

NH Foods Ltd.

Type of Engagement: Annual Review

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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 (the "Sustainability Bond"). In August 2021, NH Foods engaged Sustainalytics to review the project funded through the issued Sustainability Bond and provide an assessment as to whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the NH Foods Ltd. Sustainability Finance Framework (the "Framework")¹.

Evaluation Criteria

Sustainalytics evaluated the project funded as of March 31, 2021 based on whether the project:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

NH Foods is committed in the Framework, to allocate the proceeds to finance expenditures for construction of the new baseball stadium, ES CON FIELD HOKKAIDO that meets the eligibility criteria listed in table 1 below.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	5 Stars under the DBJ Green Building Certification	(During construction) <ul style="list-style-type: none"> • Progress status of certification acquisition procedure (After completion) <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	(Target Population 1) Disabled and aged people <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 • Escalators on the main stairs of the third base gate (Target Population 2) Victims of natural disasters <ul style="list-style-type: none"> • Stockpile warehouse (Target Population 3) Vulnerable groups of young people <ul style="list-style-type: none"> • Free playground equipment for children 	<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 • Number of free playground equipment for children

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

	<ul style="list-style-type: none"> • 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 Multilingual signage for information boards in urban parks installed
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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 the 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’s 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 Nominated Project. 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 Food.

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’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the project that have been funded, including description of the project, 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 the project.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the Sustainability Bond in 2021 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 Sustainability Bond in 2021 to determine if impact of project was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	<p>The project reviewed (ES CON FIELD HOKKAIDO) reported on KPIs per Use of Proceeds criteria.</p> <p>For the Access to Essential Services category, the Framework defines the number and size of facilities installed as KPIs for impact reporting. However, as ES-CON Field HOKKAIDO is under construction (scheduled to be completed in January 2023), NH Foods reported on each facility to be installed, not on the relevant KPIs. (Please refer to Appendix 2 for details)</p>	None

Appendices

Appendix 1: Allocation of Green Bond Proceeds

Project name	Level and type of green building certification	Equipment to be installed	Look-back period for refinancing	Net Bond Proceeds Allocation (million JPY)
ES CON FIELD HOKKAIDO	Achieved 5 Stars under the DBJ Green Building Certification	<p>Confirmed that the following equipment are planned to be installed.</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 • Stockpile warehouse • Free playground equipment for children • Multilingual signage for information boards in urban parks 	Confirmed that expenditures were made within 36 months of the issuance of the Sustainability Bond.	7,900

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	KPIs
Green Buildings	Achieved 5-star ranking under the DBJ Green Building certification system.
Access to Essential Services	<p>The following facilities will be installed.³</p> <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 and free toys for children • Multilanguage signage in city parks

³ While the Framework defines the number and size of facilities installed as KPIs for impact reporting for the category of Access to Essential Services, NH Foods has not reported on these KPIs as ES-CON Field HOKKAIDO is under construction (scheduled to be completed in January 2023) and there are no actual results for these KPIs. NH Foods intends to report on the KPIs in its impact reporting after the completion of construction.

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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.

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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. The firm 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. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

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