

# Toyota Leasing (Thailand) Company Limited

**Type of Engagement:** Annual Review

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## Introduction

In 2024, Toyota Leasing (Thailand) Company Limited (“TLT”, or the “Company”) issued one tranche of social bond amounting to THB 1,000 million (the “Social Bond”) to refinance the existing loans and leases for Toyota vehicle models provided to low-income earners. In 2024, TLT engaged Sustainalytics to review the projects financed with proceeds from the Social Bond (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in TLT’s Sustainable Financing Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in December 2023.<sup>2</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Access to Essential Service – Financing the underserved</b>	<p>Financing and/or refinancing of selected pools of loans and leases to Toyota vehicle models that are funded, in whole or in part, by TLT and that meet the following Eligible Social Criteria</p> <ol style="list-style-type: none"> <li>i. Vehicle financing for low-income earners<sup>3</sup> or small-scale farmers<sup>4</sup></li> </ol>	<ol style="list-style-type: none"> <li>i. Number of individuals provided with access to financial services for the vehicles financed and/or refinanced by the social or sustainable financing proceeds</li> <li>ii. Number of small-scale farmers provided with access to financial services for the vehicles financed and/or refinanced by the social or sustainable financing proceeds</li> </ol>

<sup>1</sup> TLT, “Sustainable Financing Framework”, (2023), at: [https://www.tlt.co.th/download/TLT\\_Sustainable\\_Financing\\_Framework\\_Dec2023.pdf](https://www.tlt.co.th/download/TLT_Sustainable_Financing_Framework_Dec2023.pdf)

<sup>2</sup> TLT, “Second-Party Opinion, TLT”, (2023), at: [https://www.tlt.co.th/download/TLT\\_Second-Party\\_Opinion\\_Dec2023.pdf](https://www.tlt.co.th/download/TLT_Second-Party_Opinion_Dec2023.pdf)

<sup>3</sup> The Framework defines Low-income earners, as people earning less than 80% of Thailand’s median income, in accordance with the World Bank calculation (<https://pip.worldbank.org/poverty-calculator?src=THA>).

<sup>4</sup> Small-scale farmers, defined as 1) being farmer registered with the Ministry of Agriculture and Cooperatives and 2) earning less than 80% of Thailand’s median income, in accordance with the World Bank calculation.

## Issuer’s Responsibility

TLT is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from TLT’s Social Bond. The work undertaken as part of this engagement included collection of documentation from TLT and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by TLT. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by TLT.

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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>5</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. TLT has disclosed to Sustainalytics that the proceeds from the Social Bond were fully allocated as of 31 January 2024.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

<sup>5</sup> Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendix

### Appendix 1: Allocation and Reported Impact

In January 2024, the Company issued one tranche of Social Bond amounting to THB 1,000 million. The proceeds were fully allocated as of 31 January 2024 to refinance<sup>6</sup> the existing loans and leases for Toyota vehicle models provided to low-income earners<sup>7</sup> within a three-year look-back period before the settlement of the Bond.

**Table 3: Allocation and Reported Impact by Eligible Social Category**

Use of Proceeds Category	Impact Reported	Total contracts	Net Proceeds Allocation (THB million)
<b>Access to Essential Service – Financing the underserved</b>	2,211 individuals <sup>8</sup> were provided with access to financial services for the vehicles refinanced by the social financing proceeds	2,211	1,000
<b>Total Proceeds Allocated</b>			1,000

<sup>6</sup> 100% of the net proceeds allocation went into refinancing.

<sup>7</sup> Low-income earners are defined as people earning less than 80% of Thailand’s median income, according to the World Bank calculation for 2021 of THB 11,039 per month.

<sup>8</sup> TLT has confirmed to Sustainalytics that the low-income earners are between THB 5,000 to THB 11,037 per month, which is within the low-income criteria as per the Framework.

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