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Mitsubishi Chemical Holdings Concludes Agreement with DBJ on Sustainability Linked Loan with Engagement Dialogue

Mitsubishi Chemical Holdings Corporation

Mitsubishi Chemical Holdings Corporation (MCHC; Head office: Chiyoda-ku, Tokyo; President: Hitoshi Ochi) has concluded a loan agreement with the Development Bank of Japan (DBJ; Head office: Chiyoda-ku, Tokyo; President: Hajime Watanabe) on a DBJ Sustainability Linked Loan with Engagement Dialogue (DBJ-SLL). This is the DBJ's first implementation of DBJ-SLL.

By linking the degree of achievement of a borrower's ESG-related targets (sustainability performance targets or SPTs) with borrowing terms, DBJ-SLLs encourage corporate activity aimed at achievement of the borrower's targets.

In the MCHC Group's medium- to long-term basic management strategy, KAITEKI Vision 30, which was formulated by backcasting from its vision for society in 2050, MCHC compared its mission and values with the UN Sustainable Development Goals and megatrends, and designated social issues that the Group should help resolve. Based on these factors, MCHC selected business domains including GHG reduction and carbon recycling, and is making group-wide efforts to provide solutions aimed at addressing these issues.

For this DBJ-SLL, the DBJ has evaluated quantitative targets relating to projects aimed at pioneering chemical recycling in the carbon recycling business domain as SPTs. Such chemical recycling will provide concrete solutions that address the issue of plastic waste and other problems.

By pursuing business development in areas such as GHG reduction and carbon recycling that contribute to solutions to social issues, the MCHC Group will continue contributing to the creation of a sustainable society.

Overview of DBJ-SLL

Date agreement concluded	November 30, 2020
Agreement period	10 years
Loan amount	30 billion yen

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Reference: Internal Review

Selection of internal review

Following discussion between MCHC and the DBJ, an internal review was selected as the method for checking compliance with SLL principles and Ministry of Environment guidelines when implementing the DBJ-SLL.

Outline of SPTs

The SPTs set indicators to measure progress on chemical recycling projects contributing to resolution of problems such as plastic waste.

Internal expertise relating to SPTs

The MCHC Group aims to realize KAITEKI, an original concept expressing the sustainable well-being of people, society and our planet earth. To this end, it promotes KAITEKI Management to enhance corporate value from a sustainability perspective under a structure focused on the KAITEKI Promotion Committee (membership: MCHC Corporate Executive Officers, Chief Sustainability Officers from four operating companies, a member of the MCHC Audit Committee, and others), with the MCHC Corporate Executive Officer, President and CEO in advisory roles. In May 2019, MCHC also established the Circular Economy Promotion Committee to discuss ways of simultaneously generating economic value and social value and creating an optimal sustainable society. In this way, it has built systems for promoting specific themes on a group-wide basis.