

March 30, 2022

DIC Corporation

Notice Regarding Issue of Sustainability-Linked Bonds (First Report)

Tokyo, Japan—DIC Corporation announced today that it plans to make a public offering of sustainability-linked bonds (SLBs)* and has filed an amended corporate bond shelf registration statement dated today with the Director-General of the Kanto Local Finance Bureau in preparation for this issue.

1. Purpose and Background

DIC has positioned sustainability, including environmental issues, as a principle management priority, and is working to expand its portfolio of products and services that contribute to decarbonization with the goal of playing a pivotal role in lowering CO₂ emissions across markets and society. In DIC NET ZERO 2050, published in June 2021, the DIC Group revised its targets for the reduction of CO₂ emissions. The Group now aims to achieve carbon neutrality—net zero CO₂ emissions—by fiscal year 2050 and will seek to reduce these emissions by 50% from the fiscal year 2013 level by fiscal year 2030. The sustainability strategy set forth in the Group’s new long-term management plan, DIC Vision 2030, which was announced in February 2022 and will guide it from 2022 through 2030, reiterates these goals and clarifies the Group’s commitment to helping realize a carbon-neutral society by promoting efforts to reduce CO₂ emissions.

DIC’s decision to make this issue was taken with the aim of using proceeds to further advance its sustainability strategy and achieve the targets of DIC Vision 2030 and DIC NET ZERO 2050.

* SLBs are bond instruments, the terms for which depend on whether the issuer achieves predetermined sustainability and environmental, social and governance (ESG) objectives. Accordingly, a specific application for the proceeds is not required. Achievement is assessed using key performance indicators (KPIs) and sustainability performance targets (SPTs) set in advance. (SPTs are targets established for KPIs based on the issuer’s management strategy.) Failure to meet these targets triggers changes to the terms of the issue. SLBs thus incentivize issuers to achieve the objectives they have established.

2. Overview

Maturity:	10 years (projection)
Issue amount:	Pending
Issue date:	Pending
SPT linked to issue terms:	50% reduction in emissions of CO ₂ (Scope 1 and 2) from the fiscal year 2013 level by fiscal year 2030
Underwriters:	Mizuho Securities Co., Ltd. (lead manager); Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.; Nomura Securities Co., Ltd.
Structuring agent**	Mizuho Securities Co., Ltd.

** A structuring agent supports the issue of an SLB by, for example, providing advice regarding the creation of an SLB framework and obtaining second-party opinions.

3. Selection of SPTs

DIC has established the reduction of its Scope 1 and 2 CO₂ emissions, a key priority, as the KPI for this issue of SLBs, and selected the target set forth in DIC Vision 2030, which is the same as the intermediate goal of DIC NET ZERO 2050—a 50% reduction in emissions of CO₂ (Scope 1 and 2) from the fiscal year 2013 level by fiscal year 2030—as the SPT.

If this SPT is not achieved, DIC plans to purchase emission credits in an amount equivalent to 0.1% of the SLB issue amount. (Currently under consideration: J-Credit certificates, Green Power certificates, non-fossil fuel energy certificates, international renewable energy certificates (I-RECs), voluntary carbon credits and other emissions credits that comply with the Paris Agreement Article 6 Rulebook.) However, in the event of force majeure events such as changes to the rules governing transactions or concerns with the system for transfer of emissions credits, the Company plans to make additional purchases of renewable energy in an amount equivalent to 0.1% of the issue amount.

4. SLB Eligibility

The Company has obtained a third-party opinion from the Japan Credit Rating Agency (JCR) affirming conformity with both the Sustainability-Linked Bond Principles, published by the International Capital Market Association, and the 2020 edition of the Green Loan and Sustainability Linked Loan Guidelines, put out by Japan's Ministry of the Environment.

For more information, see JCR's website: <https://www.jcr.co.jp/en/greenfinance/>

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Related information

Sustainability section of DIC's global website

<https://www.dic-global.com/en/csr/>

DIC Group Revises Its Long-Term Target for the Reduction of CO₂ Emissions in Line with Its New Goal of Achieving Carbon Neutrality by 2050 (*news release*)

<https://www.dic-global.com/en/news/2021/csr/20210624092154.html>

DIC Vision 2030 long-term management plan

<https://www.dic-global.com/en/ir/management/plan.html>

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