

March 24, 2020

To whom it may concern

Sumitomo Mitsui Trust Bank, Limited



Notice regarding the Conclusion of a Positive Impact Finance (with unspecified use of funds)
Loan Agreement (with Sumitomo Metal Mining Co., Ltd.)



Sumitomo Mitsui Trust Bank, Limited (President: Masaru Hashimoto; hereinafter “SuMi TRUST Bank”) and Sumitomo Metal Mining Co., Ltd. (President and Representative Director: Akira Nozaki; hereinafter “SMM”) concluded a “Positive Impact Finance (with unspecified use of funds)” loan agreement (hereinafter “this agreement”) that is in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environmental Programme Finance Initiative (hereinafter “UNEP FI”) (*2).










Positive Impact Finance (hereinafter “PIF”) is a loan intended to provide continuous support to the corporate activities that we comprehensively analyze and evaluate the impacts (both positive and negative) of corporate activities on the environment, society and economy. The most notable feature of the loan is that the degree of contribution from corporate activities, products and services in achieving the corporates’ Sustainable Development Goals (SDGs) is used as evaluation indicators and disclosed as information. This is the world’s first PIF agreement as a USD denominated syndicated loan.

SuMi TRUST Bank fully supports the following initiatives of SMM and assessed them both qualitatively and quantitatively as initiatives that particularly have impact on achieving SDGs.

- SMM is aiming to be “a world leader in the non-ferrous metals industry” by leveraging their competitive edge, a strength driven by collaboration between the three business segments of mineral resources, smelting/refining, and materials. To achieve this goal, SMM has developed and publicly announced “Vision for 2030” in March 2020 (*3). (As for connections with SDGs that also set 2030 as the target year, SMM identified 9 goals out of SDGs that have strong relevance with their material issues and further set Goal 12 “Responsible Consumption and Production” as the most important goal.)
- SMM manages environmental and social issues in line with their CSR Policy which reflects the 10 basic principles of the International Council on Mining & Metals. SMM is also addressing issues in the supply chain based on the “SMM Group Responsible Mineral Sourcing Policy” which mainly reflects recommendations of the Organization for Economic Co-operation and Development’s (OECD’s) “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.
- Given their technological know-how that contributes to stable supply of non-ferrous metals which at the same time elevates efficient use of resources, SMM is striving to positively impact the environment and society with technology and products by, for example, aiming to expand supply of nickel to help further boost the uptake of electric vehicles.

Theme	Content	KPI (Indicator and goal)	SDGs
Contributing to resolve social challenges with technology and products	•Promote copper mine projects, secure new superior copper and gold resources, promote nickel ore projects	•As the world’s leader in the non-ferrous metals industry, quickly achieve copper production level of 300,000 tons/year from interests and nickel production of 150,000 tons/year	 

	<ul style="list-style-type: none"> • Improve productivity by introducing new technology • Develop a technology to make use of impurities and unused non-ferrous metal resources • Recover non-ferrous metals from hard-to-process resources and recycling • Develop and stably supply new products that contribute to the society by applying SMM's strengths 	<ul style="list-style-type: none"> • Quickly develop and demonstrate a technological process for retaining impurities • Commercialize technology for recycling automotive lithium-ion batteries by 2022 • Research, develop, and commercialize new advanced materials in the fields of energy, automobiles (NiO for fuel cells), and telecommunications • Maintain leading global share in the expanding cathode materials market • Help reduce GHGs* by 600,000t-CO2 by 2030 with products that contribute to a low-carbon society 	
Environmental conservation	<ul style="list-style-type: none"> • Reduce GHG emissions • Promote improvements by using risk and environmental management systems • Reinforce and improve equipment and infrastructure to address increases in sources of natural risk • Optimize water use and reduce emissions of hazardous substances into the atmosphere and waterways 	<ul style="list-style-type: none"> • Formulate a plan by 2030 to “reduce GHG emissions to zero” in the second half of this century • Keep 2030 total GHG emissions below that of FY2013 • Cut 2030 GHG emissions intensity by at least 26% compared to FY2013 • Zero serious environmental accidents every fiscal year • Reduce emissions of hazardous substances year on year 	
Occupational health and safety of employees	<ul style="list-style-type: none"> • Prevent occurrence of occupational accidents • Prevent occurrence of occupational diseases 	<ul style="list-style-type: none"> • Zero serious accidents every fiscal year (in Japan and overseas, including contractors) • Year-on-year reduction across all accidents through 2030 (with ultimate goal of zero) 	

		<ul style="list-style-type: none"> • Year-on-year reduction in the number of tasks that present higher health risks • Continue to maintain zero occurrence of occupational diseases 	
Job satisfaction among employees	<ul style="list-style-type: none"> • Promote work style reforms and create workplaces that make use of digital technology to enable diverse human resources play vibrant and active roles • Support mental and physical health of employees • Diversify opportunities to enhance employee capabilities in light of their personal and occupational needs 	<ul style="list-style-type: none"> • Improve employee awareness survey scores • 50 female managers by 2030 (SMM employees) • Increase employment rate of disabled persons to at least 3% • Expand the number of foreign national career-track employees (group-wide) • Halve the number of people found to “require support” in stress checks by 2030 (vs. Mar 2020) • ”Percentage of employees with abnormal findings” in health checkups in 2030: 50% or lower 	  
Co-existence with local communities	<ul style="list-style-type: none"> • Support the local communities through employee participation, local hires, local procurement, and disaster relief • Support the next-generation, people with disabilities, and the elderly • Understand and respect indigenous peoples, their traditions and culture 	<ul style="list-style-type: none"> • Implement employee participation programs and programs for nurturing the next generation (at least once a year) • Establish and award scholarships in Japan and overseas in 2023 (maintain existing overseas scholarships) • Raise percentage of SMM group sites implementing in-house education on indigenous peoples to 100% by FY2023 end 	  
Consideration of human rights in the supply chain	<ul style="list-style-type: none"> • Promote CSR sourcing, and in particular, responsible mineral sourcing 	<ul style="list-style-type: none"> • Establish a responsible mineral sourcing management system in line with international standards by FY2021 end 	  

		<ul style="list-style-type: none"> • Maintain zero mines and smelters complicit in child labor or other infringements of human rights in the supply chain every year • Have 100% all business partners receive and agree to the “SMM Group Responsible Mineral Sourcing Policy” by FY2030 end 	
--	--	---	--

*Greenhouse gases

This agreement has obtained a third-party opinion (*4) from Japan Credit Rating Agency, Ltd. (President: Shokichi Takagi) regarding compliance of the procedures related to this agreement’s evaluation to the Principles as well as the rationality of the evaluation indicators.

SuMi TRUST Bank set up an “ESG•SDGs support credit facility” with a total loan commitment of JPY 50 billion that offers a preferential interest rate to support clients that are promoting ESG/SDGs initiatives. Further, as a signatory of the Principles for Responsible Banking (*5), we will continue making efforts in contributing to boost our clients’ corporate value over the medium to long term through PIF.

End

(*1) The Principles for Positive Impact Finance

The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving the SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs. Banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase positive impact and reduce negative impact.

The lending bank, as a responsible financial institution, will check if the impact is continuing or not by monitoring the indicators.

(*2) The United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme (UNEP) is an executive body for implementing the “Human Environment Declaration” and the “International Environmental Action Programme”, established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.

(*3) For SMM’s HP, please visit:

<https://www.smm.co.jp/news/release/2020/03/post-1663.html>

(*4) For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

<https://www.jcr.co.jp/en/>

(*5) The Principles for Responsible Banking

The Principles for Responsible Banking was developed by a core group of 30 founding banks through an innovative global partnership between banks and UNEP FI. The unique feature is that impact assessment focusing on impact that corporate activities, products and services have on the environment and society is used for making investment and lending decisions. Sumitomo Mitsui Trust Holdings, Inc. (Director, President: Tetsuo Okubo) became a signatory on September 22, 2019.

For more information, please visit:

<https://www.unepfi.org/banking/bankingprinciples/>

For further information, please contact:

IR Department, Sumitomo Mitsui Trust Holdings, Inc.

Telephone : +81-3-3286-8354