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Z Holdings Corporation

Z Holdings to Issue the Group's First Green Bonds Within Fiscal 2021

- Aimed to accelerate carbon neutral initiatives, including the construction of energy-efficient data centers

With the aim of accelerating its carbon neutral initiatives, Z Holdings Corporation (hereinafter "ZHD") has decided to issue the Group's first green bonds*1 within fiscal 2021, as a means of raising funds for projects that contribute to solving environmental issues.

ZHD will allocate the green bond proceeds to expenditures for constructing, refurbishing, acquiring and operating energy-efficient data centers with a PUE (Power Usage Effectiveness) *2 value of below 1.5, as well as to the procurement of renewable energy-based electricity to be used at data centers.

In preparation for the issuance of these green bonds, ZHD has developed a policy in its Green Bond Framework (hereinafter the "Framework") for the four components (1. Use of proceeds, 2. Process for project evaluation and selection, 3. Management of proceeds, 4. Reporting) prescribed in the Green Bond Principles of the International Capital Market Association (ICMA). The Framework is based on the ZHD Group's Basic Environmental Policy of "continuously implementing initiatives to conserve the global environment for future generations through the use of information technology."

The Framework has acquired a second-party opinion from Sustainalytics*3 on its alignment with the Green Bond Principles 2018 (ICMA) and Green Bond Guidelines 2020 developed by the Ministry of the Environment of Japan.

The global trend toward decarbonization is accelerating, with the Japanese government announcing, in April 2021, a new domestic CO2 reduction target for 2030 of 46% below the 2013 level. In addition, according to the Ministry of the Environment, the amount of green bonds and other bonds issued by Japanese companies in 2020 is 77 issues: JPY1.02 trillion,*4 surpassing the record high of 58 issues: JPY823.8 billion in 2019, and the amount of green bonds issued in Japan is increasing due to the expansion of ESG investment.

In order to reduce the environmental impact of its business activities, ZHD aims to pursue early membership in the global initiative, RE100*5. In January 2021, Yahoo Japan Corporation (hereinafter "Yahoo! JAPAN"), one of the core companies in the ZHD Group, set a goal of converting 100% of the electricity used in its business operations to renewable energy by fiscal 2023*6, with the aim of reducing greenhouse gas emissions, which are the cause of climate change and global warming. 95% of the electricity Yahoo! JAPAN uses in its business operations is consumed in its data centers, and part of the green bond proceeds is scheduled to be allocated to the procurement of renewable energy-based electricity to be used at data centers.

ZHD will continue to contribute to the realization of a sustainable society by promoting the introduction and expansion of the use of renewable energy throughout the Group.

Ryosuke Sakaue, Senior Managing Corporate Officer, GCFO (Group Chief Financial Officer), Z Holdings Corporation said: "ZHD upholds 'UPDATE THE WORLD - unleashing the infinite potential of all people with the power of information technology,' as its mission. We will also realize a sustainable society by opening up the future with our technological capabilities and continuously solving social issues. Yahoo! JAPAN, a core company of the ZHD Group, set a goal of converting 100% of the electricity used in its business operations to renewable energy by fiscal 2023. We have formulated a framework for issuing green bonds to accelerate our carbon neutral initiatives, including investment in energy efficient data centers and procurement of renewable energy. ZHD will continue to achieve sustainable growth by maintaining financial discipline and promoting investment for future growth toward the realization of a sustainable society."

■ Green Bond Framework (Excerpt)

<Use of proceeds>

The proceeds of the green bond will be allocated to new expenditures or refinancing relating to eligible projects that meet the eligibility criteria listed below. In the case of refinancing of existing expenditures, the use of proceeds will be restricted to expenditures including construction, refurbishment, and repair, made within five years prior to the green bond issuance.

Item	Project	Project Category	Four UPDATES	Alignment with the SDGs
Data Center	Construction, refurbishment, acquisition, or operation of data centers that achieve a Power Usage Effectiveness (PUE) of less than 1.5	Energy Efficiency	Working toward a Sustainable Society	7. Affordable and clean energy
Renewable Energy	Sourcing of electricity to be used for data center operation from renewable energy	Renewable Energy	Working toward a Sustainable Society	7. Affordable and clean energy

Please refer to the following for the details of the Green Bond Framework.

https://www.z-holdings.co.jp/wp-content/uploads/2021/06/ZHoldings_GreenBondFramework_ENG-1.pdf

■ ZHD's websites on Sustainability

- [Top page](#)
- [Environment - Dealing with Nature Capital](#)
- [ESG Data](#)
- [Acknowledgment as a Sustainable Company](#)

*1 Bonds issued by companies and local governments to raise funds for green projects in Japan and abroad.

*2 One of the indicators used to measure the energy efficiency of data centers, etc. A value closer to 1.0 is considered to be more efficient in terms of electricity use.

*3 Please refer to the following for the second-party opinion provided by Sustainalytics, an ESG ratings and analytics firm.

<https://www.z-holdings.co.jp/wp-content/uploads/2021/06/ZHoldingsCorporationGreenBondSecond-Party-Opinion-1.pdf>

*4 Source: [Ministry of the Environment "Market Status \(Domestic and Global\)"](#)

*5 RE100 is a global initiative operated by the Climate Group and CDP to promote 100% renewable energy in corporate activities.

*6 For details, please refer to ["Yahoo! JAPAN Declares 'FY2023 100% Renewable Energy Challenge.'"](#)

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