

October 31, 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 Heavy 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 Heavy Industries, Ltd. (Representative Director, President and CEO: Shinji Shimomura; hereafter “Sumitomo Heavy Industries”), in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (*2).

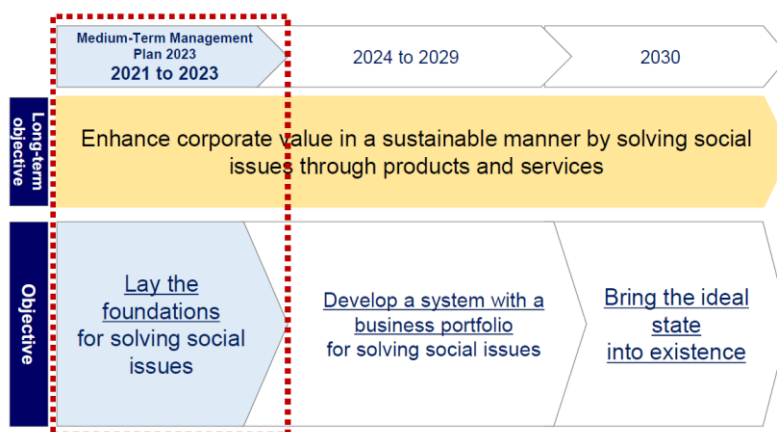
Positive Impact Finance (hereinafter “PIF”) is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature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

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 Sumitomo Heavy Industries】







Based on the Company group corporate mission “to contribute to society with excellent products and services”, Sumitomo Heavy Industries offers diverse products and services to meet today’s requirements. As a general machinery manufacturer, Sumitomo Heavy Industries aims to provide both corporate and social value by reducing the negative environmental impact of its products, enhancing customers’ labor productivity and environments through equipment automation and digitization, and offering innovative products and services as solutions for societal issues.






【Overview of Positive Impact Evaluation】

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

Theme	Content	Goals and Indicators (KPI)	SDGs
Contribution to reduction of CO ₂ emissions	<ul style="list-style-type: none"> ✓ Implementation of reduction of CO₂ emissions during product manufacture and use 	<p><u>a. Reduction of CO₂ emissions during business activities</u> (Goals)</p> <ul style="list-style-type: none"> ✓ Aim for carbon neutrality (net-zero CO₂ emissions) across the whole Sumitomo Heavy Industries Group by 2050 ✓ Reduce CO₂ emissions during production (Scope1,2) 50% by 2030 (compared to FY2019) <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ emissions during business activities (Scope1,2) <p><u>b. Reduction of CO₂ emissions during product use by customers</u> (Goal)</p> <ul style="list-style-type: none"> ✓ Reduce CO₂ emissions during product use by customers (Scope3, category11) 30% by 2030 (compared to FY2019) <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ emissions during product use by customers (Scope3, category 11) 	  
Initiatives for waste and regeneration of resources	<ul style="list-style-type: none"> ✓ Contribution to a recycling-oriented society by effective utilization of resources 	<p><u>a. Zero waste generation during business activities</u> (Goal)</p> <ul style="list-style-type: none"> ✓ Aim for zero waste generation during business activities <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Amount of waste discharge (generated 	 

		<p>amount, final treated amount) (t)</p> <p><u>b. Strengthening research and development of products contributing to reduce waste by regenerating resources</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Implement initiatives for resource regeneration <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Status of development of products/technologies etc. for resource regeneration 	 
<p>Improved labor productivity/environment</p>	<ul style="list-style-type: none"> ✓ Infrastructure development via product automation and labor force substitution to improve labor productivity and working environments to realize a better life and working style for people 	<p><u>Strengthening research and development into infrastructure development via “product automation/labor force substitution”</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Improve customers’ labor productivity and working environments through infrastructure development via product automation/labor force substitution <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Status of research and development into infrastructure development via “product automation/labor force substitution” 	 
<p>Personnel management</p>	<p>a. Creation of an organizational culture in which each employee’s individual abilities can be fully demonstrated and differences in personality and attributes are respected</p> <p>b. Realization of a workplace where each employee is safe, secure, and well and can work with vigor</p>	<p><u>a. Utilization of diversity management to create a workplace where a diverse workforce can flourish</u></p> <p>(Goals)</p> <ul style="list-style-type: none"> ✓ 20% or more of new graduate hires should be female ✓ 24 female managers by April 1, 2023 (doubled from April 2015) <p>(Indicators (KPI))</p> <ul style="list-style-type: none"> ✓ Ratio of female new graduates hired (%) ✓ Number of female managers (persons) <p><u>b. Utilization of labor health and safety management to create a workplace that values safety above all else</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Eliminate work-related injuries (within the company) <p>(Indicators (KPI))</p> <ul style="list-style-type: none"> ✓ Work-related fatalities (persons) ✓ Incidents resulting in work-related injuries (incidents) 	 

		<ul style="list-style-type: none"> ✓ Accident frequency ratio (%) ✓ Ratio of ISO45001 certified sites (%) 	
CSR procurement	<ul style="list-style-type: none"> ✓ Implementation of sustainable procurement initiatives throughout the entire supply chain 	<p><u>Upgrading of supply chain management based on CSR procurement guidelines</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Implement initiatives for CSR procurement throughout the entire supply chain <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Supplier survey completion ratio (%) 	  

(*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/>

Ends