

Announcement: TOWA Concludes Sustainability-Linked Loan Agreement

Company name:	TOWA CORPORATION
Stock exchange listings:	Prime Market of Tokyo Stock Exchange
Code number:	6315
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TOWA Corporation (President: Hirokazu Okada, Headquarters: Minami-ku, Kyoto) has concluded a sustainability-linked loan agreement with Bank of Kyoto, Ltd. (President: Nobuhiro Doi, Head Office: Shimogyo-ku, Kyoto) today (August 31, 2022). The detail is as follows.

1. Background and overview of the agreement

Sustainability-linked loans are a financing method that establishes a “Sustainability Performance Target (SPT)” as an action target consistent with the ESG strategy of the borrower, and sets incentives such as interest rate reductions according to the degree of achievement. The aim is to promote environmentally and socially sustainable economic activities and growth.

Based on our Basic Policy for Sustainability, we recognize that engaging in activities that reflect our serious consideration of environmental impacts, our links to our local and international communities, and the health and safety of our stakeholders is essential to sustain our business operations and continue to grow.

Regarding climate change measures, which we are particularly focused on, we are promoting the reduction of CO₂ generated by our business activities with the following goals in order to contribute to the realization of a decarbonized society.

(1) Reduce Scope 1+2*¹ CO₂ emissions by 42% compared to FY2020 in FY2030

(2) Aim for net zero (carbon neutral) by 2050

*1 Scope1: Direct greenhouse gas emissions from our group

Scope2: Indirect emissions from the use of electricity, heat and steam supplied by other companies

In order to achieve these goals, we will work on the sustainability-linked loan that sets the reduction of CO₂ emission intensity as SPT.

The funds will be used for investments etc. in the growth strategy of "TOWA Vision 2032 ", our long-term vision formulated in March 2022, as part of business activities related to sustainability, such as actively investing resources in development resources related to the

promotion of environmental-oriented development, anticipating customer needs and developing products that meet SDGs and ESG investments.

We will continue to contribute to the resolution of environmental and social issues and the realization of a sustainable society.

2. Overview of the Sustainability-linked loan

Contract date	August 31, 2022
Amount	1.2 billion yen
Term	Five years
Use of funds	Business funds
SPT	Reduction of TOWA Group's Scope 1+2 CO ₂ emissions intensity (CO ₂ emissions per unit of sales) from FY2022 to FY2025
Note	We have obtained a third-party opinion from Rating and Investment Information, Inc. (R&I) regarding the suitability as a sustainability-linked loan and the rationality of SPT.

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