

August 31, 2023

To whom it may concern:

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Representative: Eiji Sato, President and CEO
(Code: 4626, Listed on Prime Market of
Tokyo Stock Exchange)
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Notice Regarding Green Loan Agreement

Taiyo Holdings Co., Ltd. (hereinafter Taiyo Holdings") hereby announces that Taiyo Holdings has financed the construction of floating solar power plants run by its subsidiary, Taiyo Green Energy Co., Ltd. (headquartered in Ranzan-machi, Hiki-gun, Saitama; Hideyuki Goto, Chairman of the Board and Representative Director) with the green loan.

Taiyo Holdings Group actively engages in various initiatives to realize sustainable development for society and the global environment through business activities. Taiyo Holdings established Taiyo Green Energy Co., Ltd. ("Taiyo Green Energy") in 2014 to supply and sell renewable energy that is friendly to the natural environment. Taiyo Holdings has been developing our Energy business centered on floating solar power. Currently, Taiyo Green Energy has 15 floating solar power plants in operation across Japan, producing renewable energy equivalent to the electricity purchased externally to power the Group's Electronics and Medical and Pharmaceutical businesses in Japan.

In November 2022, Taiyo Holdings announced the Group's overall CO₂ reduction target for 2030 and its goal of achieving carbon neutrality by 2050. Taiyo Holdings Group will continue to expand the generation and supply of renewable energy actively.

Taiyo Holdings group will use the funds from this loan to focus on promoting renewable energy to our Group companies, our customers, and society as a whole to achieve a sustainable society.

1. Outline of the Green Loan

(1) Date of Conclusion of the Contract	August 22, 2023
(2) Date of Borrowing	August 31, 2023
(3) Lenders	Sumitomo Mitsui Banking Corporation
(4) Loan Amount	4 billion yen
(5) Use of Funds	Taiyo Green Energy's total of 15 floating solar power plants

This green loan has received a third-party evaluation from Rating and Investment Information, Inc. (R&I) regarding its conformity with the "Green Loan Principles" and the "Green Loan Guidelines" of the Japanese Ministry of the Environment. For details, please refer to the second opinion written in Japanese and published by R&I. (<http://www.r-i.co.jp/rating/esg/greenfinance/index.html>)

(Attachment)
Green Loan Framework

Green Loan Framework

August 31, 2023

TAIYO HOLDINGS CO., LTD.

388 Ohkura, Ranzan-machi, Hiki-gun,

Saitama 355-0222, Japan

Introduction

1-1. borrower summary

Taiyo Holdings Co., Ltd. (hereinafter the “Taiyo Holdings”) is a chemical manufacturer that boasts the top share in the global market for solder resist, which is indispensable for printed circuit boards (PCB) used in all kinds of electronics products, including IT devices such as smartphones and PCs, digital home appliances, and in-vehicle electronic devices.

Taiyo Holdings Group comprises Taiyo Holdings Co., Ltd. (the filing company), 28 subsidiaries (24 consolidated subsidiaries), one affiliated company, and one other associate. Taiyo Holdings Group primarily engage in the Electronics and the Medical and Pharmaceuticals businesses. In Electronics, we develop, manufacture, purchase, and sell chemicals for PCBs and other electronic components. In the Medical and Pharmaceuticals business, we develop, manufacture, sell, and provide contract manufacturing services for pharmaceuticals. In addition, the ICT and Sustainability business includes ICT, fine chemicals, energy, food, and other businesses.

Basic Management Policies.

Taiyo Holdings Group has identified its objectives as a corporate group in the Management Philosophy and Basic Management Policy. We will develop by continuing the spirit of our management philosophy without changes and reviewing our basic management policy to match changes in the environment and strategy long-term.

Management Philosophy

To achieve "a cheerful society" by further advancing "every technology" in Taiyo Holdings Group and by creating a wide range of innovative products to fulfill the dreams of the world.

Basic Management Policy

1. Taiyo Holdings Group will generate revenue and increase corporate value, thereby contributing to the well-being and prosperity of customers, communities, shareholders, and employees.
2. Taiyo Holdings Group will discharge our corporate social responsibility with regard to the achievement of our management philosophy, including complying with the law, protecting the environment, ensuring thorough quality management, and contributing to society.
3. Taiyo Holdings Group will leverage our global system to always provide superior products and services.

4. Taiyo Holdings Group will constantly create opportunities for employees to challenge and develop themselves, aiming to have a corporate group composed of people who are highly motivated to be successful and to achieve the goals set by themselves.
5. Taiyo Holdings Group will increase our comprehensive corporate strengths by maximizing cooperation between the group companies and strengthening the teamwork of all employees with an emphasis on "speed and communication."
6. Taiyo Holdings Group aim to have a group of global companies able to contribute to realizing "a cheerful society" by constantly working for technological innovation and creating new products and businesses.

CSR Philosophy and Code of Conduct

Since its establishment in September 1953, Taiyo Holdings has continued to grow thanks to the trust placed in it by the stakeholders, including its shareholders, customers, and business partners. In order to continue to respond to that trust and grow together, all directors and employees of Taiyo Holdings Group will fulfill our corporate social responsibilities by taking a consistently forward-looking approach to business activities and observing ethics and laws. In order to fulfill these responsibilities, Taiyo Group has established a corporate CSR Philosophy and a Code of Conduct. It is involved in various CSR activities through its CSR organization comprising multiple management systems and committees.

The directors and employees of Taiyo Holdings Group will strive to create a company trusted by society and is actively involved in CSR activities.

CSR Philosophy

Taiyo Holdings Group will discharge our corporate social responsibility, including complying with the law, protecting the environment, ensuring thorough quality management, and contributing to society.

Code of Conduct

In order to put our CSR Philosophy into practice, Taiyo Holdings Group will abide by the following items:

1. Ethical and Legal Compliance

We will observe laws and other social norms and, understanding the spirit thereof, will act openly and fairly.

2. Workplace Environment

We will respect employees' human rights and create a workplace that is fair and free of discrimination.

3. Fair Business Dealings

We will deal with all our business partners in an honest manner and conduct business with them based on impartial and fair business conditions.

4. Respect for Stakeholders

We will always conduct business activities with respect to the viewpoints of all our stakeholders and disclose information in a timely and appropriate manner.

5. Ensuring Confidentiality

We will work to ensure the protection of confidential information related to our business partners, the company itself, and any individual.

6. Ensuring Quality (Quality Policy)

We will ensure that we always provide safe, quality products that satisfy our customers.

7. Protecting the Environment (Basic Environmental Philosophy)

We will endeavor to protect the environment as part of the performance of our social responsibility and will engage in business activities that are in harmony with the environment.

8. Ensuring Information Security (Basic Information Security Philosophy)

In the interests of customer trust and satisfaction, we will work to maintain or improve the confidentiality, integrity, and availability of all our information assets.

9. Social Contributions

As members of society, we will engage in activities that contribute to society.

10. Protecting Intellectual Property

We will take appropriate precautions to protect Taiyo Holdings Group's intellectual property rights and those of third parties.

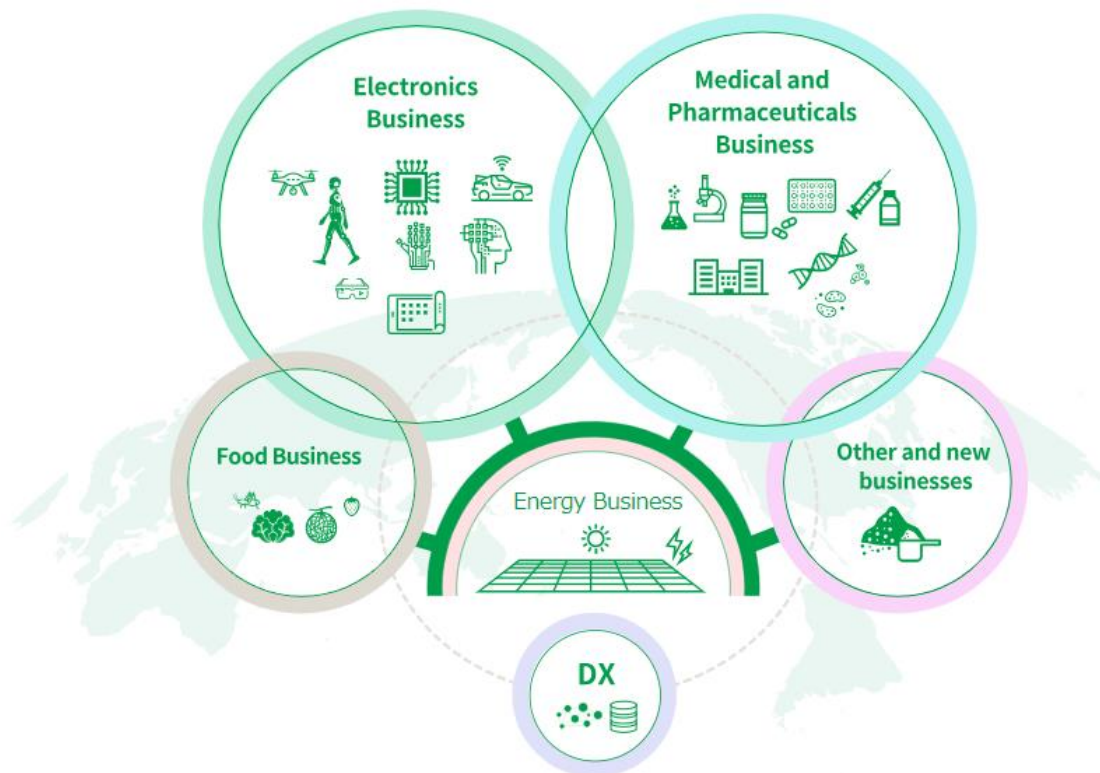
11. Exclusion of Anti-social Forces

We will take a resolute stance towards anti-social forces and will not respond in any way to illegal or improper demands.

1-2. Sustainability Promotion Structure

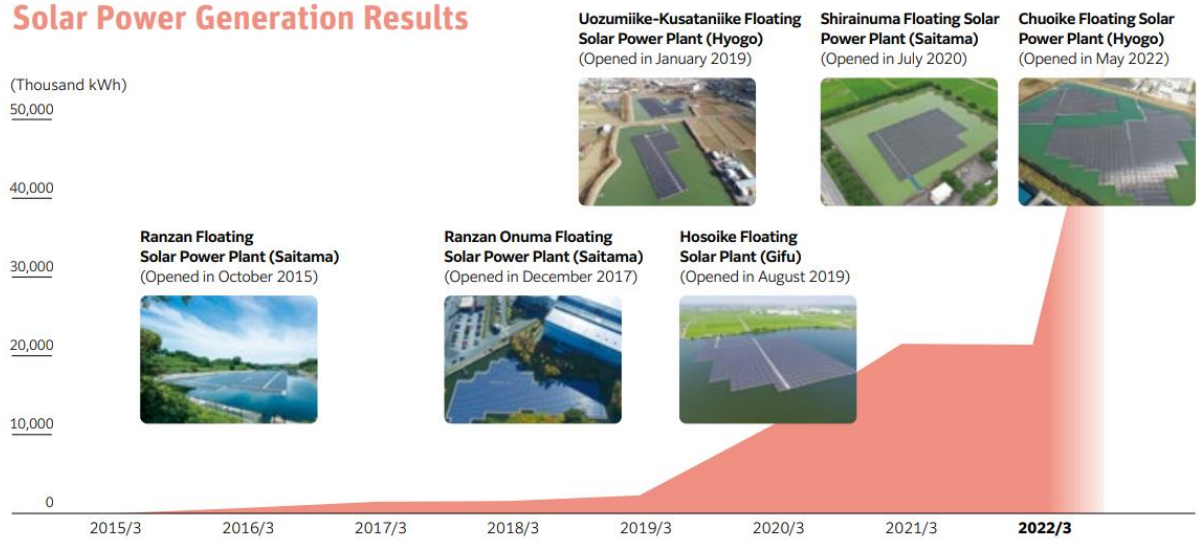
Energy Business

Taiyo Holdings Group is working to spread and promote eco-friendly renewable energy as a business in order to benefit society by addressing worldwide environmental issues.



Since establishing **Taiyo Green Energy Co., Ltd. ("Taiyo Green Energy")** in 2014 to generate natural energy as well as supply and sell electricity, Taiyo Holdings Group has been promoting the development of floating solar power plants. Currently, we have 15 floating solar power plants in operation across Japan, producing renewable energy equivalent to the electricity purchased externally to power Our Electronics and Medical and Pharmaceutical businesses in Japan. We will continue to support the utilization of renewable energy not only by Taiyo Holdings Group, but also by our customers and society as a whole.

Solar Power Generation Results



Our Approach and Efforts Concerning Sustainability

With regard to Taiyo Holdings Group's approach and initiatives on sustainability, Taiyo Holdings adopted the "Strengthening of Efforts for Sustainable Development Goals (SDGs)" as one of our basic policies under the "Beyond Imagination 2030" Long-Term Management Plan as well as The Sustainability Promotion Committee, chaired by the President and CEO, is responsible for the execution of all activities relating to sustainability. The Sustainability Promotion Committee discusses the direction of activities relating to sustainability and progress on targets set based on critical issues across Taiyo Holdings Group. The committee receives instructions from the Board of Directors on important matters, strengthening the risk management system.

Implementation Framework[←]

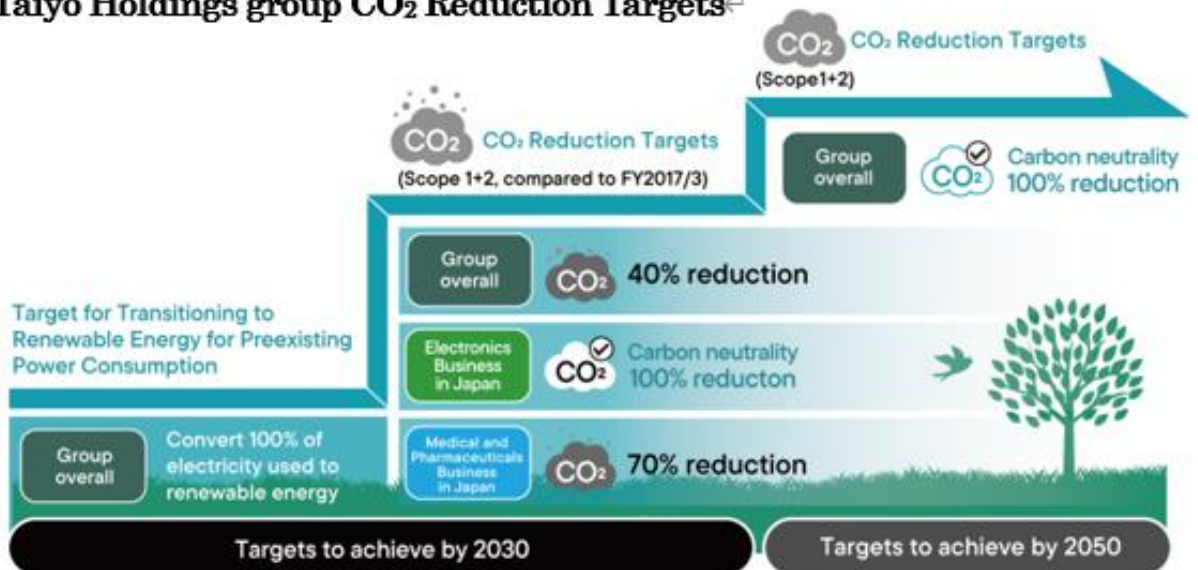


Addressing Climate Change Challenges

Recognizing that climate change action is an important social issue facing global society and an important management issue for our company, we expressed our support for the TCFD's recommendations in March 2022 and disclosed information in accordance with the TCFD.

We will further accelerate efforts to reduce CO₂ emissions from our target for transitioning to renewable energy for our preexisting power consumption with a view to achieving carbon neutrality by 2050, the standard set by the Japanese government. We aim to achieve a 40% reduction of CO₂ compared to the fiscal year ended March 31, 2017, is targeted for the entire Taiyo Holdings Group in the fiscal year ending March 31, 2031. We will promote reductions in CO₂ emissions through measures that leverage the Group's strengths, including its renewable energy business with Taiyo GE, to achieve the target.

Taiyo Holdings group CO₂ Reduction Targets[←]



Use of Proceeds

2-1. Green Project Scheduled for Allocation of Proceeds

The proceeds will be allocated in full to refinancing and new investment pertaining to a **floating solar power facility installation project**. This falls under the “renewable energy” category indicated in the “Green Loan Principles (GLP).”

Taiyo Holdings Group has fifteen floating solar power facilities with an estimated annual generation capacity of approximately 26 GWh. After electric power sales under the FIT scheme ends, Taiyo Holdings will continue doing its part to promote the popularization of renewable energy and realize a decarbonized society by erecting a scheme through which Taiyo Holdings Group companies, business partner companies, local government bodies and other entities can effectively use that renewable energy. Details of the applicable project are provided in the table below.

“Green Project Scheduled for Allocation of Proceeds (All Floating Solar Power)”

No	Name of Project (Name of Prefecture)	Construction Start Date	Operation Start Date
1	Ranzan Floating Solar Power Plant (Saitama)	March 2015	October 2015
2	Ranzan Onuma Floating Solar Power Plant (Saitama)	September 2017	December 2017
3	Anazawaike Floating Solar Power plant (Hyogo)	July 2018	January 2019
4	Uozumiike-Kusataniike Floating Solar Power Plant (Hyogo)	June 2018	January 2019
5	Kobayashiike Floating Solar Power Plant (Nara)	May 2018	February 2019
6	Hosoike Floating Solar Power Plant (Gifu)	October 2018	August 2019
7	Hayashiike Floating Solar Power Plant (Aichi)	June 2019	August 2019
8	Mimayaike Floating Solar Power Plant (Kagawa)	October 2018	September 2019
9	Hiraike Floating Solar Power Plant (Gifu)	November 2018	September 2019
10	Shijukushinike Floating Solar Power Plant (Mie)	August 2019	October 2019
11	Odaike Floating Solar Power Plant (Kagawa)	December 2018	December 2019

No	Name of Project (Name of Prefecture)	Construction Start Date	Operation Start Date
12	Shirainuma Floating Solar Power Plant (Saitama)	January 2020	July 2020
13	Asama Floating Solar Power Plant (Saitama)	January 2020	July 2020
14	Chuoike Floating Solar Power Plant (Hyogo)	December 2021	May 2022
15	Nishimuroike Floating Solar Power Plant (Nara)	August 2022	November 2022

Effects on Improving Environment

The effects on improving the environment are indicated as the volume of CO₂ emissions reduced through solar power. For the specific computation formula, as the below computation method and formula are used to make calculations, definite effects on improving the environment are anticipated.

“Computation Method and Formula for Volume of CO₂ Emissions Reduced Through Project.”

CO ₂ emission reductions from water-based solar power generation	
Calculation Method	The volume of power generated with solar power facilities is multiplied by a CO ₂ emission coefficient to calculate the volume of CO ₂ emissions reduced.
Calculation Formula	Volume of CO ₂ emissions reduced (t-CO ₂ /year) =Volume of power generated (kWh) × Power CO ₂ emission coefficient (t-CO ₂ /kWh)

“Envisioned Effects on Improving Environment for Each Project”

No	Name of Project (Name of Prefecture)	a	b	c	d	e	f
		Output	Volume of Power Generated (Per Annum)	Rate of Facility Usage	Real Volume of Power Generated (Per Annum)	CO ₂ Emission Coefficient	Annual CO ₂ Volume of Emissions Reduced
		kW	kWh	%	kWh	t-CO ₂ /kWh	t-CO ₂
			a*24*365		b*c		d*e
1	Ranzan Floating Solar Power Plant (Saitama)	1,153	10,100,280	12	1,258,689	0.000433	545
2	Ranzan Onuma Floating Solar Power Plant (Saitama)	318	2,785,680	10	289,160	0.000433	125

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only.

In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.

No	Name of Project (Name of Prefecture)	a	b	c	d	e	f
		Output	Volume of Power Generated (Per Annum)	Rate of Facility Usage	Real Volume of Power Generated (Per Annum)	CO ₂ Emission Coefficient	Annual CO ₂ Volume of Emissions Reduced
		kW	kWh	%	kWh	t-CO ₂ /kWh	t-CO ₂
			a*24*365		b*c		d*e
3	Anazawaike Floating Solar Power plant (Hyogo)	960	8,409,600	15	1,239,225	0.000433	537
4	Uozumiike-Kusataniike Floating Solar Power Plant (Hyogo)	1,570	13,753,200	14	1,987,323	0.000433	861
5	Kobayashiike Floating Solar Power Plant (Nara)	544	4,765,440	13	635,163	0.000433	275
6	Hosoike Floating Solar Power Plant (Gifu)	2,154	18,869,040	14	2,692,089	0.000433	1,166
7	Hayashiike Floating Solar Power Plant (Aichi)	723	6,333,480	14	915,009	0.000433	396
8	Mimayaike Floating Solar Power Plant (Kagawa)	2,849	24,952,860	15	3,621,800	0.000433	1,568
9	Hiraike Floating Solar Power Plant (Gifu)	1,080	9,460,800	14	1,323,390	0.000433	573
10	Shijukushinike Floating Solar Power Plant (Mie)	1,214	10,634,640	14	1,487,221	0.000433	644
11	Odaike Floating Solar Power Plant (Kagawa)	2,849	24,952,860	15	3,694,200	0.000433	1,600
12	Shirainuma Floating Solar Power Plant (Saitama)	759	6,650,592	14	962,777	0.000433	417
13	Asama Floating Solar Power Plant (Saitama)	759	6,650,592	14	957,286	0.000433	415

No	Name of Project (Name of Prefecture)	a	b	c	d	e	f
		Output	Volume of Power Generated (Per Annum)	Rate of Facility Usage	Real Volume of Power Generated (Per Annum)	CO ₂ Emission Coefficient	Annual CO ₂ Volume of Emissions Reduced
		kW	kWh	%	kWh	t-CO ₂ /kWh	t-CO ₂
			a*24*365		b*c		d*e
14	Chuoike Floating Solar Power Plant (Hyogo)	1,153	10,100,280	12	1,258,689	0.000433	545
15	Nishimuroike Floating Solar Power Plant (Nara)	318	2,785,680	10	289,160	0.000433	125
Total Amount							10,757

2-2. Responsive Actions for Negative Impact

Taiyo Holdings will verify that actions are being taken concerning the following in order to reduce the environmental and social risks that the project would induce.

- Conducting explanations as needed to residents who inhabit construction target regions under this project.
- Complying with environment-related laws and regulations, etc. as required by the government of the nation/locality where project installation is taking place and investigating the impact on the environment as needed. Conducting periodic monitoring, as necessary.

"Contributing to the SDGs."

The projects to which the proceeds of this framework will be allocated are expected to contribute to the following SDGs.

7. Affordable and Clean Energy

11. Sustainable Cities and Communities

12. Responsible Consumption and Production

13. Climate Action



3. Process for Evaluating and Selecting Projects

3-1. Goals from Environmental Aspect

“Goals from an environmental aspect” (environmental advantages that Taiyo Holdings will attempt to achieve through green finance) to be achieved through the projects to which proceed from this financing will be allocated and associated effects on improving the environment are as follows.

Goals from Environmental Aspect	Effects on improving the environment
Inhibition of Climate Change	Reduction of CO ₂ emissions

3-2. Process for project evaluation and selection

In selecting suitable projects, the Clean Energy Business Group under Taiyo Green Energy will select solar power projects bearing effects on improving the environment (in the form of the reduction of CO₂ emissions) based on the aforementioned “Environment Policy.” After the Clean Energy Business Group under Taiyo Green Energy and the Corporate Planning Department verify that actions are being taken to reduce environmental and social risk, the Board of Directors of Taiyo Green Energy or the Board of Directors of Taiyo Holdings will render a final decision on the project.

4. Management Policy for Proceeds

4-1. Management Policy for Proceeds

The Accounting Department will manage the allocation of proceeds through these borrowings. The total amount of proceeds through borrowings, amounts that have been allocated to projects, and unallocated amounts will be managed using an accounting system. Until the time that proceeds have been allocated in full, the total of allocated amounts and unallocated amounts will be managed so that they are consistent with the total amount of proceeds.

Upon selling the applicable project, Taiyo Holdings will examine “alternate projects” that yield equivalent or more significant effects on improving the environment. Note that should the examination of alternate projects be difficult, Taiyo Holdings will repay the green loan.

4-2. Investment Methods for Unallocated Proceeds

In cases where unallocated amounts arise, they will be invested as cash or cash equivalents, short-term financial assets, or in another highly safe, high-liquidity configuration.

4-3. Document Management Method

Documents serving as evidence related to proceeds are appropriately managed under the regulations of Taiyo Holdings.

5. Reporting Policy

5-1. Reporting Method

Taiyo Holdings plans to disclose the latest information on the “status of allocation” of proceeds from these borrowings to the project and its “effects on improving the environment” to the general public through its website and report the same to the lender. Additionally, should significant changes arise even after all proceeds from this financing have been allocated to a project, Taiyo Holdings plans to disclose those changes as appropriate.

- Report at time of financing: Scheduled to be made directly after this financing has been conducted.
- Annual report: Scheduled to be published once a year for the period up to the reimbursement of the proceeds from this financing.

5-2. Information for Disclosure

Reports will include the following information. In calculating effects on improving the environment, Taiyo Holdings will appropriately calculate those effects under the computation method defined under this framework.

Information for Disclosure
• Overview of the project (progress included)
• Status of allocation of proceeds and any amounts and scheduled timing of budget for unallocated proceeds should they exist
• Effects on improving the environment (volume of CO2 emissions reduced) through green project

5-3. Reporting Structure

The report upon borrowing and annual report shall be prepared with the Corporate Planning Department as the leading department. For these reports, Taiyo Holdings will gather information on the status of financing management and its effects on improving the environment and verify items stated regarding that status.

6. External Review Policy

Before conducting financing through these borrowings, Taiyo Holdings obtained second opinions from Rating and Investment Information, Inc., a third-party rating agency, on conformance with this green loan framework, the “Green Loan Principles 2023” by the Loan Market Association (LMA) and the “2022 Green Loan and Sustainability Linked Loan Guidelines” by the Ministry of the Environment of Japan.