



# R&I Green Bond Assessment/Second Opinion

September 11, 2020

Senko Group Holdings Co., Ltd.

Green Bond: GA1 (Formal)

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Rating and Investment Information, Inc. (R&I) has confirmed the alignment of the instrument of Senko Group Holdings Co., Ltd. with the “Green Bond Principles 2018” and the Ministry of the Environment’s “Green Bond Guidelines, 2020,” and has assigned an R&I Green Bond Assessment. R&I announced a preliminary assessment for this instrument on August 27, 2020. The preliminary assessment has now been converted to a formal assessment.

## ■ Overview of the R&I Green Bond Assessment

Financial Instrument	Senko Group Holdings Unsec. Str. Bonds No.8 (Green Bond)
Use of proceeds	Cost for the construction of Gifu Hashima PD Center and Wangan Yatomi PD Center
Assessment	GA1 (Formal)

## Assessment by Item

Item	Assessment
Use of proceeds	
Process for project evaluation and selection	
Management of proceeds	
Reporting	
Environmental activities of the issuer	

\* Each item is assessed on a 5-point scale, from (highest) to (lowest).

## Overall Assessment

As a logistics company, the Senko Group has been working to reduce CO2 emissions through various measures, such as combining rail and marine transportation, increasing the size of trucks, and consolidating distribution centers. The “Gifu Hashima PD Center” and “Wangan Yatomi PD Center,” for which the proceeds raised through the green bonds will be used, are new distribution centers that will be constructed to satisfy the distribution needs in the Chubu district. The aim is to “reduce CO2 emissions by reducing energy requirements and using renewable energy sources at the PD centers” and to “reduce CO2 emissions by improving efficiency in physical distribution” while satisfying the needs for logistics of existing and new consigners. Sufficient environmental benefits are expected. Negative impacts of the construction work will be identified and addressed appropriately. The two PD centers are selected through appropriate process as projects that are in conformity with the priority measures for environmental activities that are set in the Medium-Term Policy of Senko Group CSR. The proceeds will be appropriately managed, and the appropriation plan and status will be reported to investors. The expected environmental benefits will be

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disclosed before the issuance of the bonds, and after the issuance, actual reduction in CO2 emissions at each PD center and practical cases of environmentally friendly green logistics will be disclosed once a year. R&I regards the effort highly. Considering the above, R&I has judged that green bond proceeds are used to invest in projects with environmental benefits to a significant degree, and assigned GA1 (Formal) to the green bond.

## ■ Overview of the Second Opinion

### (1) Use of Proceeds

In the process of making innovations to become an ideal logistics company, the issuer has suggested to their customers and put into practice various measures to enhance the efficiency in physical distribution, including consolidation of distribution centers, joint distribution, and modal shifts. PD centers play an important role in “improving efficiency in physical distribution by consigners.” The Gifu Hashima PD Center and the Wangan Yatomi PD Center, for which the proceeds will be used, will be newly constructed to meet the distribution needs in the Chubu district. The new PD centers will serve as bases with which consigners can reduce CO2 emissions. Even so, they may increase CO2 emissions by consuming energy. To reduce CO2 emissions through its own efforts, the issuer has taken mitigation measures to reduce CO2 emissions on the construction of the PD centers: energy-saving by adopting LED lighting and high-efficiency air conditioning equipment, and installation of photovoltaic power generation systems. Surplus power generated by the photovoltaic power generation system will be supplied to the existing PD centers using the self-consignment system. Like this, the centers are expected to contribute to reducing CO2 emissions from the entire group. From the viewpoint of environmentally friendly green logistics, considering the business strategy of the issuer and its past achievements, it is expected that the projects will help existing and new consigners enhance efficiency in physical distribution. It is appropriate as the use of proceeds raised from the green bonds.

### (2) Process for Project Evaluation and Selection

The use of the proceeds raised from the green bonds is considered to be in line with the “Senko Group Environmental Policy” and the “Medium-Term Policy of Senko Group CSR.” Under these policies, the representative director of the issuer made the final decision after discussions with the Safety, Quality & Environmental Management Department of Senko Co., Ltd., a subsidiary with expertise, and the issuer’s Finance Department. The process for project evaluation and selection is appropriate.

### (3) Management of Proceeds

The Finance Department of the issuer will allocate and manage the proceeds in accordance with a predetermined method. Unappropriated proceeds will be managed in cash or cash equivalents and will be allocated sequentially in accordance with funding plans. Proceeds will be managed so that the amount of proceeds raised from the green bonds matches the total amount of allocated and unallocated funds. The management of proceeds is appropriate.

### (4) Reporting

The proceed appropriation reporting, including appropriation plans, will be disclosed on the website once a year until the full amount of the proceeds are appropriated. The impact reporting includes information about the group-wide efforts of the Senko Group as well as environmental benefits of each PD center, such as actually reduced CO2 emissions and practical cases of green logistics, and will be disclosed on the website once a year until the green bonds are redeemed. The reporting is appropriate.

The R&I Green Bond Assessment Methodology can be found on the following website.  
<https://www.r-i.co.jp/en/rating/products/esg/index.html>

## I. Issuer

### 1. Outline of the Issuer

- Senko Group Holdings is a holding company for the Senko Group, which engages in the operation of distribution centers and distribution processing mainly for transportation by trucks. It takes responsibility for the group's fund-raising and management as well as strategic planning in a centralized manner. Their specialty is house-related and petrochemical and resin-related logistics business, in which they have been engaged so far. In recent years, the company has been focusing on distribution logistics system under which they undertake physical distribution operations from distribution companies under contract. It has been expanding its customer base mainly in Japan by active investment. Armed with the enhanced ability to make proposals under the distribution logistics system, their profit keeps growing. The company has been actively working to branch out into new areas, such as the operation of nursing care facilities and restaurants.
- With the development of the Nippon Chisso Hiryo K.K. as a backdrop, Senko Group still has strong business relationships with companies affiliated with Nippon Chisso Hiryo K.K., such as Asahi Kasei Corporation, Sekisui Chemical Co., Ltd., Sekisui House Ltd., and JNC Corporation. In the housing distribution business, the company is expanding transactions with companies other than those affiliated with the Nippon Chisso Hiryo K.K., such as major prefabricated housing manufacturers, housing material manufacturers and solar panel manufacturers. They also have a certain amount of share in the chemical distribution field. While many of the major petrochemical and resin manufacturers have shifted their production bases from Japan to overseas, the Senko Group has been working to find new business partners by constructing new ships and distribution bases and by focusing on transportation by bulk containers about which they have its own know-how. In 2017, they acquired shares of two marine transportation companies from JX Nippon Mining & Metals Group and made them subsidiaries. They plan to strengthen their marine-land integrated transportation business by combining the marine transportation with their existing logistics services.

## 2. Environmental Activities of the Issuer

- Considering that logistics companies have great impacts on environment and that the companies are obliged to take measures to reduce the environmental impacts, Senko Group launched the “Environmental Master Plan” in fiscal 2001. They have deepened and developed efforts to reduce environmental impacts step by step: promoted activities to raise environmental awareness of employees, stuck to their plan as an environmentally advanced logistics company, expanded their environmental activities to the outside of the company, and improved the productivity by mainly reducing power consumption. Currently, they are in the 6th phase of the Environmental Master Plan (FY 2017–FY 2021).
- As a logistics company, the Senko Group is promoting “green logistics” that minimizes environmental impacts through various measures such as combining rail and marine transportation, increasing the size of trucks, and consolidating distribution centers. Their efforts have been highly praised, and awarded in two categories at “The 21<sup>st</sup> Logistics Environment Awards” from the Japan Association for Logistics and Transport (JALoT).
- The awards they received are “Logistics Environmental Conservation Activity Award” and “Special Logistics Environment Award.” In the project which was received the “Logistics Environmental Conservation Activity Award,” six companies including Senko Co., Ltd., a subsidiary of Senko Group, shifted the mode of transportation from truck to railway in the transportation of raw materials for papermaking from Mie Prefecture to Niigata Prefecture, thereby reducing CO2 emissions and improving transportation efficiency. In addition, they loaded return cargo onto containers used for the one-way transportation of products from Niigata to Aichi, achieving the container round use, and that was highly appreciated.
- In the project which was received the “Special Logistics Environment Award,” two companies including Senko Co., Ltd. constructed two hub centers in Saitama and Nara Prefectures to enable collective delivery of housing components to eight housing manufacturers from Hokkaido to Kyushu, which had been individually delivered by trucks from each supplier. Thus, they have achieved effective transportation and reduction in CO2 emissions. In addition to that, they adopted trailer chassis for delivery to Hokkaido to shift the transportation mode to maritime transportation using RORO vessels (vessels that can carry cargo in trucks and chassis) and ferries. The effort was appreciated.
- In FY 2019 too, the group received two “Special Awards” and four prizes as “Excellent Business Entities Working on Modal Shift.” These results indicate that the Senko Group is making serious efforts to reduce environmental impacts.


## II. Second Opinion (Conformity Evaluation)

### 1. Use of Proceeds

#### (1) Eligible Projects


- All the proceeds raised will be used to construct the two new distribution centers (hereinafter, PD centers).

<Gifu Hashima PD Center>

Construction site	Kaminaka-cho, Hashima-shi, Gifu (Gifu-Hashima Interchange Nanbu Higashi District)
Site area	18,700 m <sup>2</sup>
Total floor area	30,500 m <sup>2</sup> (Warehouse: 26,400 m <sup>2</sup> , Berth: 2,800 m <sup>2</sup> , Office: 1,300 m <sup>2</sup> )
Facilities and equipment	1. Self-consuming solar panels 2. Introduction of energy-saving equipment (LED lighting) 3. Introduction of energy-saving equipment (Air conditioning equipment)
Scheduled to open in	April 2021
Completion image	
Remarks	<ul style="list-style-type: none"> <li>The planned construction site is located at the entrance of Gifu next to the Tokaido Shinkansen "Gifu-Hashima Station" and the Meishin Expressway "Gifu-Hashima IC." Geographically, it is a transportation hub located in the center of Japan. It is expected to play a great role in the Chubu economic area.</li> <li>In March 2019, Shin-Meishin Expressway from "Shin-Yokkaichi JCT" to "Kameyama-nishi JCT" was opened, improving access to the Kansai area (to reduce traffic congestion).</li> <li>The full opening of the Tokai-Kanjo Expressway is expected to improve access to the entire Tokai region from the Gifu Hashima PD Center and help improve the efficiency in physical distribution in the Tokai region.</li> <li>In Komaki City, they are suffering from a chronic shortage of warehouse space, and by establishing a base in the neighboring city Hashima, they will be able to develop a new logistics business and fulfill their responsibilities as a logistics company.</li> </ul>

\* The above is the current plan and subject to change.

## &lt;Wangan Yatomi PD Center&gt;

Construction site	Nabeta-cho, Yatomi-shi, Aichi
Site area	29,664 m <sup>2</sup>
Total floor area	44,739 m <sup>2</sup>
Facilities and equipment	1. Self-consuming solar panels (Plan) 2. Introduction of energy-saving equipment (LED lighting) 3. Introduction of energy-saving equipment (Air conditioning equipment)
Scheduled to open in	April 2022
Completion image	
Remarks	<ul style="list-style-type: none"> <li>• The planned construction site is close to the “Nabeta Pier” and “Tobishima Pier,” which are container distribution bases in Nagoya Port, the main port of Aichi Prefecture. The Nagoya Port Authority plans to invest 113 billion yen by 2023 to strengthen port facilities in anticipation of future growth in demand.</li> <li>• Being adjacent to “Wangan Yatomi IC” and “Tobishima IC” of the Isewangan Expressway, it is a perfect location for accessing the Chukyo and Kansai regions.</li> <li>• In 2020, the Nagoya-Daini-Kanjo Expressway, which connects from “Tobishima IC” to “Nagoya-nishi IC,” will open, and the center is expected to function as a wide-area distribution center.</li> <li>• Once the Wangan Yatomi PD Center, which is adjacent to the port area, is put into service, they will be able to propose and provide transportation services with less environmental impact by combining transportations by trains, ships and trucks. The center is expected to contribute to the enhancement of added values.</li> </ul>

\* The above is the current plan and subject to change.

- The use of proceeds falls within the scope of “Energy Efficiency” and “Renewable Energy” and “Clean Transportation” of the Green Bond Principles 2018.

	Viewpoints	Gifu Hashima	Wangan Yatomi
Energy efficiency	Introduction of energy-saving equipment (LED lighting) Introduction of energy-saving equipment (Air conditioning equipment)	○ ○	○ ○
Renewable energy	Installation of self-consuming solar panels Surplus generated power will be distributed using the self-consignment system.	○ ○ Plan	○ Plan ○ Plan
Clean transportation	Planned development of PD bases Promotion of modal shift	○ ○	○ ○

\*The viewpoints applicable to each PD center are marked with “○.”

- The proceeds will be used to finance the construction of the above two new PD centers. Of the total, 4.2 billion yen will be used for the Gifu Hashima PD Center and 5.8 billion yen for the Wangan Yatomi PD Center. Both will be used for new construction costs.
- The use of proceeds will be described in supplemental shelf registration documents.

## (2) Environmental Benefits

- According to the Ministry of Land, Infrastructure, Transport and Tourism, CO2 emissions from the transportation sector accounted for 18.5% of total CO2 emissions in fiscal 2018. For motor vehicles as a whole accounted for 86.2% of the transport sector (15.9% of Japan's total), of which passenger vehicles accounted for 49.6% (9.2%), and cargo vehicles accounted for 36.6% (6.8%) (Updated on April 22, 2020 on the website of the Ministry of Land, Infrastructure and Transport and Tourism).
- Senko Group ascertains the amount of energy consumed and CO2 emitted in its business activities, and reflects the results in its environmental conservation activities. At present, they are continuing various efforts to reduce environmental impacts and aiming to achieve the CO2 reduction target (5-year cumulative reduction of at least 8310 tons by Senko Co., Ltd.) set forth in the Senko Innovation Plan 2021, which was launched in fiscal 2017.
- Senko Group Holdings aims to generate environmental benefits from two points of views through the business activities at the two PD centers for which the proceeds of this green bond will be used: [1] environmental benefits that they can generate by their own efforts, and [2] environmental benefits that they can generate by addressing together with their customers from point of view of the logistics industry.

	Intended environmental benefits	Business category
Their own efforts	[1] Reducing CO2 emissions through the introduction of energy-saving equipment [2] Reducing CO2 emissions through installation of photovoltaic power generation facilities	Energy efficiency Renewable energy
CO2 to be returned to customers	[1] Reducing CO2 emissions through promotion of modal shift [2] Eco-friendly proposals to improve efficiency (Increase in size, joint delivery, and consolidation of bases)	Clean transportation



## &lt;Energy efficiency&gt;

- The primary energy conservation performance of Gifu Hashima PD Center which is described in the “Energy Consumption Performance Assurance Plan for Building” is as follows.

	Entire building	Lighting equipment	Air conditioning equipment
BEIm	0.44	0.38	0.75

- Application for building confirmation for Wangan Yatomi PD Center is planned to be filed in the period from October to December 2020, and we cannot check indications showing energy conservation performance at present. R&I has confirmed through hearings that the issuer is planning to install lighting and air conditioning equipment at the Wangan Yatomi PD Center whose environmental impact reduction performance is equal to that of equipment to be installed at Gifu Hashima PD Center.

## &lt;Renewable energy&gt;

- The photovoltaic power generation system that is planned to be installed at Gifu Hashima PD Center has a panel capacity of 1 MW, a power conditioner capacity of 700 kW, and an annual power generation capacity of 1,153,000 kWh. The power required at Gifu Hashima PD Center (13% of the annual power generation capacity) will be covered by the PV facility, and surplus electricity will be transferred to other business establishments of Senko Group to reduce power consumption throughout the group.
- Through hearings, R&I has confirmed that the issuer is considering with panel manufacturers a plan to install a photovoltaic power generation system at the Wangan Yatomi PD Center which has a panel capacity of 1 MW and a power conditioner capacity of 700 kW, which are equivalent to those of PV system at the Gifu Hashima PD Center. We have also confirmed that, as with the Gifu Hashima PD Center, surplus electricity will be transferred to other business establishments of Senko Group to reduce power consumption throughout the group.

## &lt;Clean transportation&gt;

- According to the Green Bond Principles, improving efficiency in physical distribution is a high priority on clean transport project. Accurate understanding of distribution demand, optimization of the network, and introduction of combined transportation based on the advantages and disadvantages of transportation modes are expected to contribute to the reduction of CO2 emissions and the prevention of air pollution.
- Due to the nature of logistics business, it is necessary to work together with consigners to generate environmental benefits through the improvement of efficiency in physical distribution. Senko Group has proposed efficient physical distribution to consigners and realized such distribution: such as modal shift from transportation by cargo trucks to transportation by trains and ships to increase the ratio of transportation modes with less CO2 emissions per unit of transportation, joint transportation and distribution, 3PL under which they provide comprehensive logistics service under contract, and consolidation of distribution bases. Considering Senko Group's past achievements in the improvement of efficiency through their business strategy, it is expected they will contribute to the existing and new consigners' efforts to improve efficiency in physical distribution by making use of the two PD centers.



### **(3) Consideration for Negative Environmental/Social Impacts**

- The potential negative impacts on the environment due to the construction of the new PD centers include noise and vibration during the construction work; adverse effects on ecosystems caused by the large-scale land development; increases in noise, vibration and air pollution due to the concentration of truck transportation in specific places and time zones. As mitigation measures to address these risks, Senko Group Holdings not only strictly observes environmental laws and regulations, but also conducts necessary environmental assessments in accordance with the environmental impact assessment ordinance of the local government where the facilities are located.

In the process of making innovations to become an ideal logistics company, the issuer has suggested to their customers and put into practice various measures to enhance the efficiency in physical distribution, including consolidation of distribution centers, joint distribution, and modal shifts. PD centers play an important role in “improving efficiency of physical distribution by consigners.” The Gifu Hashima PD Center and the Wangan Yatomi PD Center, for which the proceeds will be used, will be newly constructed to meet the distribution needs in the Chubu district. The new PD centers will serve as bases with which consigners can reduce CO2 emissions. Even so, they may increase CO2 emissions by consuming energy. To reduce CO2 emissions through its own efforts, the issuer has taken mitigation measures to reduce CO2 emissions on the construction of the PD centers: energy-saving by adopting LED lighting and high-efficiency air conditioning equipment, and installation of photovoltaic power generation systems. Surplus power generated by the photovoltaic power generation system will be supplied to the existing PD centers using the self-consignment system. Like this, the centers are expected to contribute to reducing CO2 emissions from the entire group. From the viewpoint of green logistics, considering the business strategy of the issuer and its past achievements, it is expected that the projects will help existing and new consigners enhance efficiency in physical distribution. It is appropriate as the use of proceeds raised from the green bonds.

## 2. Process for Project Evaluation and Selection

### (1) Incorporating into Comprehensive Objectives, Strategies, and so on

- Senko Group has established its environmental philosophy and basic policy, "Senko Group Environmental Policy."

#### Environmental policy of senko group

##### Environmental philosophy

The Senko Group is aiming to become an "environmentally advanced corporation" to ensure that the planet we leave behind for future generations continues to be blessed with an abundance of nature. We achieve this by actively and voluntarily adopting ongoing environmental conservation measures like activities that reduce our environmental impact and that promote more efficient use of resources, as we play our role for the future and meeting our obligations toward society.

##### Basic Policy

1. Strive to comply with legislations, rules, agreements and internal regulation related to the environment, and implement environmental conservation activities continuously and in a proactive manner as a "good corporate citizen."
2. Top management defines its own "environmental targets," establishes an environmental activity promotion system and develops environmental management regulations, and strives to implement ongoing efforts to enhance environmental performance.
3. In addition to supporting efficient, low environmental impact logistics for customers "from procurement to disposal," strive to conduct activities that reduce environmental impact from a product life cycle perspective through trading, information and other associated businesses.
4. Strive to make all Senko Group employees and contracted partner companies aware of these "environmental targets" and provide the relevant education. Also strive to disclose information on environmental activities to stakeholders in a proactive manner.

[Source: Excerpt from the Senko CSR Report]

- Since fiscal 2001, Senko Group has been assessing the amount of energy consumed and CO2 emitted from its business activities, and reflecting the results in its environmental conservation activities. The effort is still continued under the Senko Innovation Plan 2021 launched in 2017, in which environmental measures are promoted under the policy of "Emphasize corporate social responsibility (CSR): Grow alongside society, while preserving and fostering industry, culture, and nature in each area," one of the group's Medium-Term Business Plan.
- In the Medium-Term Policy of Senko Group CSR, there are four priority measures: "environmental measures," "safety initiatives," "health initiatives," and "social initiatives." Of the four, environmental measures are shown below.

## 1 Environmental Measures

- ① Focus on meeting energy-saving targets as a Specified Corporation
- ② Make improvements related to "Reduce with energy-saving," "Recycling rate" and "Green product procurement rate" and contribute to a recycling-oriented society.
- ③ Organize environment-related information of group companies, and aim to achieve the same environmental targets.
- ④ Actively install fixtures with a low environmental impact, such as LED lighting and low-emission vehicles.
- ⑤ Increase use of alternative energy sources, such as installing solar panels on new facilities and increasing the number of large CNG vehicles.
- ⑥ Actively promote modal shift to customers as a way of implementing green logistics.

[Source: Excerpt from the Senko CSR Report]

- In order to achieve the goal of “reducing CO2 emissions by 27.4% from fiscal 2013 levels by fiscal 2030 (transportation and logistics sectors),” which Japan has promised to the international community, the Senko Group aims to become a “group of environmentally advanced companies” by actively promoting “visualization of environmental activities” in their business activities, mainly logistics, and by improving environmental performance that contributes to their customers and local communities.
- They are now in the 6th phase (2017–2021) of the “Environmental Master Plan” launched in 2001, and their specific environmental targets are as follows.
- It is clear that the construction of the Gifu Hashima PD Center and the Wangan Yatomi PD Center is in line with the environmental measures set forth as a priority measure in the Medium-Term Policy of Senko Group CSR.

## (2) Criteria for Project Evaluation and Selection

- Senko Group has established new PD centers based on the “Environmental Master Plan (The 6th Period)” under the “Senko Group Environmental Policy” and “Medium-Term Policy of Senko Group CSR.” The construction of “Gifu Hashima PD Center” and “Wangan Yatomi PD Center” has been also planned and determined in line with their conventional policies.
- Construction of a new distribution center requires deliberations by the Business Management Council and the Board of Directors. According to their system, they will first identify potential impacts on neighboring residents, such as noise pollution and exhaust emissions, and then determine whether the candidate site is suitable for construction.

## (3) Process for Project Evaluation and Selection

- The Finance Department of the issuer and the Safety, Quality & Environmental Management Department of Senko Co., Ltd., which is the secretariat of the Environmental Promotion Committee, selected “Gifu Hashima PD Center” and “Wangan Yatomi PD Center” as the target projects after discussing whether they are consistent with the priority measures for environmental activities set forth in the Medium-Term Policy of Senko Group CSR. The projects were confirmed by the financial officer of the issuer and the safety, quality and environmental management officer of Senko Co., Ltd., and finally decided by the representative director of the issuer.

R&I has concluded that the process for project evaluation and selection is appropriate. The use of the proceeds raised from the green bonds is considered to be in line with the “Senko Group Environmental Policy” and the “Medium-Term Policy of Senko Group CSR.” Under these policies, the representative director of the issuer made the final decision after discussions with the Safety, Quality & Environmental Management Department of Senko Co., Ltd., which has expert knowledge, and the issuer’s Finance Department. The process for project evaluation and selection is appropriate.

### 3. Management of Proceeds

- The Finance Department of the issuer will track and manage the proceeds raised through the green bonds in a form of electronic files. Each time Senko Co., Ltd., the subsidiary who will become the owner of the properties to be constructed in this green projects, pays a cost for the target projects, the Finance Department of the issuer examines the payment details and other matters in accordance with procedures predetermined by the governing body, and then, the proceeds will be loaned and appropriated. This process will be repeated until the proceeds are fully appropriated.
- The group has established an internal management system through which the Finance Department of the issuer reports the details of appropriation together with relevant vouchers to the General Manager of the Finance Department when Senko Co., Ltd., the owner of the properties, makes a payment.
- The first allocation of proceeds to the Gifu Hashima PD Center was made in 2020, and the allocation of proceeds to the Wangan Yatomi PD Center is scheduled to begin in 2021. Although it takes a certain period of time before the proceeds are fully allocated, the appropriation plan is in line with the progress of construction.
- Unappropriated proceeds will be managed in cash or cash equivalents, and the manner in which the unappropriated proceeds are managed is reasonable.

R&I has determined that the management of proceeds is appropriate. The Finance Department of the issuer will allocate and manage the proceeds in accordance with a predetermined method. Unappropriated proceeds will be managed in cash or cash equivalents and will be allocated sequentially in accordance with funding plans. Proceeds will be managed so that the amount of proceeds raised from the green bonds matches the total amount of allocated and unallocated funds. The management of proceeds is appropriate.

## 4. Reporting

### (1) Overview of Disclosure

- The overview of reporting is provided in the below.

	Items	Timing	Method
Allocation of Proceeds	[1] Proceeds appropriation plan [2] Overview of the targets for which proceeds will be appropriated [3] Appropriated and unappropriated amount [4] When there are unappropriated proceeds, the time when they are planned to be appropriated and the method how they will be managed while they are left unappropriated [5] When proceeds are used for refinancing, the allocated amount and the rate	Once a year until the proceeds are fully allocated	Issuer's website or CSR report
Environmental Benefits	<Energy conservation> <Renewable energy> The following indicators will be disclosed after the completion of the PD centers for which proceeds will be used. <ul style="list-style-type: none"> <li>Actual electricity consumption (kWh)</li> <li>CO2 emissions (t-CO2)</li> <li>Estimated reduction in CO2 emissions (t-CO2)</li> </ul> <Clean transportation> <ul style="list-style-type: none"> <li>Practical cases of green logistics at each PD center for which the proceeds are used will be disclosed.</li> <li>Reductions in CO2 emissions (t-CO2) by "Senko Co., Ltd." and "Other group companies" will be disclosed.</li> </ul>	Once a year until the green bonds are redeemed in full	Issuer's website or CSR report

- When a significant change is made to the proceeds appropriation plan or when a significant change occurs in the appropriation status after proceeds are allocated, they will be disclosed promptly.






### (2) Indicators to Show Environmental Benefits and Calculation Methods, etc.



- Because the project is planned to be completed in 2021 or subsequent years, some of the proceeds will initially be left unappropriated. So proceeds appropriation plan will be disclosed in the proceeds appropriation reporting.
- As regards environmental benefits in energy efficiency and renewable energy, items showing the actual reduction in CO2 emissions at each PD center will be disclosed on the issuer's website or CSR report.
- With regard to clean transportation, since measures to improve efficiency in physical distribution are implemented in cooperation with consignees, it is not appropriate to use uniform indicators. When consolidation of sites, joint distribution, modal shift, etc. are achieved using the PD centers, the environmental benefits caused by each case are planned to be disclosed (such as reduction in CO2 emissions).

R&I has concluded that the reporting is appropriate. The proceed appropriation reporting, including appropriation plans, will be disclosed on the website once a year until the full amount of the proceeds are appropriated. The impact reporting includes information about the group-wide efforts of the Senko Group as well as environmental benefits of each PD center, such as actually reduced CO2 emissions and practical cases of green logistics, and will be disclosed on the website once a year until the green bonds are redeemed. The reporting is appropriate.



### III. R&I Green Bond Assessment

Assessment by item	Assessment	The main points of the assessment
Use of proceeds		The targets for which the proceeds are used are expected to generate sufficient environmental benefits, and considerations are given to negative impacts too. The extent to which the target project is likely to contribute to the solution of environmental problems is excellent.
Process for Project Evaluation and Selection		The process for project evaluation and selection is provided clearly and reasonably; therefore is excellent.
Management of Proceeds		Appropriate management of the proceeds is stipulated and disclosed. The management of the proceeds is excellent.
Reporting		In reporting, the expected CO2 reduction effect will be disclosed before the issuance of the bonds, and after the issuance, reporting will be made once a year to disclose the proceeds appropriation plan and status, actual reduction in CO2 emissions at each PD center (annual) and practical cases of green logistics. The reporting is superior.
Environmental Activities of the Issuer		Environmental policies and systems are in place and embraced across the Group. They are producing satisfactory results and their approaches to environmental activities are excellent.

\* Each item is assessed on a 5-point scale, from  (highest) to  (lowest).

R&I Green Bond Assessment	GA1 (Formal)
Overall Assessment	<p>As a logistics company, the Senko Group has been working to reduce CO2 emissions through various measures, such as combining rail and marine transportation, increasing the size of trucks, and consolidating distribution centers. The “Gifu Hashima PD Center” and “Wangan Yatomi PD Center,” for which the proceeds raised through the green bonds will be used, are new distribution centers that will be constructed to satisfy the distribution needs in the Chubu district. The aim is to “reduce CO2 emissions by reducing energy requirements and using renewable energy sources at the PD centers” and to “reduce CO2 emissions by improving efficiency in physical distribution” while satisfying the needs for logistics of existing and new consigners. Sufficient environmental benefits are expected. Negative impacts of the construction work will be identified and addressed appropriately. The two PD centers are selected through appropriate process as projects that are in conformity with the priority measures for environmental activities that are set in the Medium-Term Policy of Senko Group CSR. The proceeds will be appropriately managed, and the appropriation plan and status will be reported to investors. The expected environmental benefits will be disclosed before the issuance of the bonds, and after the issuance, actual reduction in CO2 emissions at each PD center and practical cases of green logistics will be disclosed once a year. R&amp;I regards the effort highly. Considering the above, R&amp;I has judged that green bond proceeds are used to invest in projects with environmental benefits to a significant degree, and assigned GA1 (Formal) to the green bond.</p>

## [Disclaimer]

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits. In R&I Green Bond Assessment, R&I may also provide a second opinion on a green bond framework. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

R&I Green Bond Assessment is not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and R&I Green Bond Assessment is not a recommendation to purchase, sell, or hold any particular securities and does not constitute any form of advice regarding investment decisions or financial matters. R&I Green Bond Assessment does not address the suitability of an investment for any particular investor. R&I issues R&I Green Bond Assessment based on the assumption that each investor will investigate and evaluate the securities which they plan to purchase, sell, or hold for themselves. All investment decisions shall be made at the responsibility of the individual investor.

The information used when R&I issues R&I Green Bond Assessment is information that R&I has determined, at its own discretion, to be reliable. However, R&I does not undertake any independent verification of the accuracy or other aspects of that information. R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to any such information.

R&I may suspend or withdraw R&I Green Bond Assessment at its discretion due to insufficient data or information, or other circumstances.

R&I is not responsible or liable in any way to any party, for all or any damage, loss, or expenses arising out of or in relation to errors, omissions, inappropriateness of, or insufficiencies in the information used when issuing R&I Green Bond Assessment, R&I Green Bond Assessment or other opinions, or arising out of or in relation to the use of such information or R&I Green Bond Assessment, or amendment, suspension, or withdrawal of R&I Green Bond Assessment (regardless of the nature of the damage, including direct, indirect, ordinary, special, consequential, compensatory, or incidental damage, lost profits, non-monetary damage, and any other damage, and including expenses for attorneys and other specialists), whether in contract, tort, for unreasonable profit or otherwise, irrespective of negligence or fault of R&I.

As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant.

Japanese is the official language of this material and if there are any inconsistencies or discrepancies between the information written in Japanese and the information written in languages other than Japanese the information written in Japanese will take precedence.

## [Expertise and Third-Party Characteristics]

R&I has launched the R&I Green Bond Assessment business in 2016, and since then, R&I has accumulated knowledge through numerous evaluations. Since 2017, R&I has been participating as an observer in the Green Bond Principles and Social Bond Principles, which have their own secretariat at the International Capital Market Association (ICMA). It also has been registered since 2018 as an Issuance Supporter (external review entity) of the Financial Support Programme for Green Bond Issuance, a project by the Ministry of the Environment.

The R&I assessment method and results can be found on the R&I website (<https://www.r-i.co.jp/en/rating/esg/index.html>).

There is no capital or personal relationship between R&I and the fundraiser that could create a conflict of interest.



## Green Bond / Green Bond Programme

### Independent External Review Form

#### Section 1. Basic Information

Issuer name: Senko Group Holdings Co., Ltd.

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

Senko Group Holdings Unsec. Str. Bonds No.8 (Green Bond)

Independent External Review provider's name: Rating and Investment Information, Inc. (R&I)

Completion date of this form: September 11, 2020

Publication date of review publication: September 11, 2020

#### 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 checked="" 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.*

**Latest update: June 2018**

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

### <Scoring/Rating: R&I Green Bond Assessment>

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that green bond proceeds are used to invest in projects with environmental benefits to a significant degree, and assigned GA1 (formal) to the green bond.

### <Second Party Opinion: Second Opinion>

R&I has provided a second opinion that the green bond framework is aligned with the Green Bond Principles 2018 and the Green Bond Guidelines 2020 by the Ministry of the Environment of Japan.

For details, please refer to the report above.

## 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):

##### <Second Opinion>

For details, please refer to “II. Second Opinion, 1. Use of Proceeds” in the report above.

##### <R&I Green Bond Assessment>

For details, please refer to “III. R&I Green Bond Assessment” in the report above.

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

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" 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 (Environmentally Responsible Building)                          |
| <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):

<Second Opinion>

For details, please refer to “II. Second Opinion, 2. Process for Project Evaluation and Selection” in the report above.

<R&I Green Bond Assessment>

For details, please refer to “III. R&I Green Bond Assessment” in the report above.

### 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):

<Second Opinion>

For details, please refer to “II. Second Opinion, 3. Management of Proceeds” in the report above.

<R&I Green Bond Assessment>

For details, please refer to “III. R&I Green Bond Assessment” in the report above.

### 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 checked="" 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 (please specify):                             |

## 4. REPORTING

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

<Second Opinion>

For details, please refer to “II. Second Opinion, 4. Reporting” in the report above.

<R&I Green Bond Assessment>

For details, please refer to “III. R&I Green Bond Assessment” in the report above.

### Use of proceeds reporting:

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

#### Information reported:

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

Proceeds appropriation plan, overview of the targets for which proceeds will be appropriated, unappropriated amount, management of the unappropriated proceeds.

#### Frequency:

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

When a significant change occurred.

### Impact reporting:

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

Reductions in CO2 emissions by “Senko Co., Ltd.” and “Other group companies”.

#### Frequency:

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

#### 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 (please specify):<br>Actual electricity consumption, practical cases of green logistics |

### 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>Issuer's website or CSR report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

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.)

R&I Green Bond Assessment Methodology  
<https://www.r-i.co.jp/en/rating/products/esg/index.html>

### 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 type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |   |

Review provider(s):

Date of publication:



## 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.