

September 16, 2022

To whom it may concern

Sumitomo Mitsui Trust Bank, Limited  
Daiwa Securities Group Inc.

**Notice regarding the Conclusion of a Positive Impact Finance (with unspecified use of funds)  
Loan Agreement (with Daiwa Securities Group Inc.)**

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 Daiwa Securities Group Inc. (President and CEO: Seiji Nakata; hereafter “Daiwa Securities Group”), in line with the Principles for Positive Impact Finance (\*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (\*2).

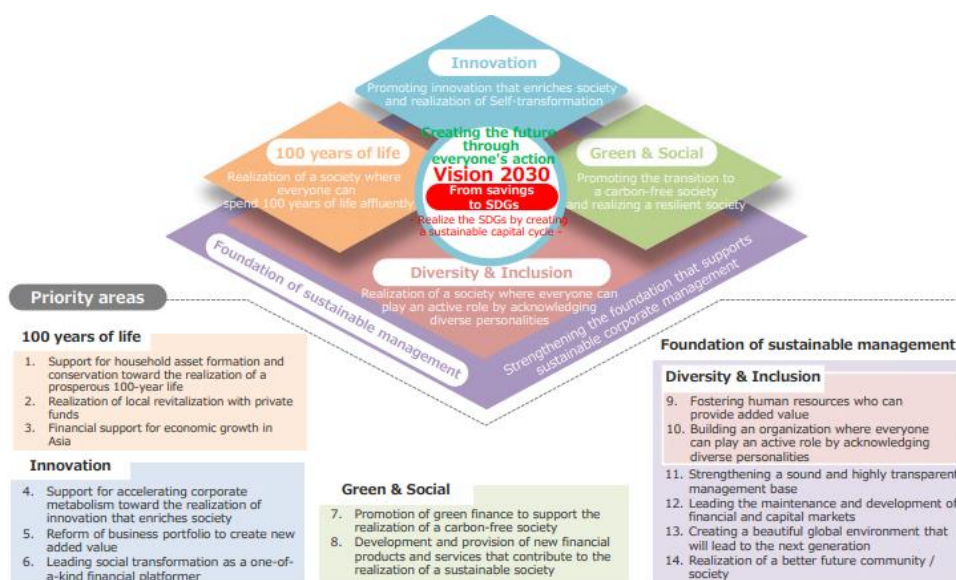
Positive Impact Finance (hereinafter “PIF”) is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature 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.

This agreement has obtained a third-party opinion (\*3) 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 Daiwa Securities Group】**





Based on the core concept of “from savings to SDGs,” raised by Vision 2030, Daiwa Securities Group is aiming to help realize the SDGs by creating a sustainable capital cycle. With its stakeholders, Daiwa Securities Group is seeking to improve mid- and long-term corporate value and create a sustainable society through initiatives that contribute to achieving the SDGs and ESG.



### 【Overview of Positive Impact Evaluation】

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

Theme	Content	Goals and Indicators (KPI)	SDGs
Realization of a society where everyone can spend 100 years of life affluently	✓ Support for household asset formation and conservation toward the realization of a prosperous 100-year life	(Goal) ✓ Achieve Retail Division asset-based revenue ratio of 50% or higher by FY2023 (Indicator (KPI)) ✓ Asset-based revenue ratio	 
Promoting innovation that enriches society	✓ Drawing on the financial and capital markets to provide new value and innovation	a. Pursuing the best mix of digital and real (Goal) ✓ Offer new financing methods and products using digital technologies (Indicator (KPI)) ✓ Status of offering new financing methods and products using digital technologies b. Creation of a new capital recycling system through a Hybrid Strategy (Goal) ✓ Promote a Hybrid Strategy (Indicator (KPI)) ✓ Status of promoting a Hybrid Strategy	 
Promoting the transition to a carbon-free society	✓ Quickly realizing a carbon-neutral society	a. Progress on net zero related to business activities (Goal) ✓ Achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope 3) (Indicator (KPI))	 

		<ul style="list-style-type: none"> <li>✓ Greenhouse gas emissions within our investment and loan portfolios</li> </ul> <p>b. Promoting initiatives for achieving decarbonization within investment and loan portfolios (Goal)</p> <ul style="list-style-type: none"> <li>✓ Strengthen engagement with investees about decarbonization (Indicator (KPI))</li> <li>✓ Status of engagement with investees about decarbonization</li> </ul>	
Realizing a resilient society	<ul style="list-style-type: none"> <li>✓ Promoting initiatives concerning climate-related risks and opportunities</li> <li>✓ Working to address social issues and the development of future society, and financial and capital markets through financial products and services</li> </ul>	<p>a. Increase investments in new industries and companies that contribute to the transition to a carbon-free society (Goal)</p> <ul style="list-style-type: none"> <li>✓ Achieve investment balance in SDGs-related business of at least ¥150 billion by FY2023 (Indicator (KPI))</li> <li>✓ Investment balance in SDGs-related business</li> </ul> <p>b. Providing investment opportunities that contribute to solving social issues (Goal)</p> <ul style="list-style-type: none"> <li>✓ Development and provision of new financial products and services that contribute to the realization of a sustainable society (Indicator (KPI))</li> <li>✓ Status of development and provision of new financial products and services that contribute to the realization of a sustainable society</li> </ul>	 
Diversity & Inclusion	<ul style="list-style-type: none"> <li>✓ Training diverse human resources and realizing various working styles</li> </ul>	<p>a. Empowerment of women in the workplace (Goal)</p> <ul style="list-style-type: none"> <li>✓ Achieve ratio of women in management positions of 25% or higher by FY2025 (Indicator (KPI))</li> <li>✓ Ratio of women in management positions</li> </ul> <p>b. Fostering digital IT human resources (Goal)</p> <ul style="list-style-type: none"> <li>✓ Achieve the number of Digital IT Masters of 200 personnel or more by FY2023 (Indicator (KPI))</li> <li>✓ The number of Digital IT Masters</li> </ul>	 

		c. Maximizing employee productivity, participation, and job satisfaction (Goal) ✓ Maintain the employee satisfaction rate at 80% or higher (Indicator (KPI)) ✓ The employee satisfaction rate	
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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) 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/>

(Reference) Daiwa Securities Group’s initiatives of SDGs

<https://www.daiwa-grp.jp/english/sdgs/>

Ends