October 26, 2022

Company name: MEGMILK SNOW BRAND Co., Ltd.
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# Notice of Green Bond issuance

MEGMILK SNOW BRAND Co., Ltd.(the "Company") plans to issue Green Bond in the form of a public offering in the domestic market (the "Issuance"), and October 26, 2022, we hereby announce that we have submitted an amended shelf registration statement for the Issuance to the Director General of the Kanto Finance Bureau. This is our first issuance of Green Bond.

For the Issuance, we have developed the Green Bond Framework (the "Framework") in order to promote our efforts regarding ESG strategies and to make our efforts more widely known to not only bond investors but also other stakeholders.

The Framework is based on the "Green Bond Principles 2021" of the International Capital Markets Association (ICMA) and the "Green Bond Guidelines 2022" of the Ministry of the Environment, Japan (MOE). We have obtained a second-party opinion from Rating and Investment Information, Inc. (R&I), an independent external reviewer, on the alignment of the Framework with the guidelines mentioned earlier.

## 1. Background of the Issuance

The environment surrounding us is uncertain and challenging due to such factors as serious climate change caused by global warming. Against this backdrop, based on the aspiration of "*Kendo Kenmin*" (a healthy earth ensures human health)[*1], our group aims to solve various social issues of today by providing value created everywhere in the value chain related to the dairy business, and to build a sustainable society that can preserve a healthy and prosperous environment and bequeath it to future generations.

*1 *Kendo Kenmin*" is the founding spirit of our predecessor companies, Snow Brand Milk Products Co., Ltd. Dairy farming strengthen the soil, and that means the milk and dairy products produced from this rich earth are the ultimate nutritious food that can foster

healthy minds and resilient bodies. We believe that this is a major role we should play in society, and it is our raison d'etre and aspiration that has remained unchanged and consistent throughout the years.

2. Purpose of the Issuance

In order to grow sustainably together with society through our business activities, we have identified the material issues and sets KPIs (Key Performance Indicators) to promote sustainability management.

In order to further increase awareness of the our sustainability initiatives among all stakeholders, including bond investors, and to build a relationship of ongoing trust, we will raise the funds necessary for activities aimed at reducing environmental impact, one of the materiality issues, based on the Framework.

3. Outline of the Issuance

| | | |
|---|---|---|
| Name | MEGMILK SNOW BRAND Co., Ltd 2nd Series of Unsecured Corporate Bond(with inter-bond pari passu clause; Green Bond) | |
| Maturity | 5 years(scheduled) | |
| Timing | December 2022(scheduled) | |
| Amount | 5.0 billion yen(scheduled) | |
| Use of Proceeds*2 | Green Bond Principles Eligible Category | Eligible Criteria |
| | Renewable Energy | (1) Installation of facilities to convert biomass by-products generated in the process of recovering whey and whey's useful components into methane gas |
| | Pollution prevention and control | (2) Investment in wastewater treatment facilities that contribute to waste (sludge) reduction |
| | Sustainable management of living natural resources and land use | (3) Switch to environmental-friendly raw materials and reduce use of petroleum-derived plastics<br>・ Switching to environmental-friendly containers and packaging such as forest-certified paper and product cardboard<br>・ Switching to certified palm oil<br>・ Switching to biomass plastics and lightweight packaging materials |

| | |
|---|---|
| Lead Managers | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.<br>Mizuho Securities Co., Ltd.<br>Daiwa Securities Co. Ltd. |
| Structuring Agent*3 | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |
| Second-party opinion | We have obtained a second-party opinion from R&I, an independent external reviewer, on the alignment of the Framework with the Green Bond Principles 2021 (ICMA) and the Green Bond Guidelines 2022 (MOE). |

・For more information on the Framework, please refer to our website.
https://www.meg-snow.com/news/files/221026gbframework.pdf
・For more information on second-party opinions, please visit the R&I website.
https://www.r-i.co.jp/news_release_gf/2022/10/news_release_gf_20221026_jpn.pdf

*2 The funds will be allocated for the eligible criteria listed.

*3 A structuring agent is an entity that assist with the issuance of Green Bond by undertaking tasks such as drawing up the Framework for the bond issuance and obtaining a second party opinion.

4. Summary of Eligible Criteria

(1) Methane gasification facility for biomass by-products generated in the process of recovering whey*4 and whey's useful components

【Overview】

In order to make effective use of milk resources, we have begun studying new ways to utilize whey, and as part of this effort, a methane gasification facility will be installed at the Taiki Plant.

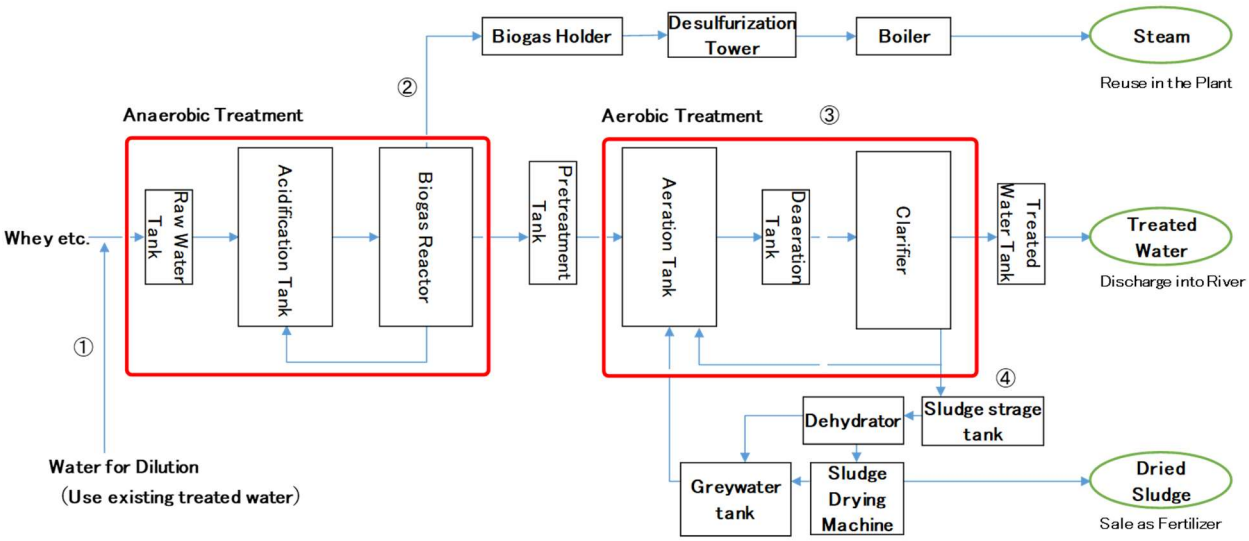
【Details】

a. Aiming to expand the use of whey, which is currently processed into powder and used as a raw material for powdered infant formula and confectionery ingredients, we have started specific studies to establish a technology to recover the useful components contained in whey in an optimal form for each application.
b. As part of these efforts, we will process the biomass by-products generated in the whey and useful ingredient recovery process through methane fermentation, and effectively utilize all of the methane gas generated as energy for the plant.
c. Through these efforts, we will make great strides in establishing technologies for new ways of using whey, and reduce the environmental burden by utilizing methane gas and reducing the large amount of water and $CO_2$ emissions used in

the processing of whey.

d. Although sludge is expected to increase with the conversion of biomass to methane gas, it is planned to be dried in a sludge drying machine and then sold as fertilizer. The sludge drying machine will be implemented as a project under the eligibility criteria "(2) Investment in wastewater treatment facilities that contribute to waste (sludge) reduction.

【Image of Methane Gasification Facility】




① Whey and by-products after extraction of useful components from whey are diluted with existing aerobic treatment[*5] water and then treated anaerobically[*6].

② Methane gas generated from the anaerobic treatment is stored in biogas holder and converted to steam in a boiler to be used as energy in the plant.

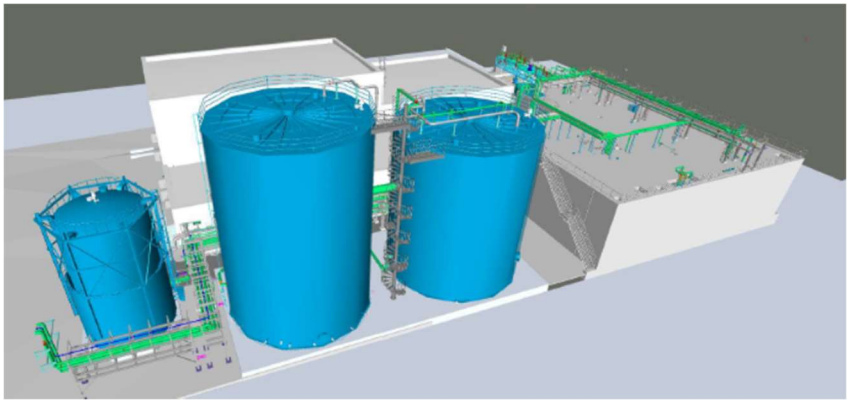
③ The anaerobic treated water is discharged into the river after wastewater treatment at the aerobic treatment facility to be newly constructed in the subsequent process.

④ Excess sludge generated from aerobic treatment is sold as fertilizer after dehydration and drying.

*4 Whey is a byproduct of cheese production and is also called whey.

*5 Oxygen-loving microorganisms are used in aerobic treatment.

*6 Anaerobic treatment is performed by microorganisms that do not like oxygen.



【Reference】

This facility has been certified by the Ministry of Agriculture, Forestry and Fisheries (MAFF) as a "Business Adaptation Plan under the Industrial Competitiveness Enhancement Act" as a facility that will both create added value and reduce environmental impact by reducing energy consumption and $CO_2$ emissions.

For details, please refer to the website of MAFF.

https://www.maff.go.jp/j/press/chikusan/c_gyunyu/220805.html

(2) Investment in wastewater treatment facilities that contribute to waste (sludge) reduction

【Overview】

At our company, the greatest waste byproduct at plants is the polluted sludge emitted from waste water treatment.

We are working to reduce sludge by increasing the capacity of wastewater treatment facilities and installing new facilities.

【Details】

| Location | Details |
|---|---|
| Isobunnai Plant<br>Taiki Plant | Upgrade wastewater treatment facilities to reduce excess sludge generation and reduce sludge. |
| Noda Plant | Reduce sludge by installing sludge volume reduction equipment that reduces the volume of sludge through self-digestion. |
| Taiki Plant | A dryer that can dry sludge with less energy is introduced, and the dried sludge is sold as fertilizer. |

【Image of Sludge Dryer】

(3) Switch to environment-friendly raw materials and reduce plastic usage

【Overview】

We have positioned the sustainable use of resources as a priority theme and will work to reduce our environmental impact.

【Details】

a. Switch to environmental-friendly containers and packaging such as forest-certified paper and product containers. We have adopted forest certified paper such as PEFC, an international forest certification system, for product containers such as "Oishii Megmilk Snow Brand Milk".
b. In July 2018, we joined the RSPO in support of its aim to develop a healthy palm oil industry. We have started switching to certified oil and will increase the rate of use.
c. Aiming to reduce environmental impact by reducing the use of petroleum-based plastics, we are working to reduce the weight of plastics used for product containers and packaging. We have also begun to consider switching to biomass plastics.