



 **TOYOTA TSUSHO CORPORATION**

Green Finance Framework

October 2022

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1. Introduction

Toyota Tsusho Corporation (“the Company” or “We”. Together with its affiliates and subsidiaries, collectively referred to as the "our Group".) originated from Nisshin Tsusho Corporation, which was established in 1948 as the successor to the trading division of Toyota Finance Corporation, the predecessor of the Company, which provided sales finance for Toyota vehicles, after the company was dissolved after the war due to the second zaibatsu designation.

Our Group is comprised of 1,000 or more subsidiaries and affiliated companies. This solid foundation of strong linkages has grown to become a network of companies that is able to build value on a global scale. Our Group classifies its operations as those related to its seven sales divisions: Metals, Global Parts & Logistics, Automotive, Machinery, Energy & Project, Chemicals & Electronics, Food & Consumer Services, and Africa, and we, as a trading company, engage in business activities in a variety of fields across the globe, together with the major overseas affiliated companies. These business activities include sales transaction relating to a broad range of products as well as the manufacturing, processing, investing and servicing of such products.

Fundamental Philosophy

Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.

Behavioral Guidelines

As a good corporate citizen,

- We will strive for open and fair corporate activities;
- We will be socially responsible and strive for conservation of the natural environment;
- We will be creative and strive to provide added value;
- We will respect people and strive to create an engaging workplace.

Global Vision

To achieve further evolution as a truly global company, our Group has set our Global Vision as a guideline to be followed in unison by all officers and employees throughout the world.

Ideal Image

The Toyota Tsusho Group will continue to pursue and strive to achieve our ideal of



The Right ONE for you

In response to our stakeholders' needs (the *genba*), we will strive to provide optimal safety, service, quality, and reliability.

The Right ONE for us

Maximizing the capabilities of each individual, global networks, and diversity, we will unite to bring out the most in our comprehensive strengths.

The Right ONE for future

Applying our unique insights and capabilities, we strive to lead the way for a sustainable society and the future.

Toyotsu Core Values to Achieve Growth

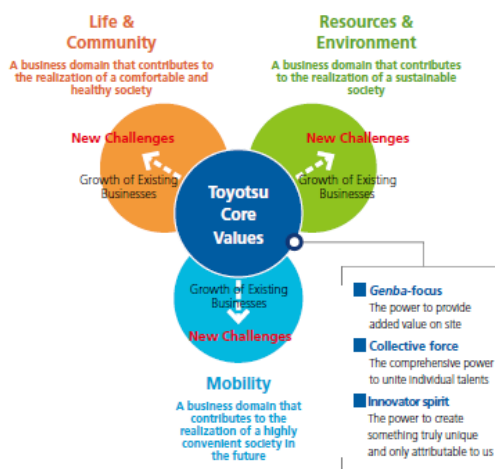
The Toyotsu Core Values are the manifestations of strengths we should optimize and apply for achieving our Global Vision, with the Toyotsu Group Way serving as a foundation. With the Toyotsu Core Values, we will focus our efforts on three core business domains.

Growth of Existing Businesses

- We will expand our business by leveraging our current resources.

New Challenges

- In business domains or regions in which we can apply our expertise, we will expand our business with full **Genba-focus**.
- We will develop new businesses based on innovative technologies, services, and products made possible by our **Collective force** and **Innovator spirit**.



2. Our Contributions to the Sustainable Society

2.1 Stance on Sustainability

For the company, sustainability and good management are the same. Thus, when working to realize its corporate philosophy, which clarifies the Company's determination to engage in management while displaying the reason for existence and ideal image, sustainability can be defined as creating economic value while establishing the environment and society as prerequisites, thereby enabling our Group to continue to grow sustainably with society. While engaging in sustainable management, the Company identified Key Sustainability Issues (Materiality) that it will address with priority. Focusing on these six Materialities, we are tackling various social issues to achieve our corporate philosophy by pursuing our Global Vision to "Be the Right ONE" and become an irreplaceable and one-and-only presence.

2.2 Growth Strategies for Key Sustainability Issues (Materiality)

We have identified the Key Sustainability Issues (Materiality) that it needs to be aware of as it pursues the realization of its corporate philosophy and Global Vision to clarify those social issues that it needs to focus on based on its management strategies. By maximizing focus on these issues, we can realize our unique value creation and growth as we target our vision of "Be the Right ONE" to be a business that is indispensable to society and our customers.

Top-priority Issues for Both Solving Social Issues and Achieving Corporate Growth

- **Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society**
 - Next Mobility Strategy :
We will create new business opportunities such as CASE technologies and contribute to solving mobility society issues by using both hands-on and venture business approaches through our company-wide organizations.
- **Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies**
 - Renewable Energy Strategy :
In addition to accelerating global development by reinforcing our existing business models, we will expand our business domains, including diversifying our portfolio of power sources and engaging in energy management.
- **Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations**
 - African Growth Strategy :
We will continue our contribution to the growth of the African economy by accelerating business development focusing on the four pillars of mobility, healthcare, consumer goods, and infrastructure.
- **Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing**
 - Circular Economy Strategy :
With an awareness of industrial life cycles, we aim to convert rubbish into resources globally by expanding the scope of our business from conventional "waste treatment and reuse" to "manufacturing design."

Top-priority Issues that Will Become Foundations for Company Growth

- **Begin everything we do with ensuring safety and compliance and continue to be an organization trusted by society**
 - Our Group is engaged in a variety of activities to earn trust and confidence, including providing traffic safety education and other safety awareness activities, as well as quality assurance that can guarantee safety and security. We will enhance management transparency and strengthen corporate governance by providing a detailed code of conduct to be followed at all our sites and offices, both in Japan and overseas.
- **Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills**
 - Our Group promotes diversity and inclusion (D&I) as a management strategy. We are undertaking reforms to implement more flexible and productive ways of working. We are also actively working to develop human resources who can create businesses from a global perspective, achieve

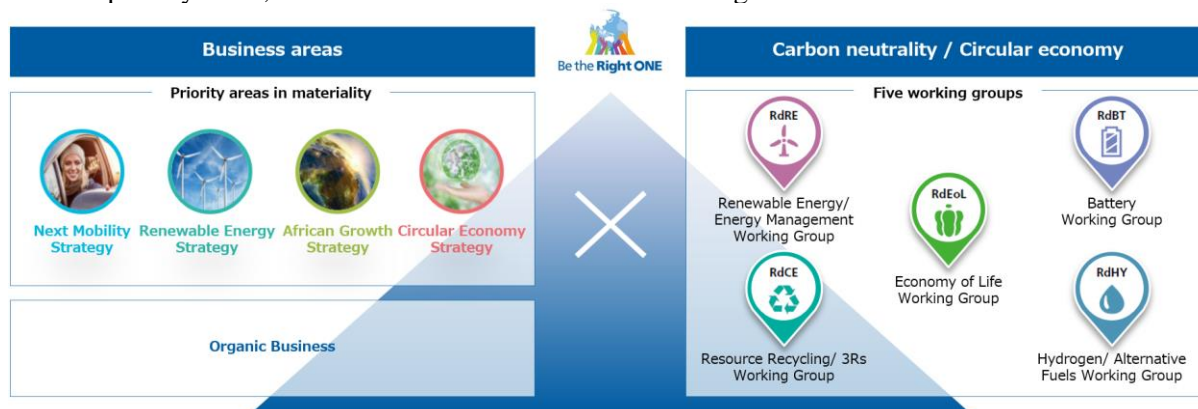
success in the global market, and contribute to society within and outside the company. In our supply chains, we are taking all measures to eliminate child labor and forced labor, thereby improving work environments from various perspectives.

2.3 Initiatives for Contributing to the Transition to a Decarbonized Society

Our Group is involved in businesses that support the circular economy (“CE”) throughout each stage of the industrial lifecycle including energy creation, energy collection and coordination, manufacturing, transportation and use of goods, waste processing, and reuse and recycling as part of its initiatives to contribute to the transition to a decarbonized society.

In light of the global trend toward a carbon neutral society, the promotion of carbon neutrality (“CN”) is a group-wide activity of the highest priority. With the mission of “Passing on a better global environment to the children of the future”, we established the Task Force for Promoting Carbon Neutrality in April 2021. In April 2022, we further accelerated our decarbonization efforts by establishing a dedicated organization, the Carbon Neutrality Promotion Department. In addition to our efforts to achieve our carbon neutrality declaration including institutional design and emissions management to reduce our own GHG emissions, the Department will organize five working groups (WGs) based on our growth strategy for business areas linked to CN and CE business and expand our business.

We will continue to focus on refining our existing business (organic business), which is the foundation for our growth, and on four priority areas focused on achieving corporate growth while simultaneously helping to solve societal issues. Furthermore, we will accelerate our efforts by crossing the five working groups promoting carbon neutrality and circular economy with organic business and the four priority areas, and take our efforts to the next new stage.



2.4 Environmental Initiatives through Renewable Energy Business

We are expanding our businesses globally centering on various types of renewable energy power generation, such as wind power generation, solar power generation, biomass power generation, and hydroelectric power generation as a business that contributes to resolving global environmental issues, and we are engaged in initiatives aimed at stabilizing energy supplies and improving cost efficiencies.

Our Group's renewable energy business has a history that stretches back more than 30 years, starting in 1986, which was even more than 10 years before the adoption of the Kyoto Protocol. Since engaging in the wind power generation business in California in the United States, which was undertaken by the then electric power division of Tomen Corporation (now Eurus Energy Holdings, a group company of Toyota Tsusho), we have been one of the first companies to engage in the resolution of global environmental issues. We have endeavored to popularize various types of renewable energy around the world, including in Japan.

Utilizing the expertise we gained along the way of its wind power generation business in the United States, we have since expanded to the United Kingdom, Italy, Spain, and other European countries, as well as to Asia, Japan, and Africa. Wind power generation is the largest part of our renewable energy business. In October 2019, we started the very first independent power producer (IPP) business in Egypt. Meanwhile, in Japan, we have been promoting our business since we built a wind farm in Hokkaido in 1999, and have grown to be the No. 1 wind power generator in Japan. Furthermore, in Hokkaido, we are scheduled to complete the construction of a power transmission grid in 2022, which

consists of both power generation facilities and one of Japan's largest storage batteries. This is a new initiative of our Group that uses storage batteries to solve the problem of not being able to stably transmit generated electricity. Our renewable energy business is also expanding to encompass alternative energy sources. Eurus Energy Holdings Corporation launched a solar power generation business in South Korea in 2008. In 2011, it constructed one of the United States' largest solar power generation facilities in California. In 2017, it also commenced operations at one of Hawaii's largest power facilities on Oahu Island, where fossil fuel resources are scarce and energy resources have heavily relied on imports.

In Japan, we started our solar power generation business in 2013 and we have been promoting large-scale solar power plant (mega solar) projects in Hokkaido and the Tohoku and Kinki regions. Our Group company Ene-Vision Co., Ltd. commenced wood biomass power generation in 2015. The power it generates is distinctive for its lower environmental impact because it uses thinned wood from forest conservation and maintenance activities. Biomass power generation is less susceptible to weather conditions than wind power and solar power generation are enabling a stable supply of electricity. Furthermore, in 2018, we invested in The Tokyo Electric Power Generation Company, Inc., a subsidiary of Tokyo Electric Power Company Holdings, Inc., that operates small and medium-sized hydroelectric power generation businesses in Japan. Through the diversification of energy sources, our renewable energy power generation capacity has now grown to a level that is 600 times more than the 5,000 KW of wind power we started with more than 30 years ago.

2.5 Purpose and Significance of Green Finance

In order to deliver a better global environment to future generations, we will contribute to the transition to a decarbonized society by accelerating the development of renewable energy projects that contribute to the reduction of greenhouse gas emissions and promoting carbon neutral initiatives, using the funds raised through green finance.

3. Structure of the Green Finance Framework

We will issue green bonds and/or procure green loans based on this Green Finance Framework (the “Framework”). We have established the Framework in alignment with key pillars set by the following principles.

Principles

1. the Green Bond Principles 2021 (the “GBP”) administered by the International Capital Market Association (“ICMA”)
2. the Green Loan Principles 2021 (the “GLP”) administered by the Loan Market Association (“LMA”), the Asia Pacific Loan Market Association (“APLMA”) and the Loan Syndications & Trading Association (“LSTA”)

Four Key Pillars

- 1. Use of Proceeds**
- 2. Process for Project Evaluation and Selection**
- 3. Management of the Proceeds**
- 4. Reporting**



We have obtained the second opinion from Sustainalytics that the Framework is in alignment with the GBP as administered by the ICMA and the GLP as administered by the LMA, the APLMA and the LSTA.

3.1 Use of Proceeds

We will allocate the amount equivalent to the net proceeds from green bonds and/or green loans under the framework to CapEx, OpEx and Investments that meet the following “Eligibility Criteria”. Investments are limited to unlisted or privately held companies in which at least 90% of the sales are from “Eligible Project”.

Allocation to OpEx for existing projects will be conducted up to two fiscal years prior to the fiscal year when green bonds / green loans are issued / procured. In addition, to the extent possible, we will make efforts to allocate the amount equivalent to the net proceeds from green bonds / green loans by the next fiscal year after green bonds / green loans are issued / procured.

Eligibility Criteria

Eligible Project	Eligibility Criteria	Note
 	Development, Construction and Operation of Renewable Energy Project including Plant Construction, Power Generation, Power Transmission	
	Wind	Including both offshore and onshore
	Solar	-
	Solar Thermal	When non-renewable energy-derived power is used for backup power, the amount of such power must be 15% or less of the total amount of power generated
	Hydro Power	(i) run-of-river plants without an artificial reservoir or low storage capacity, (ii) have a life-cycle carbon intensity of less than 50 gCO ₂ e/kWh or (iii) power density greater than 10W/m ²
	Geothermal	Direct emissions of less than 100g-CO ₂ / kWh
	Biomass	<p>Waste Material :</p> <p><u>Residues from forestry and agriculture, residues of fishery resources</u> Restricted to those from fishery and aquaculture companies that have obtained MSC (Marine Stewardship Council) or ASC (Aquaculture Stewardship Council) certification</p> <p><u>Waste from palm oil operations</u> Limited to waste from palm oil suppliers that are certified by RSPO (Roundtable on Sustainable Palm Oil) or RSB (The Roundtable on Sustainable Biomaterials)</p> <p>Non-waste Material :</p> <p>Restricted to sustainable feedstock not competing with food production with lifecycle GHG emissions of less than 100g CO₂e/kWh. For the projects that use wood and wood pellets, feedstock will be limited to those provided by wood suppliers or power generators certified by the Forest Stewardship Council (FSC) or PEFC (Programme for the Endorsement of Forest Certification). Non-waste materials exclude palm oil, peat, uncertified materials, or materials sourced from unknown suppliers</p>
	Increase in Uses of Renewable Energy in our Electricity Consumption	
	Expenditures related to the Purchase of Renewable Energy Power, etc.	Including expenditures for the purchase of renewable energy through power purchase agreements (“PPAs”) / virtual power purchase agreements (“VPPAs”) If green bond tranches or green loan periods are longer than the term of the PPAs/VPPAs, the proceeds will be reallocated to other eligible projects for the remaining life of the bond/loan
	On-site Solar Panel Installation	-

Exclusionary Criteria

Below is the list of exclusionary criteria applicable to the allocation of the net proceeds from green bonds / green loans. We commit to not knowingly allocating such proceeds to projects and investments that meet any of the following exclusionary criteria.

- Development, refining and transportation of fossil fuels (including coal, oil and gas)
- Nuclear Power
- Arms/Military Industry

3.2 Process for Project Evaluation and Selection

For “Project Selection”, the Finance Department will firstly select projects that meet the “Eligibility Criteria” with support from the Carbon Neutrality Promotion Department. Then, the Finance Department will determine the allocation to relevant projects. The allocation will be approved by the General Manager of the Finance Department.

Even after “Project Selection” is complete, the Finance Department plans to confirm with Sustainability Management Group and monitor ESG-related controversies at least once a year as long as the funds raised under the Framework remain available. If we become aware of any ESG-related controversies, we will reallocate the funds raised to another “Eligible Project” and report on these facts.

The Finance Department will regularly confirm the content of the Framework and reflect/update the relevant changes in accordance with market best practices.

Responding to environmental and social risks

We have conducted CSR activities under the leadership of the Corporate Planning Department based on the idea that sustainability should be linked to our management strategy. To promote the further enhancement of our stance on sustainability, we established the Sustainability Management Group within the Corporate Planning Department in April 2019. We hold Sustainability Management Committee in order to discuss, decide, and promote sustainability strategies. Contents discussed by the Sustainability Management Committee and responses to other issues such as climate change and human rights will be reported as appropriate to the Board of Directors and actions will be taken.

3.3 Management of the Proceeds

The Finance Department will manage the proceeds from bond issuances / loan procurements under the Framework in its general account, and will make a list of “Eligible Project” to check and monitor an amount equal to the net proceeds from the bond issuances / loan procurements based on the Framework to applicable “Eligible Project”. Any funds pending allocation will be invested temporarily in cash and cash equivalents. To the extent possible, we will make efforts to allocate the amount equivalent to the net proceeds from green bonds / green loans by the next fiscal year after green bonds / green loans are issued / procured.

In case a project is cancelled or postponed, proceeds will be reallocated to projects that are in compliance with the Framework by the next fiscal year after we become aware of project divestment, postponement or ineligibility.

3.4 Reporting

We will strive to report on its website the allocation of the proceeds from green bonds / green loans and the environmental impact of “Eligible Project”.

The initial reporting will be made public by the next fiscal year after the green bonds / green loans are issued / procured. After the initial reporting, we plan to annually report on the allocation and impact until the amount equivalent to the net proceeds is fully allocated to “Eligible Project”.

Allocation Reporting

We will report on the allocation of proceeds from green bonds / green loans including following components, subject to applicable confidentiality obligations, to the extent feasible.

- The amount of allocation for each “Eligible Project” at the category level (the balance of any unallocated proceeds and information on how unallocated proceeds, if any, have been held in line with the guidelines set forth in the “Management of the Proceeds”);
- A brief description of “Eligible Project”.

Impact Reporting(Environmental Impact)

We will report on the following components, subject to applicable confidentiality obligations, to the extent feasible.

Eligible Category	Reporting Item
Development, Construction and Operation of Renewable Energy Project including Plant Construction, Power Generation, Power Transmission	<ul style="list-style-type: none">• Assumed generation capacity (MW)• Estimated annual reduction in CO₂ Emissions (t-CO₂)
Increase in Uses of Renewable Energy in our Electricity Consumption	<ul style="list-style-type: none">• Annual amount of renewable energy consumed (TJ)

4. External Review

4.1 Second Party Opinion

We have signed a contract with Sustainalytics to provide a Second Party Opinion (SPO) on the environmental and social benefits of the Framework. The SPO is available on our website.

Disclaimer

The information and opinions contained in this Green Finance Framework (the “Framework”) are provided as at the date of the Framework and are subject to change without notice. None of Toyota Tsusho Corporation or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. The Framework represents current Toyota Tsusho Corporation and its affiliates’ policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. The Framework is intended to provide non-exhaustive, general information. The Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Toyota Tsusho Corporation or its affiliates and accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by Toyota Tsusho Corporation or its affiliates as to the fairness, accuracy, reasonableness or completeness of such information. The Framework may contain statements about future events and expectations that are forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any green bonds / green loans (collectively “Green Finance”) funded under the Framework to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Green Finance should determine for itself the relevance of the information contained or referred to in this Framework or the relevant documentation for Green Finance regarding the use of proceeds and its purchase of Green Finance should be based upon such investigation as it deems necessary. Toyota Tsusho Corporation and its affiliates have set out our respective intended policy and actions in the Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with Green Finance. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such Green Finance if Toyota Tsusho Corporation or its affiliates fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in the Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on allocation of proceeds from Green Finance and environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Green Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Green Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Green Projects. Each environmentally focused potential investor should be aware that Eligible Green Project may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. The Framework does not constitute a recommendation regarding any securities of any of Toyota Tsusho Corporation or its affiliates. The Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by any of Toyota Tsusho Corporation or its affiliates. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any bonds should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions.