

August 29, 2022

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 Rubber Industries, Ltd.)

Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter “SuMi TRUST Bank”) concluded a “Positive Impact Evaluation” (hereinafter “this evaluation”) and “Positive Impact Finance (with unspecified use of funds)” loan agreement (hereinafter “this agreement”) with Sumitomo Rubber Industries, Ltd. (President & Representative Director, President and CEO: Satoru Yamamoto; hereinafter “Sumitomo Rubber Industries”), in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (*2).

Positive Impact Finance (hereinafter “PIF”) is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature of PIF is that the degree of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) is used as an evaluation indicator and monitored based on publicly disclosed information, and that we support corporations’ activities to achieve these goals through engagement.

In this evaluation, SuMi TRUST Bank chose "Creating a low-carbon society" as one of the themes that have an environmental impact, and set CO₂ reduction as an evaluation indicator. SuMi TRUST Bank considers this agreement to be finance that contributes to Japan's actions to address climate change, and will receive funds through the Bank of Japan's "Funds-Supplying Operations to Support Financing for Climate Change Responses (*3)" (commonly known as "Green Operation").

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

Through providing PIF and other solutions for sustainability businesses, we will continue to support clients’ business activities that contribute to the achievement of the SDGs and contribute to the enhancement of their corporate value over the medium to long term.

【About Sumitomo Rubber Industries】

For many years, Sumitomo Rubber Industries has operated its businesses, placing the tire business as its core business. The Group has been providing lineup of products that possesses cutting-edge environmental and safety technology throughout the world. By promoting golf goods and tennis equipment, the group has an established position in the sports business. Furthermore, the industrial and other product division manufactures and sells a wide range of products founded on the proprietary rubber technology accumulated in the tire business.






The Sumitomo Rubber Group sets the corporate philosophy, “Our Philosophy,” as the foundation for all decision-making, and sets the Purpose, “Through innovation we will create a future of joy and well-being for all,” as the impetus for all corporate actions and management. Realizing its Sustainability Guidelines “GENKI,” which stands for five basic categories: “Green (Green initiative)”, “Ecology (Ecological process)”, “Next (Next generation product development)”, “Kindness (Kindness to employees,)” and “Integrity (Integrity for stakeholders),” Sumitomo Rubber Group is aiming to contribute to the development of sustainable society through its businesses.









【Overview of this Agreement (Syndicated Loan)】





Date of Agreement	August 29, 2022
Arranger/Agent	SuMi TRUST Bank
Lenders	The Norinchukin Bank, The San-in Godo Bank, Ltd., The Chiba Bank, Ltd., Japan Post Bank Co., Ltd., The Gunma Bank, Ltd., Kansai Mirai Bank, Limited, The Shizuoka Bank, Ltd., The Joyo Bank, Ltd., and SuMi TRUST Bank
Other	SuMi TRUST Bank and other lenders consider this agreement to be finance that contributes to Japan's actions to address climate change, and will receive funds through the Bank of Japan's "Funds-Supplying Operations to Support Financing for Climate Change Responses" (commonly known as "Green Operation").

【Overview of Positive Impact Evaluation】

In concluding this agreement, SuMi TRUST Bank assessed the following initiatives of Sumitomo Rubber Industries both qualitatively and quantitatively as initiatives that particularly have an impact on achieving SDGs.

Theme	Content	Goals and Indicators (KPI)	SDGs
Ecological process	<ul style="list-style-type: none"> Development of environmentally friendly products and implementing global environmental management based on its Environmental Policy 	<p>a. Creating a Low-Carbon Society (Goals)</p> <ul style="list-style-type: none"> Reduce Scope 1 & 2 CO₂ emissions by 50% by 2030 (compared to FY2017) Achieve carbon neutrality in 2050 (Indicator (KPI)) <p>Reduction in Scope 1&2 CO₂ emissions</p> <p>b. Building a Recycling-Oriented Society (Goal)</p> <ul style="list-style-type: none"> Continue to achieve complete zero emissions at 23 production bases (*) <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> The status of continuing achieving complete zero emissions at 23 production bases <p>(*)Shirakawa Factory, Nagoya Factory, Izumiotsu Factory, Miyazaki Factory, Kakogawa Factory, Ichijima Factory, Indonesia Factory, Changshu Factory, Hunan Factory, USA Factory, Thailand Factory, Turkey Factory, Malaysia Factory,</p>	    

		<p>Zhongshan Factory, Vietnam Factory, Switzerland Factory, Thailand Factory (tennis balls), Thailand Factory (natural rubber), Dunlop Retread Service Co., Ltd., Dunlop Retread Service Co., Ltd. Hokkaido Factory, SRI Engineering Ltd., Nakata Engineering Co., Ltd., and Dunlop Golf Club Corp</p> <p>c. Sustainable raw material procurement (Goals) (a) Achieve the ratio of sustainable raw material (biomass rate + recycle) used for tires of 40% by 2030, and 100% by 2050 (b) Reduce the volume of plastics used in tire labels, packaging, sales promotion tools and other materials by 40% by 2030, compared to 2019 (Indicators (KPI)) (a) Status of initiatives of improving the ratio of sustainable raw material (b) Volume of plastics used in tire labels, packaging, sales promotion tools and other materials</p>	
Next generation product development	<ul style="list-style-type: none"> ✓ Research and product development for creating value for tires with new mobility 	<p>(Goal) <ul style="list-style-type: none"> ✓ Complete SMART TYRE CONCEPT with all technologies by 2030, and achieve a world free of traffic accidents with tires (Indicator (KPI)) <ul style="list-style-type: none"> ✓ Status of progress of research and development for milestones </p>	   
A tolerance corporate culture in which people can thrive	<ul style="list-style-type: none"> ✓ Promotion of personnel system and measures which foster a corporate culture in which diverse individuals are empowered to work energetically in an atmosphere of mutual respect. 	<p>(Goal) <ul style="list-style-type: none"> ✓ Raise the ratio of women in management positions to 7% by 2025 (Indicator (KPI)) <ul style="list-style-type: none"> ✓ The ratio of women in management positions </p>	  
Integrity for society	<ul style="list-style-type: none"> ✓ Promoting initiatives that comply with the “Sustainable Natural Rubber 	<p>(Goal) <ul style="list-style-type: none"> ✓ Achieve Eco Vadis supplier evaluation rate (based on transaction amount) of 95% by 2030 </p>	

	Policy” and involve stakeholders	(Indicator (KPI)) ✓ The supplier evaluation rate (based on transaction amount) by Eco Vadis	   
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(*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 the positive impact and reduce the 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 a 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) Funds-Supplying Operations to Support Financing for Climate Change Responses

To support the private sector for their efforts on climate change, the Bank of Japan supplies funds (loans) to related financial institutions within the amount outstanding of investment or loans by eligible counterparties to contribute to Japan's actions to address climate change. By providing investment and financing from related financial institutions to private companies that contribute to addressing climate change, the private sector will invigorate its response to climate change.

The interest rate on loans shall be 0 percent per annum, and the duration of each loan shall be one year in principle. Loans may be provided successively as the Bank shall disburse new loans on the maturity date of the existing loans, therefore long-term loans are provided substantially. This operation shall be valid through March 31, 2031, unless the smooth conduct of market operations is interfered with. (Interest rates on loans may fluctuate due to premature termination of this operation, changes in monetary policy, etc.)

(*4) Third-party opinion on compliance with Principles of Positive Impact Financial and rationality of used metrics

For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

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