

January 31, 2024

To whom it may concern:

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Notice Regarding Green Loan Agreement

Taiyo Holdings Co., Ltd. (hereinafter Taiyo Holdings") hereby announces that it has financed the construction of the "Ramzan New Development Center Construction Project" of its subsidiary, TAIYO INK MFG. CO., LTD. (headquartered in Ranzan-machi, Hiki-gun, Saitama; Shoji Minegishi, President and Representative Director) with the green loan.

This project is to construct a new property with a Comprehensive Assessment System for Built Environment Efficiency (CASBEE), which certified the building as Superior (S) under "CASBEE for New Construction" and "Net Zero Energy Building (ZEB) Ready," which are environmental certifications from third-party certification organizations, and falls under the categories of "energy efficiency" and "green building" as indicated in the "Green Loan Principles."

Taiyo Group targets more significant CO₂ emission reductions than before, intending to achieve carbon neutrality by the 2050 target year the Japanese government sets. By the fiscal year ending March 31, 2031, we aim to reduce total Group CO₂ emissions by 40% compared to the fiscal year ended March 31, 2017.

We also aim to achieve carbon neutrality in the fiscal year ending March 31, 2031 in the Electronics Business in Japan and to reduce emissions by 70% in the Medical and Pharmaceutical Business in Japan with the goal of achieving carbon neutrality for the entire Group by 2050.

Moving forward, we will reach our targets for CO₂ reduction by working proactively to increase the efficiency of existing facilities while introducing renewable energy throughout our Group.

We will use the funds from this loan to achieve a sustainable society by saving energy through installing high-efficiency equipment at our new development center and taking other measures.

1. Outline of the Green Loan

(1) Date of Borrowing	January 31, 2024
(2) Lenders	Mizuho Bank, Ltd. SBI Shinsei Bank, Limited The Joyo Bank, Ltd.
(3) Loan Amount	5.5 billion yen
(4) Use of Funds	Ranzan New Development Center Construction Project

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

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.

Ministry of the Environment. For details, please refer to the second opinion written in Japanese and published by R&I. (<https://www.r-i.co.jp/rating/esg/greenfinance/index.html>)

(Attachment)

Green Loan Framework January 31, 2024

Green Loan Framework

January 31, 2024

TAIYO HOLDINGS CO., LTD.

388 Ohkura, Ranzan-machi, Hiki-gun,

Saitama 355-0222, Japan

1. 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 Group comprises Taiyo Holdings Co., Ltd. (the filing company), 28 subsidiaries (24 consolidated subsidiaries), one affiliated company, and one other associate. Taiyo 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.

1-2. Management Philosophy and Basic Management Policies.

Taiyo 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 Group and by creating a wide range of innovative products to fulfill the dreams of the world.

Basic Management Policy

1. Taiyo Group will generate revenue and increase corporate value, thereby contributing to the well-being and prosperity of customers, communities, shareholders, and employees.
2. Taiyo 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 Group will leverage our global system to always provide superior products and services.
4. Taiyo 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 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 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.

1-3. 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 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 Group will strive to create a company trusted by society and is actively involved in CSR activities.

CSR Philosophy

Taiyo 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 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 Group's intellectual property rights and those of third parties.

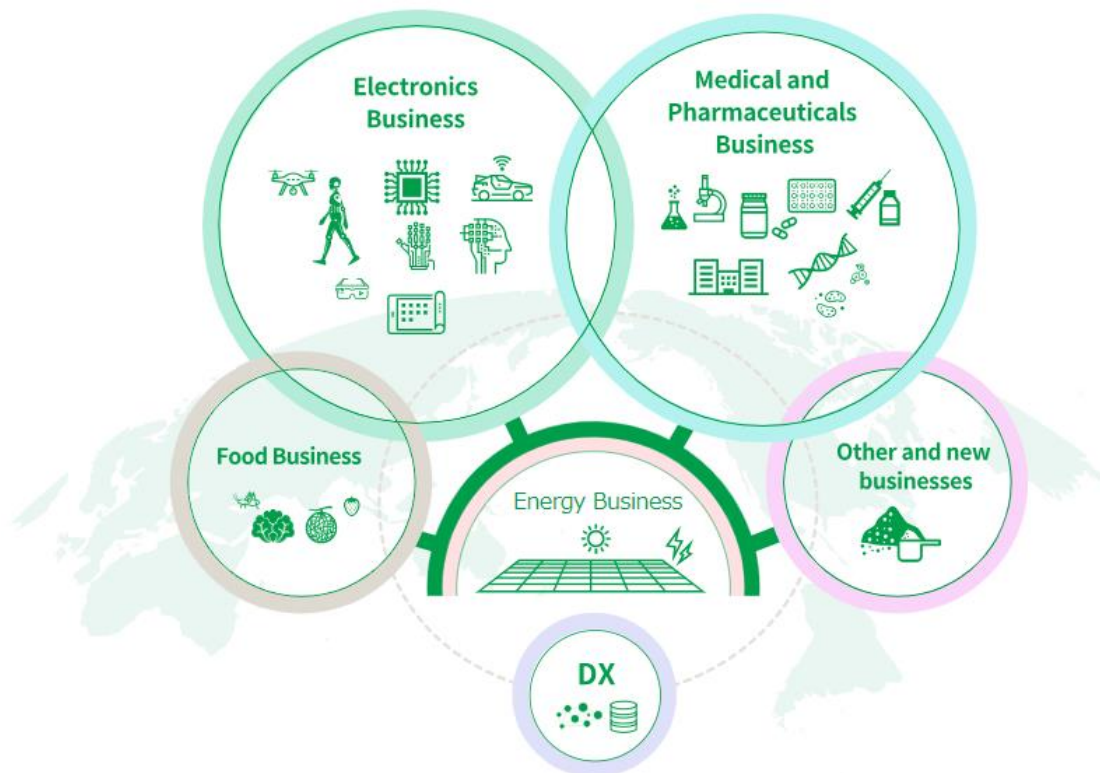
11. Exclusion of Anti-social Forces

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

1-4. Sustainability Promotion Structure

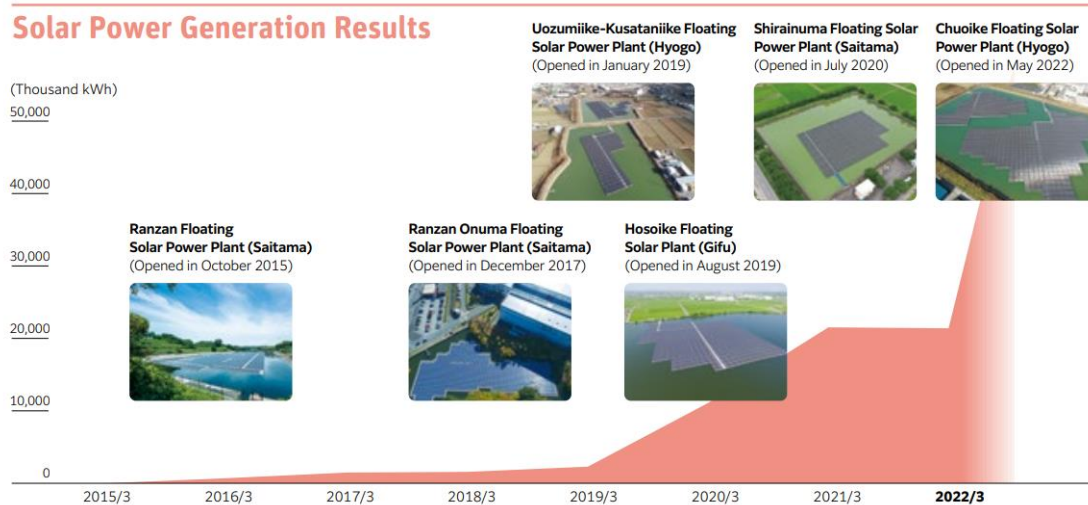
1-4-1 Energy Business

Taiyo 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. (hereinafter the Taiyo Green Energy) in 2014 to generate natural energy as well as supply and sell electricity, Taiyo 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. Taiyo Group will continue to support the utilization of renewable energy not only by the Group, but also by our customers and society as a whole.

Solar Power Generation Results



1-4-2 Our Approach and Efforts Concerning Sustainability

With regard to Taiyo 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 Group. The committee receives instructions from the Board of Directors on important matters, strengthening the risk management system.

Implementation Framework⁽¹⁾



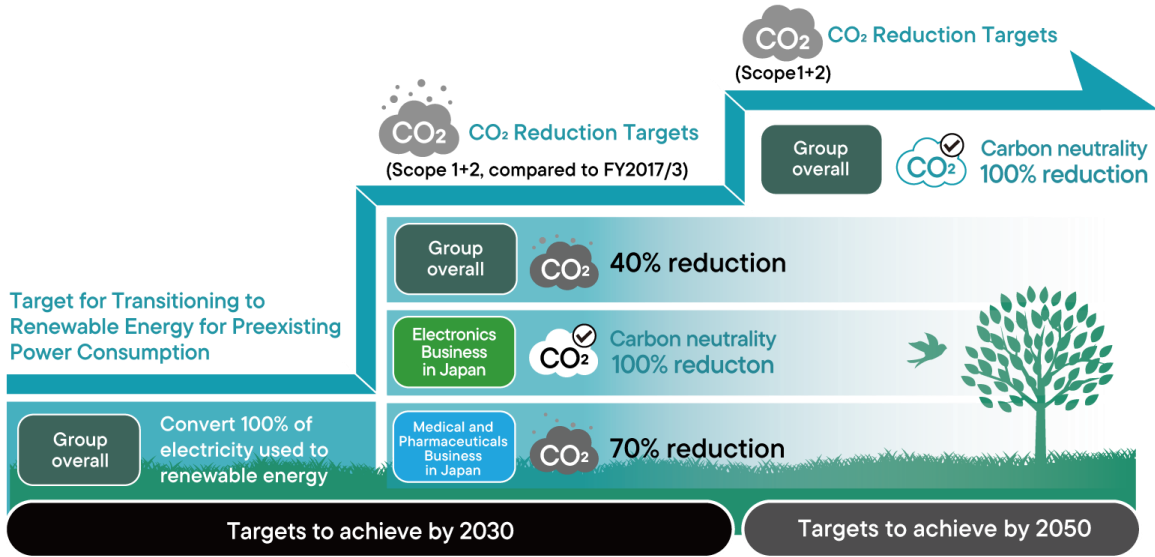
Addressing Climate Change Challenges

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

Taiyo Group 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 Group in the fiscal year ending March 31, 2031. We aim to achieve a 40% reduction of CO₂ emissions in our group in the fiscal year ending March 31, 2031, compared to the fiscal year ending March 31, 2017. In addition, we aim to achieve carbon neutrality in our electronics business in Japan and a 70% reduction in our medical and pharmaceuticals business in Japan so that the entire group will achieve carbon neutrality by 2050.

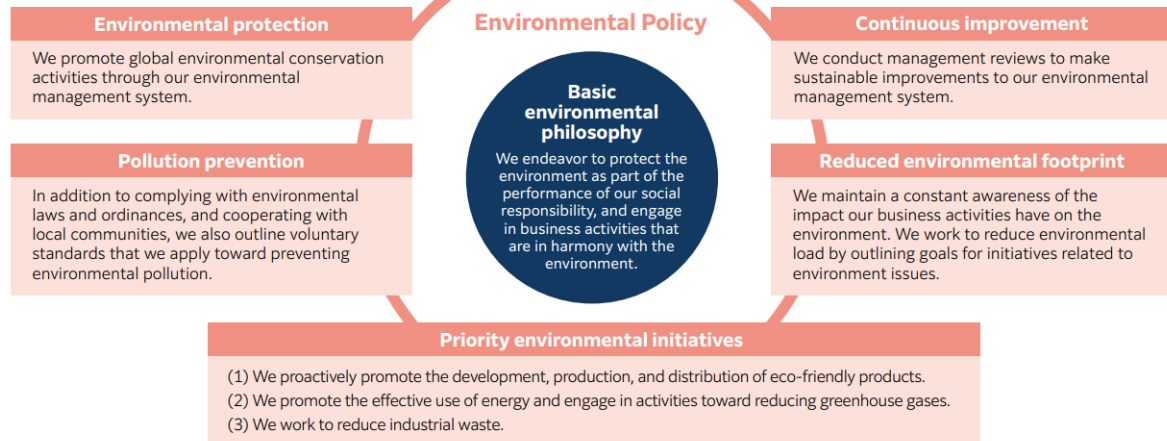
We will promote the reduction of CO₂ emissions and aim to reach our targets through measures that leverage the strengths of Taiyo Holdings, including our solar power generation business. From now on, Taiyo Holdings will continue to position the realization of a decarbonized society as a priority challenge and enhance its disclosure of information while simultaneously conducting business activities with more significant environmental consideration. Doing so will work towards realizing a sustainable society.

Environmental Metrics and Targets



Taiyo Group has established a basic environmental philosophy that states “We endeavor to protect the environment as part of the performance of our social responsibility, and engage in business activities that are in harmony with the environment.” We have also drawn up an environmental policy covering the areas of environmental protection, continuous improvement, reduced environmental footprint, priority environmental initiatives, and pollution prevention.

Basic Environmental Philosophy and Environmental Policy



1-5 Significance of Green Loan Procurement and Contribution to SDGs

As part of its efforts to reduce its environmental impact, we are also working to save energy by installing high-efficiency equipment in our plants. We plan to construct a new development center after acquiring green building certification.

We plan to finance the construction of the new building with a green loan. Using the green loan will deepen our stakeholders' understanding of our group's efforts to reduce our environmental impact.

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



2. Use of Proceeds

2-1. Green Project Scheduled for Allocation of Proceeds

The proceeds will be allocated in full to refinancing and new investment in this project is to construct a new property with a Comprehensive Assessment System for Built Environment Efficiency (CASBEE)*¹, which certified the building as Superior (S) under "CASBEE for New Construction" and "Net Zero Energy Building (ZEB)*² Ready," which are environmental certifications from third-party certification organizations, and falls under the categories of "energy efficiency" and "green building" as indicated in the "Green Loan Principles."

*¹ CASBEE is an abbreviation for Comprehensive Assessment System for Built Environment Efficiency. It is a system that evaluates buildings based on their environmental performance and comprehensively assesses the quality of buildings, including not only environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, but also indoor comfort and consideration for the landscape, and is rated on a five-point scale from Poor (C) to Superior (S).

*² ZEB is an abbreviation for "Net Zero Energy Building, and a building that aims to reduce the annual primary energy consumption balance to zero and further reduce energy consumption by 50% or more by introducing renewable energy, etc. ZEB is defined as ZEB (reduction of 100% or more), Nearly ZEB (reduction of 75% to less than 100%), or ZEB Ready (reduction of 50% to less than 75%), depending on the amount of reduction. ZEB Oriented is defined as a building of 10,000 m² or more that will achieve energy savings of 30-40% or more and that utilizes technologies that are expected to have energy-saving effects but are not currently evaluated in the energy conservation calculation program based on the Building Energy Efficiency Act.

The purpose of constructing the new development center is to strengthen our technological development capabilities in the electronics business to respond promptly to the growing demand for semiconductors and other materials for electronic components and devices.



「Property overview」

Name	New Development Center
Location	388 Oaza Okura, Ranzan-cho, Hiki-gun, Saitama
Use	Laboratory
Structure of the building	Steel Construction
Number of stories	Six stories above ground
Site area	16,322.89 m ²
Building area	2,588.50 m ²
Total floor area	10,400.20 m ²
Construction beginning date	November 2022
Completion Date	February 2024 (scheduled)
Environmental Certification	<ul style="list-style-type: none"> • ZEB Ready (November 2023) • CASBEE for New Construction, Superior, “S” (It expected to be acquired around January 2024)

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	Mitigation of Climate Change
Inhibition of Climate Change	Reduction of CO ₂ emissions

3-2. Process for project evaluation and selection

In selecting qualified projects, the Technology Development Division shall evaluate the environmental improvement benefits of the project and select the project. After the Technology Development Division confirms that measures have been taken to reduce environmental and social risks, the Board of Directors decides on the project.

3-3. Measures to address negative impacts

The risks associated with the implementation of this project have been carefully considered and the following environmental protection measures will be taken to address the anticipated environmental risks.

Potential environmental risks	Major Environmental Protection Measures
Effect of Sunlight Exposure	Design building heights and distances to not infringe on daylighting rights, and consider the impact of shading on the surrounding area.
Generation of driving noise and other noises from equipment to be installed	Investigate the noise level of equipment and consider the location of the equipment to ensure that it meets the ordinance's standards.

In addition, the following measures will be taken to reduce the environmental and social risks posed by the Project.

- Provide explanations, as necessary, to the residents of the area where the Project is to be implemented.
- Comply with environmental laws and regulations required by the national and local governments where the project site is located and conduct environmental impact studies, as necessary. Conduct periodic monitoring, as necessary.

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
• Type and rank of green building certification obtained (if we plan to obtain this certification, also indicate when the project plan to obtain it)
• 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.