



Second Opinion

Hankyu Hanshin Holdings, Inc.

October 29, 2021

Sustainability Bond Framework

ESG Division
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Rating and Investment Information, Inc. (R&I) has confirmed the alignment of the Sustainability Bond Framework established by Hankyu Hanshin Holdings, Inc. dated October 2021 with the “Social Bond Principles 2021 (SBP 2021),” “Sustainability Bond Guidelines 2021,” and “Green Bond Principles 2021,” as well as the Ministry of the Environment’s “Green Bond Guidelines, 2020 Edition.” This opinion is based on the following views.

■ Overview of the Opinion

(1) Use of Proceeds

The proceeds will be used for the Umeda 1-1 Project, which is being promoted as a large-scale complex development project in the center of Osaka. The reconstruction of the Dai Hanshin Building and the Shin Hankyu Building will be promoted together with the development of disaster prevention and public facilities to contribute to the revitalization of the urban area. The Osaka Umeda Twin Towers South, which are scheduled to be completed in the spring of 2022, is expected to have sufficient energy-saving performance, and with the distributed autonomous energy management system, it will contribute to enhancement of disaster resilience. The Company has taken necessary measures after providing sufficient explanations to related organizations and parties concerned in the neighborhood, and R & D has judged that the buildings will clearly have environmental benefits as green buildings. The development of disaster prevention facilities will contribute to ensuring safety at the time of disasters and measures for people who have difficulty in returning home, and is expected to have positive social effects as an eligible social project. This falls within the scope of “affordable basic infrastructure” for “other vulnerable groups, including as a result of natural disasters.” The development of nearby public facilities will address the requirements of the regional development policy and the Barrier-free Law. This project will contribute to the strengthening of transportation hub functions, development of streets, enhancement of disaster prevention performance, realization of a symbiotic society and the removal of social barriers in the vicinity of the planned area. It is expected to have positive social effects as an eligible social project. This project falls within the scope of “socioeconomic advancement and empowerment” and “affordable basic infrastructure” for “general population (especially elderly people, people with disabilities, pregnant women, people with small children).”

(2) Process for Project Evaluation and Selection

This sustainability bond is positioned as financing aiming at realizing “Safe, reliable infrastructure,” “Thriving communities,” and “Environmental protection,” which are among the priority issues of its sustainable management. The Green Eligibility Criteria refer to green building certifications that are widely used in Japan, as judgment criteria, to ensure an appropriate level of environmental benefits. The Social Eligibility Criteria refer to the FSA’s Social Bond Guidelines to identify the social outcomes and target populations expected in Japan. When evaluating and selecting projects, exclusion criteria are applied to reduce environmental and social risks, and advice from the Corporate Sustainability Dept. and the departments responsible for the projects from the environmental and social perspectives are received. Eligible projects are ultimately approved by the President and Representative Director. The evaluation and selection of the projects have gone through a reasonable internal process.

(3) Management of Proceeds

The Accounting Dept. of Group Planning Division will manage the proceeds. The Accounting Dept. of Group Planning Division will keep track of the status of fund allocation to eligible projects on a quarterly basis by using an internal accounting system, and the allocation is planned to be completed in about 12 months. The management of proceeds is good.

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(4) Reporting

Impact reporting will be provided annually as long as there is a balance of the sustainability bond outstanding. In addition to quantitative indicators such as energy efficiency and CO2 emissions intensity of the buildings, the Green eligible project uses comparable data such as acquired external certifications. The Social eligible projects have contributions to a relevant priority issue set as an outcome. The contents of the reporting is good.

Outline of the Issuer

It is one of the major private railway companies in Japan. Centered on urban transportation and real estate, the Group conducts business in a wide range of areas, including entertainment, information and communication technology, travel, international transportation and hotels. Umeda in Osaka, its base, is one of the leading commercial and business centers in Japan. Under its umbrella it has Hankyu Corporation, which was founded in 1907, and Hanshin Electric Railway, which was founded in 1899, with the total operating distance of the railway network of 193km and average daily passengers of about 2.47 million (FY2019 actual). The areas along those lines are popular as where people want to live in the Kansai area, increasing the population. The Hanshin Tigers and Takarazuka Revue, two main entertainment attractions in the areas, have strong fans.

1. Use of Proceeds

(1) Eligible Projects

- The proceeds raised through the sustainability bond will be used in full for covering expenses related to the following eligible projects (new or refinancing). When refinancing, this shall be limited to expenditures made within 24 months prior to the issue date of the bond.
- The following table shows the names and project categories of eligible projects.

Eligible Projects		Project Category ¹	
		Green	Social
Umeda 1-1 Project	Environmentally friendly buildings	Green buildings	Affordable basic infrastructure/Socioeconomic advancement and empowerment
	Providing facilities for safety and security		
	Development of nearby public facilities		

¹Project categories set forth in the Green Bond Principles and Social Bond Principles issued by the International Capital Markets Association. In those principles, 10 eligible green categories and 6 eligible social categories are specified.

Umeda 1-1 Project

The planned site is located in front of Osaka Umeda Station, a transportation hub in Osaka, and at the north entrance of Midosuji, the main street. The area around Osaka Umeda Station is one of the largest centers of commerce and business in Japan, and is expected to develop its function as an international hub city due to its excellent access to Kansai International Airport. Hankyu Corporation and Hanshin Electric Railway Co., Ltd., which are affiliated with the Group, will take the lead in planning the reconstruction of the Dai Hanshin Building and the Shin Hankyu Building as well as the contribution to the urban revitalization. Through the reconstruction of the buildings that utilizes the area above the road between them and the integrated development of nearby public facilities, this project will achieve sophisticated urban functions, enhanced disaster prevention functions, creation of public spaces, development of good landscapes, etc., and thereby develop a comfortable and high-quality city contributing to the strengthening of international competitiveness.

(2) Business categories of the eligible projects and their environmental benefits, social outcomes, and negative impacts

<Green>

Eligible project: Umeda 1-1 Project—Environmentally Friendly Building—

Project category: Green buildings

- Project outline: "Osaka Umeda Twin Towers South" is a large complex facility scheduled to be completed in the Umeda district, the center of Osaka, in the spring of 2022. The Dai Hanshin Building and Shin Hankyu Building will be reconstructed in an integrated manner while making use of the area above the road between the two buildings. The facility is mainly made up of a department store zone, an office zone and a conference zone, and the rooftop square of about 1,000 m² covered with vegetation provides a refreshing space for office workers and visitors. Although it is a large and high-rise complex with 3 stories below ground and 38 stories above ground and a total floor area of about 260,000 square meters, it has the performance equivalent to S rank in the CASBEE Osaka Mirai due to its environment-friendly design.
- In the office zone, a special floor "WELLCO²" is set up for office workers, which is equipped with various functions such as a coworking space, lounge, cafe and fitness. This facility is also going to obtain S rank in the CASBEE Smart Wellness Office Certification System, a certification program focusing on the health and amenity of workers. Through the provision of a comfortable and high-quality office space, this project aims to make contributions to the enhancement of international competitiveness, a regional strategy for the area around Osama Station.

²Based on the idea that taking rest appropriately and learning through exchanges among office workers will lead to balanced mind and physical conditions and enhanced vitality of workers, which will create a virtuous cycle leading to creative work, the facility will provide functions that enables workers to take a rest appropriately, to work hard and to learn a lot.

Perspective image of completed "Osaka Umeda Twin Towers South"



[Source: Hankyu Hanshin Holdings' materials for FY 2020 Financial Result Briefing]

<Description of property>

Building name	Osaka Umeda Twin Towers South
Planned site	1-1 Umeda, Kita-ku, Osaka City and others (parcel number)
Primary uses	Department stores, offices, halls, etc.
Site area	Approx. 12,200 m ²
Total floor area	Approx. 260,000 m ²
Structure	Steel structure (Underground section: Steel-framed reinforced concrete structure)
Number of stories	3 stories below ground and 38 stories above ground
Designed by	Takenaka Corporation First-Class Architect Office
Constructed by	Osaka Head Office of Takenaka Corporation
Schedule	October 2014 (Start of 1st phase of construction) April 2018 (Completion of 1st phase of construction) June 2019 (Start of 2nd phase of construction starts) Autumn 2021 (Completion of 2nd phase of construction) Spring 2022 (Completion of entire project)

Major environmental considerations	<p><Use of natural energy> Natural ventilation system/Photovoltaic power generation</p> <p><Reduction of heat load> Exterior inclined vertical louver, best energy mix, heat source simulation system, CGS, desiccant external conditioner, energy management</p> <p><Effective use of resources> Utilization of recycled water (water sprinkling for greening, WC washing water), foundation structure using existing body, recycled non-structural materials</p> <p><Restriction of heat island effect> Greening of lower walls and rooftops</p> <p><BCP> Best energy mix, heat source simulation system, CGS/dual-fuel generator, self-powered GHP, structural health monitoring, digital signage</p>
Major environmental certifications, etc.	<ul style="list-style-type: none"> • DBJ Green Building Certification (plan certification): 5 stars (October 2015) • CASBEE Osaka Mirai: S rank (June 2015/self-assessment) • CASBEE Smart Wellness Office: S Rank (Planned to obtain/third-party assessment) • "Leading Projects for Sustainable Buildings (for promoting CO₂ reduction)" by the Ministry of Land, Infrastructure, Transport and Tourism (December 2015)
Energy saving performance	<p>Primary energy consumption performance: BEI = 0.66* (standard method)</p> <p>*BEI with on-site photovoltaic generation = 0.66</p>

- Environmental benefits: The proceeds raised through the sustainability bond will be used to finance the construction of buildings satisfying the following eligibility criteria. The eligibility criteria refer to widely recognized environmental certifications, and any of them will sufficiently exceed the guidance standard (BEI = 0.8 or more) set by the Building Energy Efficiency Act.

Eligibility criteria: Buildings that have been either certified or assessed by any of the following certification systems, or buildings that have been approved as a project (including those that are to acquire or renew the certifications).

DBJ Green Building Certification 5 stars, Leading Projects for Sustainable Buildings (for promoting CO₂ reduction), CASBEE Osaka Mirai S rank, CASBEE Smart Wellness Office S rank

Osaka Umeda Twin Towers South reduced the primary energy consumption at the design stage by 34% (0.66 at BEI) from the standard value by adopting a natural ventilation system, distributing and optimizing heat sources, and controlling heat load through the utilization of waste heat in cogeneration system (CGS) in addition to exterior heat insulation and solar radiation shielding. When the buildings are put into operation, they are expected to exert further energy-saving effect through the heat source optimum operation simulation function and sequence temperature control. As measures to give consideration to resource recycling, rainwater and gray water are recycled, existing bodies are used, and recycled materials are utilized. Considerations are also given to greening and the formation of landscapes, and the result of the self-assessment of the buildings at the designing stage is equivalent to S rank of the general assessment of CASBEE Osaka Mirai, and they obtained 5 stars in the Plan Certification of the DBJ Green Building Certification. In addition, after the completion, they are going to reobtain the DBJ Green Building Certification.

The heat from the centralized heat source will be interchanged to the Hanshin Osaka Umeda Station, and in emergency, power can be supplied to the Hanshin Osaka Umeda Station from the planned power source of the buildings. In this way, the distributed autonomous energy management system will contribute also to the enhancement of disaster resilience of the community. Furthermore, as BCP, the dual-fuel emergency power generator is adopted, and a self-powered GHP is used for air conditioning.

- Consideration for the negative impacts: Having excellent access to public transportation systems, means of transportation as an alternative to cars are appropriately secured: 1 minute walk from Hanshin Umeda Station, 1 minute walk from Umeda Station on the Osaka Metro alternative Line, 3 minute walk from JR Osaka Station, and 7 minute walk from Hankyu Osaka Umeda Station Necessary measures are taken to prevent infectious diseases.

In implementing the project, the Company will consult with relevant organizations adequately and take necessary measures to prevent adverse effects on surrounding areas. The Company will make explanations to the people in the neighborhood in advance so that they can understand the project plan and the details of the construction. If any problem occurs with the people in the neighborhood, the Company will take responsibility and deal with it promptly.

<Assessment of eligible projects>

The Osaka Umeda Twin Towers South, which are scheduled to be completed in the spring of 2022, is expected to have sufficient energy-saving performance, and with the distributed autonomous energy management system, it will contribute to enhancement of disaster resilience. The Company has taken necessary measures after providing sufficient explanations to related organizations and parties concerned in the neighborhood, and R & D has judged that the buildings will clearly have environmental benefits as green buildings.

<Contribution to SDGs>



This project are considered to be contributing to the achievement of especially the following SDGs: 9.4 “By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities”; and 13.1 “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.”

Reference: Outline and Features of Green Building Certifications

CASBEE

Outline: Comprehensive Assessment System for Built Environment Efficiency (CASBEE) was developed as an industry-academia collaboration project supported by the Ministry of Land, Infrastructure, Transport and Tourism in 2001 to meet the needs for comprehensive assessment of environmental performance of buildings. It is the most popular green building certification in Japan, and assessment software and procedures based on the Japanese Building Energy Efficiency Act, Building Standards Act, and other environmental regulations are available on the website of the Japan Sustainable Building Consortium (JSBC). Some local governments, especially some ordinance-designated cities, have made it mandatory for buildings above a certain size to submit a self-assessment based on CASBEE. In this way, the use of CASBEE in building administration is also advancing.

Features: This certification is characterized by the independent assessment of the environmental load reduction performance of buildings such as energy and resource efficiency, and the environmental quality of them such as comfort inside the buildings and consideration to the landscape. This is an overall assessment, and a building is rated to be any of C (inferior), B- (somewhat inferior), B+ (good), A (very good) and S (excellent) based on the “built environment efficiency (BEE),” an indicator obtained by the fraction in which the numerator is the value of Q and the denominator is the value of L.

DBJ Green Building Certification

Outline: DBJ Green Building Certification is Japanese green building certification established in 2011 by the Development Bank of Japan (DBJ). Buildings are comprehensively assessed in terms of both its environmental performance and its social function. DBJ oversees the entire system, while the Japan Real Estate Institute (JREI), an expert in real estate appraisal, grants the certification. Reviews and interviews by experts are included in the process.

Features: To what degree a building give “consideration to the environment and the society” is assessed on a scale of 5 from the following 5 perspectives: environmental performance such as energy and resource efficiency (accounts for about 40% of the total points); comfort to tenant users (about 20%); responsiveness to crises (about 15%); consideration for diversity and living environments (about 15%); and cooperation with stakeholders (about 10%). A building with 5 stars are regarded as one of the best in Japan, one with 4 stars as excellent, and one with 3 stars as extremely excellent. This certification is characterized by allocating high marks to social matters.

Eligible project: Umeda 1-1 Project—Providing Facilities for Safety and Security—

Project category: Affordable basic infrastructure

Target people: other vulnerable groups, including as a result of natural disasters

- Project outline: The Umeda 1-1 Project will develop functions as urban area disaster prevention base, increase the added value as a safe and secure city resilient to disasters, and thereby ³contribute to the concretization of the “Plan for Securing Redevelopment and Safety for the Osaka Station Surrounding Area.” The conference zone of the Osaka Umeda Twin Towers South will be utilized as a temporary residence space for people with difficulty in returning home, which are lacking in the area around Osaka Station and securing which is an urgent issue. In addition, the conference zone, rooftop square, and pedestrian passages on the second floor will be served as a temporary refuge at the time of tsunami and other disasters. An earthquake-resistant elevated water tank (water supply tank) is adopted to secure water source, and groundwater is provided as water for daily life (flushing water for toilets, etc.) in the case of disaster. As a countermeasure against tsunami, key facilities will be installed on the ninth floor or higher of buildings and a disaster prevention center on the second floor. A vibration control structure is adopted for the buildings, and a structural health monitoring system will be introduced to measure the soundness of the buildings in the event of an earthquake. With reference to the damage caused by the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the buildings can supply power for 72 hours even during power outages, and storage warehouses for tenants are set in a distributed manner on the floors for offices.
- Social issues and effects: In the Plan for Securing Redevelopment and Safety, which is mentioned above, events that may occur at the time of disaster under the disaster scenario and the direction of countermeasures are verified. When people in commercial facilities temporarily evacuate to the inside of the buildings, the number of temporary evacuees is expected to be approximately 48,000 on holidays (approximately 44,000 on weekdays), and the standard of 1 person/m² (standard for the density of people in temporary shelters set in the Osaka City Regional Disaster Prevention Plan) will be met. On the other hand, when people evacuate to the outside of the buildings temporarily, the number of evacuees is expected to increase up to 146,000 (84,000 on weekdays), and further area should be secured as temporary refuges to satisfy the standard. In addition, in order to accommodate people with difficulty returning home who come and temporarily stay in the indoor space, which is expected to be approximately 70,000 (approximately 41,000 on weekdays), further measures need be taken, such as providing indoor spaces of existing buildings as temporary accommodations, securing shelter facilities in the process of new development, and utilization of public facilities located outside the area.

The function as an urban disaster prevention base of the Umeda 1-1 Project will contribute to the concretization of the Plan for Securing Redevelopment and Safety for the Osaka Station Surrounding Area. It will address the expectations of the local community for measures to secure safety and to deal with people with difficulty returning home at the time of disaster, and is expected to have positive social effects.

- Negative impacts: In implementing the project, the Company will consult with relevant organizations adequately and take necessary measures to prevent adverse effects on surrounding areas. The Company will make explanations to the people in the neighborhood in advance so that they can understand the project plan and the details of the construction. If any problem occurs with the people in the neighborhood, the Company will take responsibility and deal with it promptly.

³ The “Plan for Securing Redevelopment and Safety for the Osaka Station Surrounding Area” (April 1, 2013: Council for Urgent Reconstruction of Osaka Station Surrounding Area, Nakanoshima, Midouji Surrounding Area) is a plan to concretize four concepts, “stay,” “work together,” “make people return home safely,” and “protect people in the area.” The purpose of the plan is to increase added value as a safe and secure city resilient to disasters and to strengthen international competitiveness as part of area management activities focusing especially on the Designated Urban Renaissance Urgent Redevelopment Area where population and functions are accumulated. Based on the disaster scenario of the Uemachi Fault Zone Earthquake (inland earthquake), this plan identifies events that may occur at the time of disaster, direction of countermeasures and projects to ensure safety of people staying in the area. The plan also puts higher priority to the following people to evacuate to refuges: the elderly, pregnant women, children and other vulnerable people in disasters, as well as visitors from remote areas on business or travel.

<Assessment of eligible projects>

The proceeds will be used for the construction of disaster prevention facilities as part of the Umeda 1-1 Project. The development of disaster prevention facilities will contribute to ensuring safety at the time of disasters and measures for people who have difficulty in returning home, and is expected to have positive social effects as an eligible social project. According to the project categories shown in SBP 2021, this falls within the scope of "affordable basic infrastructure" for "other vulnerable groups, including as a result of natural disasters."

<Contribution to SDGs>



This project is considered to contribute to the achievement of especially the following SDGs: 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all; and 11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.

Eligible project: Umeda 1-1 Project—Development of Nearby Public Facilities—

Project category: Affordable basic infrastructure/Socioeconomic advancement and empowerment

Target people: General population (especially elderly people, people with disabilities, pregnant women, people with small children)

- Project outline: The Umeda 1-1 Project will develop a 3-layer pedestrian network at the underground, ground, and deck levels around the planned site to improve the comfort and convenience of pedestrian spaces, and thereby contribute to the concretization of the "Plan for Securing Redevelopment and Safety for the Osaka Station Surrounding Area⁴." In the underground space, the passageway on the east side of the site will be widened to improve pedestrian space, elevators and ramps will be installed at major places to make them barrier-free, and escalators will be constructed to ensure smooth flow lines. Elevators will be operated appropriately for public use, while taking into consideration the operating hours of surrounding facilities and related public transportation. On the underground passage on the north of the site which runs east-west, the width will be widened; electric, mechanical and disaster prevention equipment will be renewed; and the crank shapes will be eliminated. A square will be formed in the north-east corner of the Dai Hanshin Building, and it will become the node of underground pedestrian traffic lines to secure safe and comfortable space under the ground. Above ground, a square (with an area of about 2,100 m²) will be formed on the western part of the site to create a space suitable for the entrance of Osaka. On the deck level, the Umeda New Pedestrian Bridge (with an area of about 2,000 m²) will be renovated and beautified through repainting, repaving, and replacing railing and lighting facilities, and the seismic resistance will be enhanced by reinforcing the columns and reducing weight. A pedestrian deck (approx. 5 m x approx. 160 m) will be constructed on the second floor level in the east of the site. Although it falls outside the scope of the use of proceeds raised through the sustainability bond, the Company will pay for maintenance and management of these public facilities, such as road cleaning; watering, weeding and cleaning of tree-planted areas; repair of paved surfaces due to aging; and maintenance and management of elevators.

Underground: Widening the east-west underground passage, making areas around the site barrier-free, development of underground passages around the site

Above ground: Widening and beautifying sidewalks around the site, development of a square

Deck level: Beautification and improvement of seismic resistance of Umeda New Pedestrian Bridge, development of passages in the site

- Social Issues and effects: The Umeda 1-1 Project site is located in the Urban Renaissance Urgent Redevelopment Area. According to the regional development policy, improvement of pedestrian spaces, securing of squares in front of the station (strengthening of functions as a transportation hub) are required for the Osaka surrounding area, while for Midosuji surrounding area, securing pedestrian space on the site that is integrated with sidewalks along the roadside (formation of streetscape, enhancement of disaster prevention performance) are required.

In addition, the basic philosophy of the "Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc. (Revised Barrier-free Law)" (April 2021) promotes the initiatives to make public transportation facilities and buildings barrier-free with the aim of contributing to the "realization of a symbiotic society" and "removal of social barriers."

The aim of the development of nearby public facilities in the Umeda 1-1 Project is to contribute to the urban revitalization by addressing the requirements of the regional development policy for the Osaka surrounding area and those of the Barrier-free Law. This project is expected to produce the following

⁴ The Osaka Station surrounding area, Nakanoshima and Midosuji surrounding area are designated as the Urban Renaissance Urgent Redevelopment Area, and the regional development policy based on Article 15 of the Act on Special Measures concerning Urban Renaissance is set for the area. This area has the potential of being one of the most important transportation hubs both in Japan and abroad, as well as an accumulation of urban functions. Furthermore, the development of good urban spaces with a lot of greenery and city centers are being actively promoted under public-private partnership. To accept businesses and humans from overseas, the area aims to grow further as an urban base and become a stronger and internationally competitive area as the center of Osaka, a city leading the nation-wide growth of Japan.

positive social effects: enhanced functions as a transportation hub in the vicinity of the planned site, development of streets, improved disaster prevention performance, realization of a symbiotic society, removal of social barriers, etc.

- Negative impacts: In implementing the project, the Company will consult with relevant organizations adequately and take necessary measures to prevent adverse effects on surrounding areas. The Company will make explanations to the people in the neighborhood in advance so that they can understand the project plan and the details of the construction. If any problem occurs with the people in the neighborhood, the Company will take responsibility and deal with it promptly.

<Assessment of eligible projects>

The proceeds will be used for the construction of nearby public facilities as part of the Umeda 1-1 Project. The development of nearby public facilities will address the requirements of the regional development policy and the Barrier-free Law. This project will contribute to the strengthening of transportation hub functions, development of streets, enhancement of disaster prevention performance, realization of a symbiotic society and the removal of social barriers in the vicinity of the planned area. It is expected to have positive social effects as an eligible social project. According to the business categories shown in SBP 2021, this project falls within the scope of “socioeconomic advancement and empowerment” and “affordable basic infrastructure” for “general population (especially elderly people, people with disabilities, pregnant women, people with babies).”

<Contribution to SDGs>



This project is considered to contribute to the achievement of especially the following SDGs: 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all; 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons; and 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

Summary: The proceeds will be used for the Umeda 1-1 Project, which is being promoted as a large-scale complex development project in the center of Osaka. The reconstruction of the Dai Hanshin Building and the Shin Hankyu Building will be promoted together with the development of disaster prevention and public facilities to contribute to the revitalization of the urban area. The Osaka Umeda Twin Towers South, which are scheduled to be completed in the spring of 2022, is expected to have sufficient energy-saving performance, and with the distributed autonomous energy management system, it will contribute to enhancement of disaster resilience. The Company has taken necessary measures after providing sufficient explanations to related organizations and parties concerned in the neighborhood, and R & D has judged that the buildings will clearly have environmental benefits as green buildings. The development of disaster prevention facilities will contribute to ensuring safety at the time of disasters and measures for people who have difficulty in returning home, and is expected to have positive social effects as an eligible social project. This falls within the scope of “affordable basic infrastructure” for “other vulnerable groups, including as a result of natural disasters.” The development of nearby public facilities will address the requirements of the regional development policy and the Barrier-free Law. This project will contribute to the strengthening of transportation hub functions, development of streets, enhancement of disaster prevention performance, realization of a symbiotic society and the removal of social barriers in the vicinity of the planned area. It is expected to have positive social effects as an eligible social project. This project falls within the scope of “socioeconomic advancement and empowerment” and “affordable basic infrastructure” for “general population (especially elderly people, people with disabilities, pregnant women, people with small children).”

2. Process for Project Evaluation and Selection

(1) Incorporation into Comprehensive Objectives, Strategies and so on

- The Hankyu Hanshin Holdings Group sets out, 'By delivering "Safety and Comfort" and "Dreams and Excitement," we create satisfaction among our customers and contribute to society,' as its group mission in the Group Management Philosophy.
- In May 2020 it formulated the "Sustainability Declaration" which outlines the basis and assumptions in seeking to achieve sustainable growth. The Sustainability Declaration embodies the Group's mission to contribute to society in part and is positioned as the basis for promoting the Group's sustainable management.
- The Sustainability Declaration stipulates the basic policy for promoting sustainable management and 6 priority issues (materiality). In identifying priority issues, it identified issues with reference to guidelines such as SDGs, GRI standards, SASB standards, and ISO26000, narrowed them down and prioritized. It had questionnaires among and conducted interviews with persons in charge of supervising each of its core businesses, interviewed external experts, and ultimately obtained an approval by the board of directors. Together with the six priority issues, it also discloses the policy for addressing each of the priority issues and their relationship with SDGs. In May 2021, it announced its support for the "Task Force on Climate-Related Financial Disclosures (TCFD)" and "United Nations Global Compact" in promoting sustainable management.
- All of the eligible projects are clearly related to the Group's priority issues and are positioned within the context of sustainable management promoted by the Hankyu Hanshin Holdings Group.
- Environmental and social benefits assumed by each project are described in the framework and disclosed to investors.

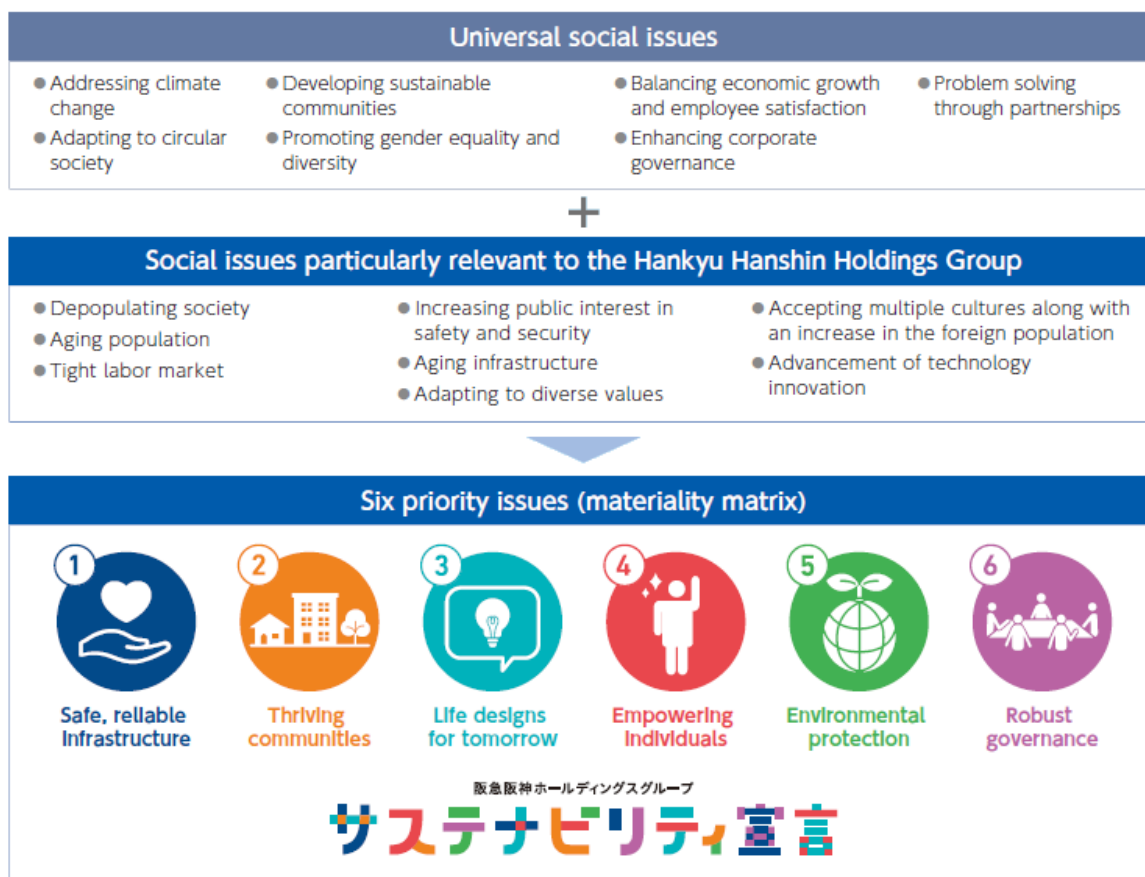
■ General Principles of the "Sustainability Declaration"

**Create a future grounded in "Safety and Comfort," and
a future colored by "Dreams and Excitement."**

For over a hundred years, we have sought to cultivate communities and enrich lives. Leveraging this experience, we commit ourselves to addressing social and environmental challenges and working toward a sustainable future, one that offers a fulfilling, joyful life to all and inspires the next generation to dream with hope.

[Source: Excerpt from the Hankyu Hanshin Holdings Integrated Report 2021]

■ The Group’s Priority Issues



[Source: Excerpt from the Hankyu Hanshin Holdings Integrated Report 2021]

(2) Criteria for Project Evaluation and Selection

- This sustainability bond is positioned as financing aiming at realizing “Safe, reliable infrastructure,” “Thriving communities,” and “Environmental protection,” which are among the priority issues of its sustainable management.
- The Green Eligibility Criteria refer to green building certifications that are widely used in Japan, as judgment criteria, to ensure an appropriate level of environmental benefits. The Social Eligibility Criteria refer to the FSA’s Social Bond Guidelines to identify the social outcomes and target populations expected in Japan.
- The following exclusion criteria are applied to all projects that are candidates for the use of funds to reduce environmental and social risks.

Exclusion criteria: To comply with environmental laws and regulations required by the national and local governments where the project is implemented, conduct environmental impact assessment as necessary, and provide sufficient explanations to local residents.

(3) Process for Project Evaluation and Selection

- The Accounting Dept. of Group Planning Division plays a central role in evaluating and selecting projects. In the evaluation and selection, advice from the Corporate Sustainability Dept. of Personnel and General Affairs Division and the departments responsible for the projects at Hanshin Electric Railway, Hankyu Corporation, and Hankyu Hanshin Properties from the environmental and social perspectives are received. Eligible projects are ultimately approved by the President and Representative Director.

Summary: This sustainability bond is positioned as financing aiming at realizing “Safe, reliable infrastructure,” “Thriving communities,” and “Environmental protection,” which are among the priority issues of its sustainable management. The Green Eligibility Criteria refer to green building certifications that are widely used in Japan, as judgment criteria, to ensure an appropriate level of environmental benefits. The Social Eligibility Criteria refer to the FSA’s Social Bond Guidelines to identify the social outcomes and target populations expected in Japan. When evaluating and selecting projects, exclusion criteria are applied to reduce environmental and social risks, and advice from the Corporate Sustainability Dept. and the departments responsible for the projects from the environmental and social perspectives are received. Eligible projects are ultimately approved by the President and Representative Director. The evaluation and selection of the projects have gone through a reasonable internal process.

3. Management of Proceeds

- The Accounting Dept. of Group Planning Division will manage the proceeds.
- The Accounting Dept. of Group Planning Division will keep track of the status of fund allocation to eligible projects on a quarterly basis by using an internal accounting system.
- Unallocated funds will be managed in cash or cash equivalents and will be fully allocated in approximately 12 months.

Summary: The Accounting Dept. of Group Planning Division will manage the proceeds. The Accounting Dept. of Group Planning Division will keep track of the status of fund allocation to eligible projects on a quarterly basis by using an internal accounting system, and the allocation is planned to be completed in about 12 months. The management of proceeds is good.

4. Reporting

(1) Overview of Disclosure

- Reporting will be made as follows:

	Items	Timing	Method
Allocation of proceeds	<ul style="list-style-type: none"> Allocation plan for funds Amount of funds allocated Approximated amount of unallocated funds, scheduled timing for allocation, and the investment method for a period not allocated Approximated amount or percentage when used for refinancing 	Once a year until the proceeds are allocated in full	Hankyu Hanshin Holdings' website
Environmental / Social Benefits	<p>[Umeda 1-1 Project (environmentally friendly buildings)] To the extent reasonably practicable, the following will be disclosed:</p> <p>Energy efficiency: Annual energy consumption per total floor area Carbon performance: Annual CO2 Emissions per total floor area (kgCO2/m2) Water resource efficiency: Annual water consumption per total floor area (m3/m2) Number of certifications, etc. obtained and confirmed: Certifications and evaluations obtained and confirmed such as CASBEE, and types and evaluations of projects adopted</p> <p>[Umeda 1-1 Project (provision of safe, reliable facilities)] To the extent reasonably practicable, the following will be disclosed:</p> <p>Outputs:</p> <ul style="list-style-type: none"> Outline of facilities pertaining to disaster prevention functions, including the number of people that temporary shelter and residence space can accommodate Size of stockpile storage for tenants <p>Outcomes and impacts: Pursue safe and reliable infrastructure by providing facilities that are accessible by everyone with peace of mind to facility users, employees and users of surrounding facilities in the event of a disaster</p>	Annually (as long as there is a balance of the sustainability bond outstanding)	Ditto

	<p>[Umeda 1-1 Project (development of nearby public facilities)]</p> <p>Outputs:</p> <ul style="list-style-type: none"> • Track record of the East-West Underpass widening work (scope and scale, etc. of the construction) • Track record of barrier-free construction of the area neighboring the site and the Umeda New Pedestrian Bridge (scope and scale, etc. of the construction) <p>Outcomes and impacts:</p> <p>Contribute to the development of thriving communities where people want to continue to gather, work and live actively by creating space that can be used comfortably by many people, including the elderly and people with disabilities. In addition, pursue safe and reliable infrastructure by developing safe and disaster-resistant public facilities that can be accessibly by everyone with peace of mind</p>		
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- The status of fund allocation will be disclosed for each bond.
- Disclosures should be made promptly when a significant change is made to the proceeds allocation status or when a significant change occurs in the allocation status after proceeds are allocated.

(2) Indicators to Show Environmental/Social Benefits and Calculation Method, etc.

- Impact reporting will be provided annually as long as there is a balance of the sustainability bond outstanding. In addition to quantitative indicators such as energy efficiency and CO2 emissions intensity of the buildings, impact reporting of the Green eligible project uses comparable data such as acquired external certifications.
- Impact reporting of the Social eligible projects have contributions to a priority issue relevant for each eligible project set as an outcome.

Summary: Impact reporting will be provided annually as long as there is a balance of the sustainability bond outstanding. In addition to quantitative indicators such as energy efficiency and CO2 emissions intensity of the buildings, the Green eligible project uses comparable data such as acquired external certifications. The Social eligible projects have contributions to a relevant priority issue set as an outcome. The contents of the reporting is good.

[Disclaimer]

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[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.

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