

NH Foods Ltd. (Sustainability Bond 2021)

Type of Engagement: Annual Review

Date: August 26, 2022

Engagement Team:

Kosuke Kanematsu, kosuke.kanematsu@sustainalytics.com, (+81) 3 4571 2277

Yukie Osari, yukie.osari@sustainalytics.com, (+81) 3 4520 2192

Introduction

In February 2021, NH Foods Ltd. (“NH Foods”) issued a sustainability bond aimed at financing or refinancing a project related to Green Buildings and Access to Essential Services (JPY 10 bn 10-Year Sustainability bond, hereinafter the “2021 Sustainability Bond”). As of June 30, 2022, the proceeds have been allocated to a project, which is aligned with the Eligibility Criteria. In August 2022, NH Foods engaged Sustainalytics to review the project funded through the 2021 Sustainability Bond and assess whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the NH Foods Ltd.’s Sustainability Finance Framework (the “Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from February 2021 to June 2022 based on whether the project:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators

Use of Proceeds	Eligibility Criteria	Impact indicators
Green Buildings	5 Stars under the DBJ Green Building Certification	<p>(During construction)</p> <ul style="list-style-type: none"> • Progress status of certification acquisition procedure <p>(After completion)</p> <ul style="list-style-type: none"> • List of environmental certifications • Amount of energy consumed • Volume of CO₂ emissions • Volume of water used
Access to Essential Services	<p>(Target Population 1) Disabled and aged people</p> <ul style="list-style-type: none"> • Multifunctional toilets • Car parks exclusively for wheelchair users • Spaces for spectators in wheelchair • Spaces for spectators accompanied by guide dogs • Slopes • Escalators on the main stairs of the third base Gate <p>(Target Population 2) Victims of natural disasters</p> <ul style="list-style-type: none"> • Stockpile warehouse 	<ul style="list-style-type: none"> • Size of car park for wheelchair users • Number of multifunctional toilets installed • Size of spaces for spectators in wheelchair • Size of spaces for spectators accompanied by guide dogs • Number of slopes installed • Number of escalators installed on the main stairs of the third base gate • Amount of emergency food, etc. stockpiled at stockpile warehouses

¹NH Foods Ltd. Sustainability Finance Framework (Japanese only) available at: https://www.nipponham.co.jp/files/user/20210201_01.pdf

	<p>(Target Population 3) Vulnerable groups of young people</p> <ul style="list-style-type: none"> • Free playground equipment for children • Multifunctional toilets • Slopes <p>(Target Population 4) Foreigners and other Minorities</p> <ul style="list-style-type: none"> • Multilingual signage for information boards in urban parks 	<ul style="list-style-type: none"> • Number of free playground equipment for children • Number of Multilingual signage for information boards in urban parks installed
--	--	--

Issuing Entity’s Responsibility

NH Foods is responsible for providing accurate information and documentation relating to the details of the project that have been funded, including description of project, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of NH Foods’ 2021 Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from NH Foods employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by NH Foods with respect to the project in the eligible categories. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by NH Foods.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond project, funded through proceeds of NH Foods’ 2021 Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. NH Foods has disclosed to Sustainalytics that the proceeds of the 2021 Sustainability Bonds were fully allocated as of June 30, 2022.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the 2021 Sustainability Bond from February 2021 to June 2022 to determine if project aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	The project reviewed (ES CON FIELD HOKKAIDO) complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the project funded by the 2021 Sustainability Bond from February 2021 to June 2022 to determine if the impact of project was reported in line with the impact indicators outlined in the Framework and above in Table 1. For a list of impact indicators reported, please refer to Appendix 2.	The project reviewed (ES CON FIELD HOKKAIDO) reported on impact indicators per Use of Proceeds criteria.	None

Appendix

Appendix 1: Allocation of Sustainability Bond Proceeds

Use of Proceeds Category	Project description	Net Bond Proceeds Allocation (million JPY)
Green Building + Access to Essential Services	Construction of a new baseball stadium ES CON FIELD HOKKAIDO in HOKKAIDO BALLPARK F VILLAGE	9,949
Allocated Proceeds³:		9,949
Unallocated Proceeds:		0
Net Proceeds from Sustainability Bond Issuance⁴:		9,949

Appendix 2: List of impact indicators

Use of Proceeds Category	Impact Indicators ⁵
Green Buildings	Achieved 5-star ranking under the DBJ Green Building certification system.
Access to Essential Services	The following facilities will be installed. ⁶ <ul style="list-style-type: none"> • Multi-purpose toilets • Car parks exclusively for wheelchair users • Viewing spaces for people in wheelchairs • Viewing spaces for people with guide dogs • Slopes • Escalator by the large staircase on the third-base side • Storage areas containing emergency food supplies • Free toys for children • Multilanguage signage in city parks

³ NH Foods has allocated all the amount to construction of a new baseball stadium ES CON FIELD HOKKAIDO through investment and loan to its affiliated company

⁴ Sustainability bond issuance amount of 10 billion JPY less issuance expenses

⁵ Impact Reporting by NH Foods is available at: <https://www.nipponham.co.jp/eng/ir/library/annual/>

⁶ While the Framework defines the number and size of facilities installed as the indicators for impact reporting for the category of Access to Essential Services, NH Foods has not reported on these indicators as ES CON FIELD HOKKAIDO is under construction (scheduled to be completed in January 2023) and there are no actual results for these indicators. NH Foods intends to report on the indicators in its impact reporting after the completion of construction

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

This document is translated from the Japanese language. In case of discrepancies between the Japanese language and translated versions, the Japanese language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

