



November 10, 2023

To whom it may concern,

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(Stock code: 3101, Prime Market of the Tokyo Stock Exchange)
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Notice of Issuance of Sustainability-Linked Bonds

Toyobo Co., Ltd. (“Toyobo,” hereafter) hereby announces that it plans to issue Sustainability-Linked Bonds (*1) for public offering, and has submitted amended shelf registration statements for corporate bonds to the Kanto Local Finance Bureau today (November 10, 2023) for the issuance of Sustainability-Linked Bonds.

1. Aim and Background of Issuance of Sustainability-Linked Bonds

In May 2022, Toyobo predicted change in the future business environment and formulated the Sustainable Vision 2030, showing the ideal state of the Toyobo Group in 2030, sustainability indices and action plans, based on its corporate philosophy of “Jun-Ri-Soku-Yu” (adhering to reason leads to prosperity). Identifying a “decarbonized and circular society” as one social issue requiring a solution, Toyobo has stated that one of the main sustainability indices to be achieved by 2030 is a 46% or higher (compared with FY 3/14) reduction in the volume of Scope 1 and 2 greenhouse gas (GHG) emissions.

This time, Toyobo has renewed the Sustainability-Linked Bond Framework formulated in February 2023, and has newly announced this as the Sustainability-Linked Finance Framework. Under this framework, Toyobo has set targets for each fiscal year up until FY 3/31 for the Sustainability Performance Targets (SPTs *2) and has made it possible to secure a wide range of sustainable financing by supporting financing by not only bonds but loans as well. Through the issuance of Sustainability-Linked Bonds based on this framework, Toyobo, while allowing the continuation of initiatives aimed at finding solutions for a “decarbonized and circular society,” will clarify its commitment to these initiatives and promote engagement with a wide range of stakeholders.

2. Outline of Sustainability-Linked Bonds

(1) Name of the bonds	Toyobo Co., Ltd. 45th unsecured straight bonds (with limited inter-bond pari passu clause) (Sustainability-Linked Bonds)
(2) Issuance amount	10.0 billion yen (scheduled)
(3) Issuance period	5 years (scheduled)
(4) Condition determination date	Scheduled for early in December
(5) KPI	1) Ratio of reduction of Scope 1 and 2 GHG emission intensity to net sales of Toyobo Group 2) CDP (*3) score (climate change)

(6) SPTs	1) Ratio of reduction of GHG emission intensity to net sales in FY 3/28 (compared with the base fiscal year FY 3/21): 35.0% 2) CDP score (climate change) of “A-” or higher in FY 3/28
(7) Date for judging SPTs	The final day of October 2028
(8) Characteristics of the bonds	In the event that neither SPT 1) nor SPT 2) are achieved by the judgment date, Toyobo will purchase emission credits (credit/bond for the value of CO ₂ reduction) equivalent to 0.1% of the amount of issued bonds by the redemption of the bonds. In the event that Toyobo is unable to select the option of purchasing emission credits due to the occurrence of an inevitable matter, etc. (changes to provisions of the trading system, etc.), it will donate to qualified charities (public interest incorporated association, public interest incorporated foundation, international institution, local government authorized NPO, local government or equivalent organization for the purpose of environmental conservation activities). The emission credit purchase amount or donation amount will be equivalent to 0.07% of the amount of issued bonds if only SPT 1) is not achieved, and equivalent to 0.03% of the amount of issued bonds if only SPT 2) is not achieved.
(9) External evaluation	Toyobo obtained a third party opinion from the independent external institution Japan Credit Rating Agency, Ltd. regarding confirmation that these bonds conform with the Sustainability-Linked Bond Principles, Sustainability-Linked Loan Principles, Sustainability-Linked Bond Guidelines, and Sustainability-Linked Loan Guidelines. (*4)
(10) Lead managers	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Nomura Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
(11) Structuring Agent (*5)	SMBC Nikko Securities Inc.

3. Others

As Toyobo’s Sustainability-Linked Finance Framework was announced separately, please refer to that for details.

<https://www.toyobo.co.jp/ir/doc/sustainabilitylinkedfinance.pdf> (in Japanese only)

Furthermore, as the third party opinion from Japan Credit Rating Agency, Ltd. is scheduled to be announced, please refer to that for details.

<https://www.jcr.co.jp/greenfinance/> (in Japanese only, external link)

(*1) Sustainability-Linked Bonds

Bonds whose terms vary depending on whether the issuer achieve predetermined sustainability targets. The bond proceeds do not have to be used for specific purposes necessarily, but the bonds are evaluated based on key sustainability indices and SPTs determined beforehand by the issuer. The terms change depending on whether the SPTs have been achieved, thereby motivating the issuer to achieve the SPTs.

(*2) Sustainability Performance Targets

Targets based on the issuer's key sustainability indices that determine the terms for the issuance of Sustainability-Linked Bonds.

(*3) CDP

International NGO that works on collecting information, etc. in the environmental field, such as climate change. An eight-tier evaluation is carried out with "A" as the highest rating, followed by A-, B, B-, C, C-, D and D-, for companies that answer the questionnaires regarding the three activity domains of "climate change," "water" and "forest." From the viewpoint of management risk to companies caused by climate change, information related to the volume of CO₂ emissions and climate change initiatives from major global companies is collected using questionnaires, and the collected responses are analyzed and evaluated. By doing this, information regarding companies' initiatives is published using common criteria.

(*4) Sustainability-Linked Finance Principles and Guidelines

International Capital Market Association (ICMA). Sustainability-Linked Bond Principles 2023.

Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA). Sustainability-Linked Loan Principles 2023.

Ministry of the Environment, Japan. Sustainability-Linked Bond Guidelines/Sustainability-Linked Loan Guidelines 2022

(*5) Structuring Agent

Entities that provide support for the implementation of sustainable finance through advice, etc. regarding the formulation of the framework and obtaining external evaluations.