



TAIHEIYO CEMENT NEWS LETTER

March 8, 2023

Taiheiyo Cement Secures the First Transition-Linked Loan in the Japanese Cement Industry

Taiheiyo Cement Corporation (Head Office: Bunkyo-ku, Tokyo; President: Masafumi Fushihara) has raised capital from the Development Bank of Japan Inc. through the Transition-Linked Loan ^{*1}. This is the first time transition finance has been secured by the cement industry in Japan and will be used to steadily develop efforts to achieve carbon neutrality.

In order to promote the transition to a carbon neutral society and to steadily develop our Carbon Neutral Strategy 2050, including our 2030 interim target, we have raised funds from the Development Bank of Japan Inc. by securing a transition-linked loan based on our Transition-Linked Loan Framework.

This loan is designed to provide us with incentives for the progress and achievement of our transition strategy by setting Sustainability Performance Targets (SPTs) that are consistent with our transition strategy and tied to interest rate terms and other factors, thereby promoting decarbonization and low carbon in society. For the SPTs of this loan, we have set two mid-term targets for 2030, which are milestones for achieving carbon neutrality throughout our domestic and overseas supply chain in 2050.

SPT ① Reduce CO₂ emissions intensity ^{*2} in the supply chain by 20% from the 2000 level

SPT ② 40% reduction in domestic CO₂ emissions ^{*3} compared to 2000

To qualify for the Transition-Linked Loan, we obtained a third-party assessment by the Japan Credit Rating Agency, Ltd. to confirm that it complies with the "Sustainability-Linked Loan Principles" established by the International Capital Markets Association (ICMA) and "Climate Transition Finance Handbook" established by the International Loan Markets Association (LMA) ^{*4}. We have also been approved for Climate Innovation Finance Grants Scheme by the Ministry of Economy, Trade and Industry ^{*5}.

We will continue to work steadily to reduce CO₂ emissions in accordance with our Carbon Neutral Strategy 2050 in order to realize a decarbonisation society.

*1 Transition-linked loans are a long-term transition toward the achievement of a carbon-free society that the Paris Agreement is aiming for. A financing framework designed to support companies working to reduce greenhouse gases in line with strategy. In fact, it links the borrower's performance against predetermined SPTs with the terms of the loan.

*2 Scope 1 (excluding fossil alternative energy) + Scope 2 + Scope 3 (Categories 1 and 3)

*3 Scope 1 (excluding fossil alternative energy) + Scope 2

*4 Website of Japan Credit Rating Agency, Ltd. <https://www.jcr.co.jp/en/>

*5 Transition Finance website by Ministry of Economy, Trade and Industry
https://www.meti.go.jp/english/policy/energy_environment/transition_finance/index.html