institution with social 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 Social 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 Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social 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 social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially 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 Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
3. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social 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. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social 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 social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.