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Notice Regarding the Issuance of Sustainability-Linked Bonds

GS Yuasa Corporation (Tokyo Stock Exchange: 6674 “the Company”) announces that it has today submitted an amended shelf registration statement to the Kanto Local Finance Bureau regarding the issuance of Sustainability-Linked Bonds (Note 1) (“the Bonds”), the first such issuance for the Company, aiming to motivate the advancement of sustainability management and to promote sustainable economic activity and growth in terms of both the environment and society.

1. Purpose and background of the issuance of the Bonds

Positioning “committing to people, society, and the global environment” through the “Innovation and Growth” as its corporate philosophy, the GS Yuasa Group (“the Group”) is committed to utilizing advanced technologies developed in the field of stored energy solutions to deliver security and comfort to our customers around the globe, to make a real contribution to the global effort toward sustainability, and to grow corporate value.

As global efforts aimed at achieving a sustainable society gain momentum, the Company recognizes that the achievement of carbon neutrality is one of its most important management challenges. Now only has the Company included “Renewable – Making a genuine contribution to carbon neutrality” in its long-term vision, Vision 2035, it has also announced its “GY 2050 Carbon Neutrality Target,” aiming to achieve Scope 1 and 2 carbon neutrality by 2050.

In order to adapt to the social transformation with the shift to a decarbonized society (demands from stakeholders to reduce greenhouse gas emissions, addition of a carbon price for the use of fossil fuels, a shift from fossil fuels to renewable energy, etc.), the Company is continuing to improve energy management relating to its business activities and promoting reductions in greenhouse gas emissions.

In order to raise the funds needed to promote Sustainability Management and aim for the achievement of a sustainable society, the Company formulated its Sustainability-Linked Finance Framework (“the Framework”). By issuing the Bonds based on the Framework, the Company aims to further promote Sustainability Management and both achieve a sustainable society and improve the Company’s enterprise value.

2. Overview of the Bonds

Maturity (planned)	5 years
Issue amount (planned)	¥10bn
Issue timing (planned)	September 2024 or later
KPI	Reduction of CO ₂ emissions volume (total volume, Scope 1, 2)
Sustainability performance target (SPT)	21% or higher reduction in CO ₂ emissions volume in FY2027 (compared to FY2018) Observation date: September 29, 2028

Bond characteristics	If the SPT is not achieved, the Company will, on or before the redemption date, make a donation to an organization, etc. working to fight climate change or purchase emission credits (CO ₂ reduction value converted into credits or certificates) at an equivalent of 0.1% of the Bond issue amount
Lead managers	Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc.
Structuring agent (Note 2)	Nomura Securities Co., Ltd.

3. Calibration of SPT

The Company formulated its “GY 2030 Long-Term Greenhouse Gas Target,” aiming to reduce FY2030 CO₂ emissions (total volume, Scope 1 and 2) by at least 30% compared to FY2018, as part of its corporate responsibility in the shift to a decarbonized society, and in the issuance of the Bonds, has set “21% or higher reduction in CO₂ emissions volume in FY2027 (compared to FY2018)” as its SPT.

The GS Yuasa Group works toward achieving SPT by implementing “Promote energy-saving measures”, “Promote of generating renewable energy”, “Procure renewable energy”

4. Reporting

KPI results for the basis period and each fiscal year will be disclosed annually in integrated reports or on the Company’s website until the observation date for the set SPT.

Any information with the potential to impact achievement of the SPT (e.g. formulation of or amendment to sustainability strategy) will be disclosed in a timely manner.

5. Verification

The Company plans to have its KPI figures verified annually by an independent third party until the observation date for the set SPT. Verification results will be disclosed annually in integrated reports and on the Company’s website.

6. Obtaining of external review (second-party opinion)

Leading up to the issuance of the Bonds, the Company formulated a Sustainability-Linked Finance Framework and has obtained a second-party opinion from Japan Credit Rating Agency, Ltd. (JCR) regarding the compatibility of the Framework with the “2024 Sustainability-Linked Bond Principles” by the International Capital Market Association (ICMA), “2023 Sustainability-Linked Loan Principles” by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and the Loan Syndication & Trading Association (LSTA), and “2022 Sustainability-Linked Bond Guidelines” and “2022 Sustainability-Linked Loan Guidelines” by the Ministry of the Environment.

7. Reference

Sustainability-Linked Finance Framework

https://ir.gs-yuasa.com/en/ir/main/06/teaserItems1/0/linkList/0/link/SLB_framework_e.pdf

(Note 1) Sustainability-Linked Bonds

Sustainability-Linked Bonds refer to bonds with characteristics that change depending on whether the issuer is able to achieve a pre-set sustainability target. There is no need to place limits on the use of financed funds, but the issuer must commit to improvement of future results relating to sustainability (sustainability target) within a timeline set at bond issuance. Specifically, a key performance indicator (KPI) is set at bond issuance along with a sustainability performance target (SPT) stipulating a target value to achieve for the set KPI, and depending on whether the SPT has been achieved at a future evaluation of performance, the bond characteristics will change.

(Note 2) Structuring agent

A party that supports the execution of sustainable finance through advice regarding formulation of a framework for Sustainability-Linked Bonds and on obtaining external reviews including second-party opinion.