

## Z Holdings Corporation Green Bond Framework

### 1. Introduction

Z Holdings Corporation (hereinafter “Z Holdings,” the “Company”) has formulated the Green Bond Framework (hereinafter “Framework”) as follows, and will issue green bonds under this Framework. The Framework has acquired a second-party opinion from Sustainalytics on its alignment with the Green Bond Principles 2018 (ICMA) and Green Bond Guidelines 2020 developed by the Ministry of the Environment of Japan.

#### 1.1 Outline of the issuer

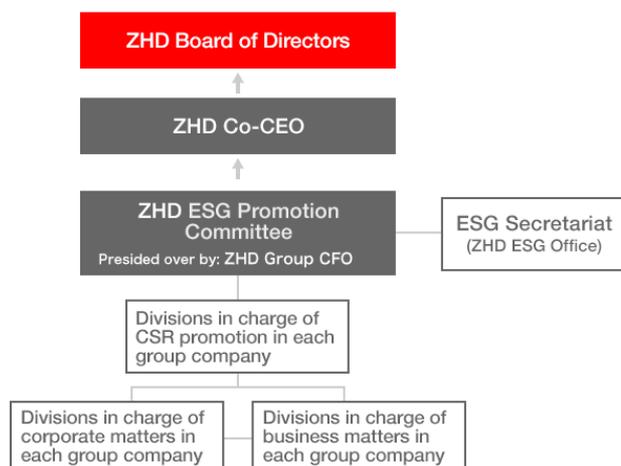
The Z Holdings Group has two reporting segments: Commerce Business and Media Business. The Commerce Business plans and provides products and services, and payment and financial services via the Internet, mainly to small and medium-sized companies and individuals. The Media Business mainly plans and operates services for planning, selling, and posting advertising products, provides information posting services, and provides other services for corporations.

#### 1.2 Sustainability measures

##### 1.2.1 Basic policy

While continuing to engage in dialogue with its stakeholders, Z Holdings will fulfill its social responsibilities and aim for sustainable development of society and environment.

##### 1.2.2 Promotion structure



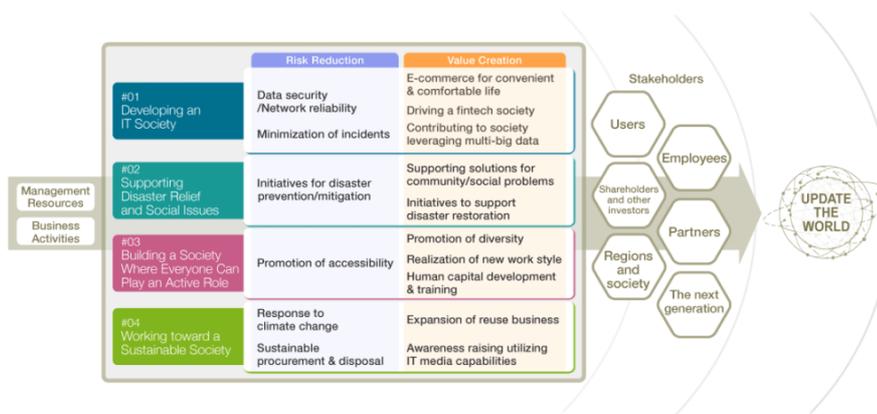
##### 1.2.3 Our four UPDATES

The Company redefined the areas where it needs to focus on as the “Four UPDATES.” In each area, we have categorized our focus areas in terms of “risk reduction and value creation” and clearly indicated how we can provide value to our stakeholders.

The Z Holdings Group will continue to contribute to the development of a sound and healthy IT

society, an essential social infrastructure, to make the world more prosperous and convenient. A robust security system is crucial in developing an IT society. We will contribute to the advancement of security technology, and for our services, we will protect our customers' information from leaks, provide services 24 hours a day, 365 days a year and ensure that the content is protected from destruction and falsification (# 1 Developing an IT Society). In addition, as a company that leads the IT society, we will focus our efforts in responding to various natural disasters which are expected to increase both in intensity and frequency in the future. More specifically, we will provide information on disaster prevention and mitigation before disasters strike, as well as real-time information during disasters. We will do our utmost to provide post-disaster reconstruction relief and assistance to solve other social issues (#2 Supporting Disaster Relief and Social Issues).

On the other hand, we cannot deny that a more prosperous and convenient IT society may widen the gap between those who have access to technologies and those who don't. It may also bring about major transformations to society where adapting becomes difficult. In such a society, we aspire to see that nobody is left behind, that all persons regardless of their status will be treated with dignity and respect, so that each individual can work with enthusiasm and maximize their performance (#3 Building a Society Where Everybody Can Play an Active Role). Also, the society we are aspiring to create must not deplete natural resources or be achieved at the expense of something else. The Z Holdings Group will work to ensure that we can pass on a society that is sustainable to our children and future generations (#4 Working toward a Sustainable Society).



Overall Picture of Our Four UPDATES and Contribution to the SDGs  
 \*The numbers and colors in the picture coincide with the 17 SDG icons.



### 1.3 Basic Environmental Policy

The Z Holdings Group, comprised of Z Holdings Corporation and its subsidiaries and affiliates, will continue to implement initiatives to conserve the global environment for future generations through the use of information technology. For this, we will strive to:

#### 1. Realize a low-carbon society

We will set medium-term environmental load reduction targets and work with the supply

chain to achieve these targets.

## **2. Conserve natural capital**

- We will consider the impact of our business on the ecosystem and strive for sustainable procurement, waste management, and conservation of water resources and biodiversity.
- We will support efforts to preserve the global environment.

## **3. Fulfill legal compliance and international responsibilities**

- We will place importance on environmental issues and strive to reduce risks.
- We will comply with domestic laws and regulations related to environmental conservation.
- We will support international environmental initiatives and work in collaboration with the international community to combat climate change.

## **4. Cooperate with the society through our services**

- In response to natural disasters associated with climate change, we will collaborate with the society through cooperation with local municipalities and disaster prevention/mitigation services, etc.
- We will expand and enhance our recycling-oriented services to realize a sustainable society.

## **5. Educate and enlighten our employees to create the future**

We will educate and enlighten our employees so that they understand the importance of environmental issues, and are able to improve services and create environmentally friendly innovations.

### **1.4 Climate change strategies**

#### **1.4.1 Policy for addressing climate change**

A healthy global environment is the basis on which people's lives and society function. Without it, there can be no development of an information technology society. The Z Holdings Group strives to address climate change by setting goals in terms of "mitigation" and "adaptation." In terms of "mitigation," we carry out various initiatives to reduce the emission of greenhouse gas (GHG), which is the cause of climate change and global warming. In terms of "adaptation," we take measures based on an outlook that global warming will continue for the time being. In particular, we address increasingly intensifying disasters as a priority area, along with BCP. Going forward, we intend to engage in further measures such as adopting eco-friendly and clean energy initiatives at our data centers and carrying out ethical consumption.

#### **1.4.2 Climate change risks and opportunities**

##### **(1) Endorsement of TCFD recommendations**

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), an international body participated by central banks and financial supervisory agencies of major countries, issued a recommendations report stating to "support companies that disclose information on risks and opportunities relating to climate change" in June 2017. In June 2020, the Z Holdings Group declared that it supports the recommendations, and officially joined the supporters. Referring to these recommendations, the Z Holdings Group also undertook the analysis of possible scenarios and summarized the risks and opportunities identified. Moving on, we will continue to make disclosures on governance, strategies, risk management, and indices and targets relevant to climate-related risks and opportunities.

(2) Response to climate change

The Z Holdings Group aims to reduce CO<sub>2</sub> emissions per revenue by 50% from FY2008 levels (45,181t-CO<sub>2</sub>/JPY265,754 million) by FY2028.

**1.4.3 Response to third-party verification and external evaluation agencies**

(1) Third-party verification of greenhouse gas emissions and energy consumption volumes

In order to ensure high reliability of our reported environmental data, Yahoo Japan Corporation (hereinafter “Yahoo! JAPAN”), along with its parent company SoftBank Corp., underwent ISO14064-3-compliant third-party verification for objective evaluation of our environmental data.

The verification was conducted at the “limited assurance level” and covered Yahoo! JAPAN (including its overseas bases) and its parent company SoftBank Corp. (including its base stations) for Scopes 1 and 2, and SoftBank Corp. for Scope 3.

For fiscal 2019, the verification was conducted with respect to greenhouse gas emissions and energy consumption volumes under Scopes 1 and 2, and greenhouse gas emissions under Scope 3 (Categories 1 – 8, 11 – 12, and 14). As a result, there was no item that was found to be “non-compliant with the calculation rules and not accurately calculated.”

Going forward, we will expand the scope of activities and organizations to be covered by verification.

(2) Information disclosure to CDP

Yahoo! JAPAN (currently, the Z Holdings Group) discloses information on the group’s environmental impact to CDP, an international NGO that runs a global information disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

**1.5 Declaration of “FY2023 100% Renewable Energy Challenge”**

In the efforts to reduce its impact on the environment, the Z Holdings Group aspires to meet the RE100 goals across the Group and declares its commitment to the “FY2023 100% Renewable Energy Challenge,” which aims to achieve the shift to 100% renewable energy for electricity used for business operations such as in data centers by fiscal year 2023. While many companies have set out medium- to long-term goals of achieving 100% renewable energy by 2040 or 2050, Yahoo! JAPAN is aiming to achieve this goal in a short period of approximately three years.

**1.6 Significance of issuing green bonds**

Z Holdings regards the issuance of green bonds as an opportunity to reiterate its commitment to its stakeholders – customers, shareholders, investors, employees, communities, business partners, and the global environment – by raising funds to promote our CSR activities while addressing environmental issues and responding to risks and opportunities.

## 2. Green bond framework

### 2.1 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

### 2.2 Exclusionary criteria

The proceeds of the green bonds will not be allocated to projects related to the following:

- Inappropriate relationships, including unfair business practices not complying with the laws and regulations of the country where the project is located, bribery, corruption, extortion and embezzlement.
- Transactions that may cause human-right, environmental, or other social issues.

### 2.3 Process to mitigate environmental and social risks

In implementing projects, Z Holdings will comply with environmental laws and regulations and agreements with the local community throughout the execution and duration of the projects and follow its compliance guidelines to ensure that it acts with integrity and in conformity with social ethics.

### 2.4 Process for project evaluation and selection

The eligible projects will be selected by the Company's department in charge of finance, seeking advice from the department in charge of ESG and the System Management Group of Yahoo Japan Corporation, and finally approved by the Senior Managing Corporate Officer. In implementing projects, we are committed to adhering to relevant laws and regulations and

complying with the Charter of Corporate Behavior, which stipulates principles to be observed in order to act with integrity and in accordance with social ethics.

## 2.5 Management of proceeds

Z Holdings' department in charge of finance will manage the allocation of green bond proceeds using its internal management system until the redemption of the bond. Pending full allocation, the proceeds will be held in cash or cash equivalents.

## 2.6 Reporting

### 1. Allocation reporting

Until the proceeds are fully allocated to eligible projects, Z Holdings will annually report on, while maintaining the confidentiality of the projects, the status of the proceeds, (project category, overview of project including its progress, and allocated/unallocated amounts) on the Company's website to the extent practicable. If there are any unallocated proceeds, Z Holdings will disclose the allocation schedule and the management method to the extent practicable.

Moreover, when refinancing an asset that requires long-term maintenance through the issuance of multiple green bonds, the Company will disclose, to the extent practicable, the asset's age, remaining useful life, and the amount to be refinanced at the time of the issuance of the green bond.

In case of significant events that may cause major changes after the full allocation, the Company will disclose it in a timely manner.

### 2. Impact reporting

In addition to the allocation reporting above, Z Holdings will report, to the extent practicable, the following quantitative indicators of environmental improvement on the Company's website. Prior to the launch of eligible projects, we will disclose estimated values of the indicators.

Item	Project	Reporting Items
Data Center	To be allocated to expenditures for the construction, refurbishment, acquisition, or operation of data centers that achieve a Power Usage Effectiveness (PUE) of less than 1.5	· PUE values
Renewable Energy	Sourcing of electricity to be used for data center operation from renewable energy	· Amount of electricity procured (kWh)

## 2.7 External review

### 2.7-1 Second-party opinion

Before issuing the green bond, the Company acquired an external evaluation from Sustainalytics to review the alignment of this Green Bond Framework with the relevant criteria: Green Bond Principles 2018 (ICMA) and Green Bond Guidelines 2020 developed by the Ministry of the

Environment of Japan.

#### **2.7-2 Annual review**

Before the first anniversary of the green bond issuance date, Z Holdings will obtain a review from Sustainalytics, an independent external review provider, to assess whether the reporting of the eligible projects aligns with the Company's Green Bond Framework. This review will be conducted annually until the full allocation of the proceeds from the green bond.

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.