

Framework Overview and Second-Party Opinion

Odakyu Electric Railways Co. Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the Odakyu Electric Railways Co. Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, clean transportation, is aligned with that recognized by the Green Bond Principles 2018. Sustainalytics considers that the financing of electric trains and railway infrastructure will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7, 9 and 11.



PROJECT EVALUATION / SELECTION Odakyu Electric Railways' internal process in evaluating and selecting projects is aligned with market practice. Odakyu Electric Railways' Finance & Accounting Department and the CSR/Corporate Communications Department are responsible for selecting eligible projects. Final decisions on eligibility are made by the CEO.



MANAGEMENT OF PROCEEDS Odakyu Electric Railways' process for management of proceeds is aligned with market practice. Odakyu Electric Railways has internal management systems to track and manage the allocation of proceeds. Unallocated proceeds will be invested in a form of cash or cash equivalents until allocation.



REPORTING Odakyu Electric Railways intends to report on the allocation of proceeds on its website on an annual basis. In addition, Odakyu Electric Railways is committed to reporting on impact indicators including indicators such as CO₂ reduction per km, noise and vibration reduction, improvement of the average congestion rate, progress of platform extension, and station greening activities. In Sustainalytics' view, reporting on these metrics is in line with market practice.

Evaluation date	December 2018
Issuer Location	Tokyo, Japan

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For inquires, contact the Sustainable Finance Solutions project team:

Wakako Mizuta (Tokyo)
 Project Manager
 wakako.mizuta@sustainalytics.com
 (+81) 3 4578 7516

Lili Hocke (Amsterdam)
 Project Lead
 lili.hocke@sustainalytics.com
 (+31) 20 205 00 40

Nicholas Gandolfo (Singapore)
 Client Relations
 nicholas.gandolfo@sustainalytics.com
 (+65) 3157 0314

Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics is of the opinion that the Odakyu Green Bond Framework is in line with the ICMA Green Bond Principles 2018. In addition, Sustainalytics has also assessed the alignment between the Odakyu Green Bond Framework and Japan's Green Bond Guidelines, which communicate processes and recommendations for credible green bond issuance.

Introduction

Odakyu Electric Railways Co. has developed the Odakyu Electric Railways Green Bond Framework (the “Framework”) under which it is planning to issue a green bond and use the proceeds to finance and/or refinance expenditures related to clean transportation and infrastructure.

Odakyu Electric Railways engaged Sustainalytics to review the Framework and provide a second-party opinion on the alignment of the Framework with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and the Framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of Odakyu Electric Railways including the Finance & Accounting Department and the CSR/Corporate Communications Department to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Odakyu Electric Railways’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the Odakyu Electric Railways Green Bond Framework; and Sustainalytics’ Opinion – an opinion on the Framework.

Overview of Issuer

Odakyu Electric Railways Co Ltd is a Japanese company which provides transportation services, headquartered in Shinjuku-ku, Tokyo. The company has four reportable segments including, Transportation, Merchandising, Real Estate and other businesses. The Transportation segment provides services through railway, bus, taxi, sightseeing boat, ropeway and cable car. The Merchandising segment operates department stores and supermarkets. The Real Estate segment is engaged in the sale of land and buildings, leasing of buildings and others. The company also offers services including hotel, restaurant, travel agency, golf course, railway maintenance service, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency, nursing and child care. The majority of the company’s revenue comes from transportation business.

Odakyu Electric Railways has implemented a sustainability policy, which includes the promotion of sustainability through its business activities as one of three key pillars. Furthermore, the company’s environmental vision clearly states the objective to promote eco-friendly business activities and the use of public transportation. In addition, Odakyu Electric Railways Group has implemented an environmental management system to promote environmental activities in a comprehensive manner, including annual environmental targets for each division. With the issuance of a green bond, Odakyu Electric Railways intends to finance projects that contribute to lowering the company’s environmental footprint.

¹ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Framework Overview

For the purpose of issuing a green bond, Odakyu Electric Railways has developed the following Framework which addresses the four key core components of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to Odakyu Electric Railways, and a summary overview has been provided below.

Use of Proceeds

The proceeds of the green bond will be allocated towards financing and refinancing projects that meet the following eligibility criteria.

Eligibility Criteria

Clean Transportation

1. Trains

Financing of new or renewed electric trains, i.e. Odakyu 1000 series (renew), Odakyu Romancecar EXE (3000 series) (renew), and Odakyu Romancecar GSE (70000 series) (new), which reduce power consumption in comparison to conventional trains.

Financing includes costs related to introducing weight-saving trains, introduction of variable-frequency drive, effective utilization of regenerative braking, LED lights, roll signs with energy saving functions, switching heat-absorbing/UV cut glass.

2. Transport Infrastructure

Costs related to the multiple double track project (which serve to reconstruct four lines by constructing two lines each for upline and downline).²

This includes double tracks between Higashikitazawa and Izumitama, including investment costs for rail track construction. The double tracks help to handle increased transport demand.

Costs related to the renovation of stations, including costs of platform extension, installation of platform screen doors, and station greening activities.

- The construction to extend platforms will enhance transport capacity in time for the train timetable revision planned in March 2019. By extending the platform to match the length of 10-car trains at Yoyogi-Hachiman station, the company may achieve to run 10-car trains and to stop at all stations between Shinjuku station and Yoyogi-Uehara station. At Kaisei station, it will also extend the platform to enable 10-car express trains to stop.
- Financing also includes the installation of platform screen doors to improve safety. In FY2012, the company installed the screen doors at Shinjuku Station and is also planning to install them at six more stations between Yoyogi-Hachiman Station and Umegaoka Station by FY2020, and at eight more stations where more than 100,000 passengers use per day by FY2022.
- Greening activities in and around the station to form distinctive, environmentally-friendly local scenes.

Project Evaluation and Selection

Application of Eligibility and Exclusionary Criteria in Project Selection

Odakyu Electric Railways' Finance & Accounting Department and its CSR/Corporate Communications Department are responsible for selecting eligible projects that meet the eligibility criteria outline above.

Final decisions on whether these selected projects get a green light will be made by the CEO. In addition, the Environment Committee, which is chaired by the director in charge of Environment, will report on the selection of the projects.

² The multiple double track project is being implemented in an integrated manner with the Tokyo Metropolitan Government's continuous grade separation project (to elevate sections of railway or move them underground to reduce the number of rail crossings). Tokyo, Bureau of Construction, Tokyo Metropolitan Government, Grade-Separated Intersections, <http://www.kensetsu.metro.tokyo.jp/english/jigyo/road/04.html>

Environmental Objectives

Odakyu Electric Railways' sustainability policy includes initiatives to contribute to society through business activities with three core focus areas. The environmental theme entails reducing the company's environmental footprint through energy efficiency in its railway business as well as real estate and merchandising business. Furthermore, the company's environmental vision clearly states the objective to promote eco-friendly business activities and the use of public transportation. With the issuance of a green bond, Odakyu Electric Railways intends to finance projects that contribute to lowering the company's environmental footprint.

Process to Mitigate Environmental and Social Risks

The company has identified potential environmental and social risks from the projects to be:

- i) Increased CO₂ emissions from electricity used by new facilities;
- ii) Waste from new facilities can have a negative impact on the environment;
- iii) Noise, vibration, dust from the construction causing hazards for surrounding residents and negative impact on the surrounding environment.

To mitigate related risks, the company has conducted an environmental impact assessment for its double track projects, in accordance with the Tokyo Metropolitan Environmental Impact Assessment Ordinance. Moreover, in accordance with local regulation, Odakyu Electric Railways Group conducts, when necessary, environmental impact assessments and studies for the purpose of mitigating potential negative environmental impacts of its large-scale development projects.

Furthermore, the company promotes compliance, including the improvement of safety management systems and safety under the Railway Business Act. The Odakyu Electric Railways Group has established Odakyu Electric Railways Green Procurement Guidelines with an aim to reduce its environmental footprint, including the purchase of environmentally-friendly products, parts, and materials with its business partners in its supply chain. The related initiatives include the purchase of environmentally-friendly products with recyclable materials, ease of separating harmful substances, reduction of the footprints of incineration facilities and landfill sites, and the purchase of energy-saving products for production and construction.

Management of Proceeds

Odakyu Electric Railways' Finance & Accounting Department is in charge of allocation and management of proceeds. The company has internal management systems to track and manage the budget of projects that meet the eligibility criteria and actual expenditures on a semi-annual basis. The net proceeds are scheduled to be allocated within approximately two years. Unallocated proceeds will be invested in the form of cash or cash equivalents until allocation.

Reporting

Allocation Reporting

Odakyu Electric Railways will annually disclose information on allocation via the Company's website until all the proceeds are fully allocated to projects that meet the eligibility criteria. The reporting will include the list of projects financed/refinanced, the amount of allocated proceeds on a category basis, the amount of unallocated proceeds, and the amount of proceeds allocated to refinancing existing expenditures. The allocation of proceeds will be reviewed by a third-party certification organization.

Impact Reporting

On an annual basis, Odakyu Electric Railways will disclose impact reporting including indicators such as CO₂ reduction per km, noise and vibration reduction (the implementation rate of soundproof wheels, fully enclosed motors, low noise type compressors, and skid preventing devices), improvement of the average delay time and the number of delayed trains, improvement of the average congestion rate, progress of platform extension, progress of installation of platform screen doors, and station greening activities.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Odakyu Electric Railways Co. Green Bond Framework

Summary

Sustainalytics is of the opinion that the Odakyu Electric Railways Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of Odakyu Electric Railways' Green Bond Framework:

- Use of Proceeds:
 - The use of proceeds category, clean transportation, is recognized by the Green Bond Principles as impactful and Sustainalytics believes that investments in electric trains and railway infrastructure will contribute to reducing GHG emissions from the transport sector.
 - Aligned with market practice, Odakyu Electric Railways applies a 24-month lookback period to refinance projects.
- Project Evaluation and Selection:
 - Odakyu Electric Railways' Finance & Accounting Department and the CSR/Corporate Communications Department are responsible for selecting eligible projects that meet the eligibility criteria outline above. Final decisions on the eligibility of projects are made by the CEO. Sustainalytics considers this process to be aligned with market practice.
- Management of Proceeds:
 - Aligned with market practice, Odakyu Electric Railways has internal management accounting systems, using excel files to track and manage the allocation of proceeds separately. The allocation is checked on a semi-annual basis. The net proceeds are scheduled to be allocated within approximately two years and unallocated proceeds will be invested in a form of cash or cash equivalent until allocation.
- Reporting:
 - Aligned with market practice, Odakyu Electric Railways commits to report on the allocation of proceeds on an annual basis. The company will disclose the list of projects financed/refinanced, the amount of allocated proceeds on a category basis, the amount of unallocated proceeds, and the amount of proceeds allocated to refinancing existing expenditures on its website. The allocation of proceeds will be reviewed by a third-party certification organization.
 - Regarding impact reporting, Odakyu Electric Railways will report on an annual basis impact indicators including, CO₂ reduction per km, noise and vibration reduction (the implementation rate of soundproof wheels, fully enclosed motors, low-noise compressors, and skid-preventing devices), improvement of the average delay time and the number of delayed trains, improvement of the average congestion rate, progress of platform extension, progress of installation of platform screen doors, and station greening activities. Sustainalytics considers this planned reporting to be aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that Odakyu Electric Railways' green bond proceeds align with the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

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Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics has also assessed and determined the alignment between the Odakyu Green Bond Framework and Japan's Green Bond Guidelines, which communicate processes and recommendations for credible green bond issuance.

ICMA Green Bond Principles 2018 and Japan's Green Bond Guidelines, 2017 ³	Alignment with GBP and with Japan's Green Bond Guidelines?	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines
1. Use of Proceeds	Yes	Odakyu's eligibility criteria, clean transportation, is clearly recognized as a green project category with clear environmental benefits, which is aligned with the Japanese green bond guidelines. Additionally, the information on the green bond proceeds, as well as the process to mitigate negative impacts are all described in the framework.
2. Process for Project Evaluation and Selection	Yes	Odakyu, through its sustainability policy objectives targets the reduction of the company's environmental footprint, the promotion of eco-friendly business activities and the use of public transportation. Odakyu ensures that projects are selected by the company's Electric Railways' Finance & Accounting Department and the CSR/Corporate Communications Department based on relevant eligibility criteria. Sustainalytics highlights that final validation on the eligibility of the projects is performed by Odakyu's CEO, thus ensuring a rigorous oversight on the entire process.
3. Management of Proceeds	Yes	Odakyu's framework explains that the proceeds will be tracked and managed separately through the company's internal accounting systems. Pending full allocation, the unallocated proceeds will be invested in cash or cash equivalent. Odakyu will verify the allocation of proceeds semi-annually, based on the eligibility criteria and will be entirely allocated in maximum 24 months.
4. Reporting	Yes	Odakyu committed to report on the allocation of proceeds annually. The company will disclose information on the list of projects financed/refinanced, the amount of allocated proceeds (on a category basis), the amount of unallocated proceeds and the amount of proceeds allocated to refinancing activities. Sustainalytics highlights that

³ Green Bond Guidelines, 2017, Summary, Ministry of the Environment, Japan: <https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf>

the allocation report will be reviewed by an independent third-party. In addition, Odakyu will report annually on the environmental outcomes of its investments based on KPIs such as: CO₂ reduction per km, noise and vibration reduction, improvement of the average delay time and the number of delayed trains, improvement of the average congestion rate, progress of platform extension, progress of installation of platform screen doors, and station greening activities.

Section 2: Sustainability Performance of Odakyu Electric Railways

Contribution of Framework to Odakyu Electric Railways' sustainability strategy and targets

Odakyu Electric Railways' environmental vision is to promote eco-friendly business activities and contribute to the well-being of society through providing environmentally-friendly products and services. Within its Environmental Strategy,⁴ Odakyu Electric Railways commits to its environmental vision with the aim of reducing its environmental footprint and addressing clients' environmental awareness. Odakyu Electric Railways also restructured its environmental management system to better promote environmental activities across its different departments and divisions. Moreover, through its Green Procurement Guidelines, the company promotes reducing environmental pollutants and adopting resource and energy saving products, long-term usable products, and recycled products.⁵

The company's efforts to reduce its environmental footprint include the promotion of electric vehicle use, using regenerative brakes, using renewable energy, and using energy saving equipment at railroad stations.⁶ Odakyu Electric Railways reduces power consumption at the renewal of trains by installing new control devices, using LED lighting, and replacing air conditioners with more efficient ones.⁷ The company upgraded commuting trains of its 1000 series, making them 80% smaller and lighter achieving power consumption reduction. In addition, the company recycles 100% of metal waste from dismantling of vehicles.⁸

Given Odakyu Electric Railways' sustainability strategy and efforts, Sustainalytics is of the view that Odakyu Electric Railways' green bond will help advance its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

Based on the use of proceeds, the main ESG risks related to financed projects are mainly related to occupational health and safety of workers for construction work, safety of passengers and pollution, as well as biodiversity and community relations risks related to large scale infrastructure projects.

Sustainalytics highlights the following measures that Odakyu Electric Railways has taken to mitigate related risks:

- i) The company conducts environmental impact assessments according to local regulation for large scale infrastructure projects.⁹ In addition, Odakyu Electric Railways has acquired ISO 14001 certification for its Ono Rolling Stock Depot, due to various impacts on the environment such as waste generations and the use of chemical substances.¹⁰

⁴ Odakyu Electric Railways Corporate Website; https://www.Odakyu.jp/company/socialactivities/environment_consideration/

⁵ Odakyu Electric Railways Green Procurement Guidelines; https://www.Odakyu.jp/csr/green_procure/index.html

⁶ Odakyu Electric Railways Group Environmental Strategy, corporate website:

https://www.Odakyu.jp/company/socialactivities/environment_consideration/

⁷ Odakyu Electric Railways Corporate Website; https://www.Odakyu.jp/company/socialactivities/environment_report/2017/4/

⁸ Odakyu Environmental Considerations, corporate website: https://www.Odakyu.jp/company/socialactivities/environment_consideration/

⁹ Odakyu Electric Railways Environmental Impact Assessment, Tokyo Metropolitan Government;

<http://www.kankyo.metro.tokyo.jp/en/greenery/assessments.files/assessment.pdf>

¹⁰ Odakyu Electric Railways Corporate Website; https://www.Odakyu.jp/company/socialactivities/environment_report/2017/4_1/

- ii) The environmental impact assessments needed for projects in Tokyo includes public communications and input from residents.¹¹ In addition, Odakyu confirmed to Sustainalytics that it conducted public hearings for the construction of multiple double track project,¹² indicating that the company conducts measures to mitigate potential risk from community opposition for projects.
- iii) To provide secure and safe transportation, Odakyu Electric Railways has established Safety Management Regulations in accordance with Article 18-3 of the Railway Business Act in October 2006, complying with local laws and regulations.¹³ Moreover, the company has also set up disaster countermeasures, such as increasing the number of emergency vehicles and providing stockpiles.¹⁴ Odakyu Electric Railways established a company internal communication system to collect and share information on safety and transportation issues. The company tracks the number of accidents and abnormalities and acts on the identified problems to prevent future accidents and problems,¹⁵ mitigating related safety risks. Moreover, the company conducts disaster drills, including simulations of accidents and earthquakes and joint trainings with police and fire departments.¹⁶

Sustainalytics considers that the measures implemented by Odakyu Electric Railways help the company to mitigate environmental, social and safety risks.

Section 3: Impact of Use of Proceeds

The use of proceeds category, clean transportation, is recognized as impactful by GBP. Sustainalytics has focused on the activities below where the impact is specifically relevant in local context.

Impact of clean transportation on GHG emission avoidance

Odakyu Electric Railways plans to use the proceeds of the green bond to finance electric trains and railway infrastructure.

The global transport sector accounted for 23% of total GHG emissions (2015 data),¹⁷ indicating the importance of the sector to reduce GHG emissions. With private cars emitting 6.7 times more carbon dioxide than rail transport,¹⁸ rail transportation has the potential to significantly reduce GHG emissions for passenger transport. Especially, electric trains, while dependent on the energy mix of the country, have the potential to reduce CO₂ and other air emissions. Since the Fukushima disaster in 2011, electricity generation from nuclear power decreased rapidly from 25% in 2010 to 1% in 2015, being mostly replaced by renewable energy sources.¹⁹

In 2014, Japan's railways accounted for 29.8% of passenger transport activity (in passenger-km), with one of the highest shares of electrified railway tracks globally, making up 65% of the country's railways.²⁰ Given that the financed trains will have an remarkable energy improvement compared to conventional trains, Sustainalytics is of the opinion that the trains will contribute to further reduce energy use and thus GHG emissions from Japan's transport sector.

Moreover, Sustainalytics considers that Odakyu Electric Railways' construction of additional rail lines and extension of its platforms will promote rail transportation and thus more sustainable forms of passenger transport. Sustainalytics also believes that the construction of double tracks and reduction of railway crossings will improve the flow of trains allowing for more trains to ride on same rails and reduce the

¹¹ Tokyo Metropolitan Government, Environmental Impact Assessment System of the Tokyo Metropolitan Government <http://www.kankyo.metro.tokyo.jp/en/greenery/assessments.files/assessment.pdf>

¹² Tokyo Metropolitan Government, Bureau of Environment, Progress of Progress Continuous three-dimensional intersection and multiple line project of Odakyu Electric Railway Odawara Line (between Yoyogi Uehara Station and Umegaoka Station) http://www.kankyo.metro.tokyo.jp/assessment/information/projects_list/219dtl.html

¹³ Odakyu Electric Railways Corporate Website; <https://www.odakyu.jp/company/csr/emphasis/>

¹⁴ Odakyu Electric Railways Corporate Website; <https://www.odakyu.jp/company/csr/emphasis/>

¹⁵ Odakyu Electric Railways Safety Report 2018: https://www.odakyu.jp/csr/safety/safety_report/2018/book/pdf/all.pdf

¹⁶ Ibid.

¹⁷ The World Bank, Transport at COP21: Part of the Climate Change Solution, November 2015:

<http://www.worldbank.org/en/topic/transport/brief/connections-note-28>

¹⁸ Foundation for Promoting Personal Mobility and Ecological Transportation, Transport and Environment in Japan, 2016 <http://www.ecomo.or.jp/english/pdf/tej2016.pdf>

¹⁹ Railway Handbook 2017; https://uic.org/IMG/pdf/handbook_iaea-uic_2017_web3.pdf

²⁰ Railway Handbook 2017; https://uic.org/IMG/pdf/handbook_iaea-uic_2017_web3.pdf

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congestion at rail crossings, improving traffic flow and thus reducing CO2 emissions from traffic congestion.²¹

Overall, Sustainalytics favorably views Odakyu Electric Railways' use of proceeds due to their positive environmental impact and support for achieving Japan's climate-related goals.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	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
	11. Sustainable Cities and Communities	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 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Conclusion

Odakyu Electric Railways intends to issue a green bond to finance projects that will help the company reduce its environmental footprint and promote sustainable transportation in Japan. Sustainalytics assessed the Odakyu Electric Railways Green Bond Framework and confirms its alignment with the ICMA Green Bond Principles and Japan Green Bond Guidelines. The use of proceeds category, clean transportation, is recognized as impactful by the Green Bond Principles and Sustainalytics considers the financing of electric trains and railway infrastructure to contribute to reducing GHG emissions from the transport sector. In addition, Odakyu Electric Railways' processes for project selection and evaluation, management of proceeds and reporting of proceeds allocation and impact are aligned with market practice.

Based on the above, Sustainalytics considers the Odakyu Electric Railway Green Bond Framework to be credible and robust, contributing to advancing Odakyu Electric Railways' sustainability strategy.

²¹ Japan for Sustainability, CO2 emissions from the Japanese Transport Sector already decreasing, July 2010: https://www.japanfs.org/en/news/archives/news_id030151.html

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Odakyu Electric Railway Co., Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Odakyu Electric Railways Co. Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

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 REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

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

Please refer to Evaluation Summary 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):

The use of proceeds category, clean transportation, is recognized by the Green Bond Principles as impactful and Sustainalytics believes that investments in electric trains and railway infrastructure will contribute to reduce GHG emissions from the transport sector. Aligned with market practice, Odakyu Electric Railways applies a 24-month lookback period to refinance projects

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Odakyu Electric Railways' Finance & Accounting Department and CSR/Corporate Communications Department are responsible for selecting eligible projects that meet the eligibility criteria outline above. Final decisions on the eligibility of projects are made by the CEO. Sustainalytics considers this process to be aligned with market practice.

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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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Aligned with market practice, Odakyu Electric Railways has internal management accounting systems, using excel files to track and manage the allocation of proceeds separately. The allocation is checked on a half-yearly basis. The net proceeds are scheduled to be allocated within about 2 years and unallocated proceeds will be invested in a form of cash or cash equivalents until allocation.

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

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

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4. REPORTING

Overall comment on section (if applicable):

Aligned with market practice, Odakyu Electric Railways commits to report on the allocation of proceeds on an annual basis. The company will disclose the list of projects financed/refinanced, the amount of allocated proceeds per category, the amount of unallocated proceeds, and the amount of proceeds allocated to refinancing existing expenditures on its website. The allocation of proceeds will be reviewed by a third-party certification organization.

Regarding impact reporting, Odakyu Electric Railways will report on an annual basis impact indicators including, CO2 reduction per km, noise and vibration reduction (the implementation rate of soundproof wheels, fully enclosed motors, low noise type compressors, and skid preventing devices), improvement of the average delay time and the number of delayed trains, improvement of the average congestion rate, progress of platform extension, progress of installation of platform screen doors, and station greening activities. Sustainalytics considers these indicators to be aligned with market practice.

Use of proceeds reporting:

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

Information reported:

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

Frequency:

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

Impact reporting:

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

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input 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):
noise and vibration reduction (the implementation rate of soundproof wheels, fully enclosed motors, low noise type compressors, and skid preventing devices), improvement of the average delay time and the number of delayed trains, improvement of the average congestion rate, progress of platform extension, progress of installation of platform screen doors, and station greening activities |

Odakyu Electric Railways Co. Green Bond

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <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.)

Odakyu Electric Railways corporate website: <https://www.odakyu.jp/english/>
 Rating: <https://www.jcr.co.jp/en/greenfinance/news/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input checked="" type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

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- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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