

December 20, 2022

To whom it may concern

Sumitomo Mitsui Trust Bank, Limited

Notice regarding the Conclusion of a Positive Impact Evaluation and a Positive Impact Finance (with unspecified use of funds) Loan Agreement concluded by other financial institutions referring to our Positive Impact Evaluation (with Kawasaki Heavy Industries, Ltd.)

Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter “SuMi TRUST Bank”) concluded a “Positive Impact Evaluation (with unspecified use of funds)” (hereinafter “this evaluation”) with Kawasaki Heavy Industries, Ltd. (Representative Director, President and Chief Executive Officer: Yasuhiko Hashimoto; hereinafter “Kawasaki 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).

Kawasaki Heavy Industries also concluded a “Positive Impact Finance” loan agreement (hereinafter “this agreement”) with The Gunma Bank, Ltd. (President: Akihiko Fukai). This agreement is the first of its kind whereby another financial institution has referred to our Positive Impact Evaluation in conducting its own positive impact finance loan.

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.

This agreement is based on a "Framework for Positive Impact Evaluation," which allows companies when seeking finance from other financial institutions to refer to our positive impact evaluation when undertaking PIF themselves. "Framework for Positive Impact Evaluation," which SuMi TRUST Bank has introduced as Japan’s first framework, has been selected as a model case for the "Green Finance Model Creation Project for FY2022" by the Ministry of the Environment. (*4)

Through providing PIF and other sustainability related business solutions, 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.


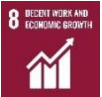








【About Kawasaki Heavy Industries】



Kawasaki Heavy Industries has identified material issues on a company-wide basis to realize its mid to

long term plans including “Kawasaki Global Environmental Vision 2050” and “Group Vision 2030,” based on their Group Mission “Kawasaki, working as one for the good of the planet.” Kawasaki Heavy Industries has reexamined and categorized the impacts that its corporate activities have on society and is actively pursuing how the company can help solve various social and environmental issues through innovation, thus creating new values.

【Overview of Positive Impact Evaluation】

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

Theme	Content	Goals and Indicators (KPI)	SDGs
New value creation using remote technology	<ul style="list-style-type: none"> ✓ Create a society that is rich, safe, and secure for all with remote technology 	<p><u>a. Improving productivity and alleviating labor shortages</u> (Goal) ✓ Eliminate 5% of Japan’s approximately 4,000,000-person shortage in manufacturing and service industry workers by 2030 (Indicator (KPI)) ✓ Remote platform active users</p> <p><u>b. Providing advanced treatment using surgical support robot systems</u> (Goal) ✓ Eliminate 5% of Japan’s approximately 2,000,000-person shortage in healthcare and welfare workers by 2030 (Indicator (KPI)) ✓ Number of operations by robotic assisted surgery systems</p>	   
Transforming the movement of people and freight	<ul style="list-style-type: none"> ✓ Create a society where people and freight move safely, quickly, and efficiently using new forms of mobility 	<p>(Goal) ✓ Eliminate 20% of shortage in logistics workers by 2030 (Indicators (KPI)) ✓ VTOL drone users and transport volume operated by VTOL ✓ Delivery robot users and transport volume operated by delivery robots</p>	  
Working toward the stable generation of clean energy	<ul style="list-style-type: none"> ✓ Achieve a hydrogen-powered society ✓ Address climate change by reducing CO₂ emissions 	<p><u>a. Building a hydrogen supply chain</u> (Goal) ✓ Hydrogen supply from KHI solutions: 225,000 t/year by 2030 (Indicator (KPI)) ✓ Hydrogen supplied by KHI solutions</p> <p><u>b. Expansion of the use of hydrogen</u> (Goal) ✓ CO₂ reduction from KHI hydrogen energy solutions: 1.6 million t/year by 2030</p>	  

		<p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ reductions from KHI hydrogen energy solutions <p><u>c. Reduction of CO₂ emissions from business activities</u></p> <p>(Goals)</p> <ul style="list-style-type: none"> ✓ 2030: Achieve carbon neutrality (The Kawasaki Group in Japan, Scope1,2) ✓ 2040: Reduce CO₂ emissions 80% (Scope3, Category1, compared to FY2021) ✓ 2050: Achieve carbon neutrality (entire The Kawasaki Group (consolidated), Scope1-3) <p>(Indicators (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ emissions (Scope1,2, entire The Kawasaki Group (consolidated) / The Kawasaki Group in Japan) ✓ CO₂ emissions (Scope3, Category1) 	
<p>Waste FREE & Harm FREE</p>	<ul style="list-style-type: none"> ✓ Realize a recycling-oriented society ✓ Realize a society coexisting with nature 	<p><u>a. Reduction of total waste generation</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Maintain ratio of direct-to-landfill waste to total waste generation at less than 1% <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Ratio of direct-to-landfill waste to total waste generation <p><u>b. Proper management and less use of chemical substances</u></p> <p>(Goal)</p> <ul style="list-style-type: none"> ✓ Reduce harmful chemical substances <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Total emission of harmful chemical substances 	

(*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/>

(*4) The selection of the “Positive Impact Evaluation Framework” as a model case for the “Green Finance Model Creation Project for FY2022” by the Ministry of the Environment

For more details, please check the release: “Notice regarding the Selection of the ‘Positive Impact Evaluation Framework’ as a model case for the ‘Green Finance Model Creation Project’ by the Ministry of the Environment”

<https://www.smtb.jp/english/-/media/tb/english/news/pdf/E221117.pdf>

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