

February 28, 2023

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 IHI Corporation)**

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 IHI Corporation (President and Chief Executive Officer: Hiroshi Ide; hereinafter “IHI”) in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (*2).

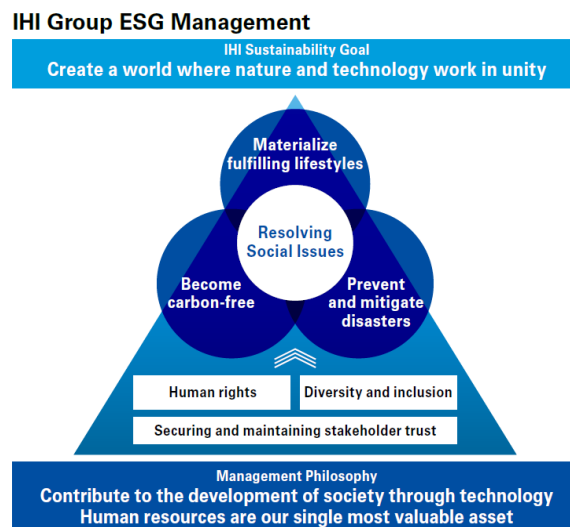
Positive Impact Finance (hereinafter “PIF”) is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature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



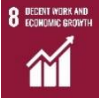
On November 2021, IHI Group published “IHI Group ESG Management” as a specific initiative for achieving “Management That Embraces ESG Values,” which is the main point of their Medium-Term Management Policy “Project Change.” In the management plan, IHI Group pledges “we are directing our business toward addressing social issues and realizing a sustainable society.” To create a world where nature and technology work in unity, IHI Group is working to address social issues through “materializing fulfilling lifestyles,” “becoming carbon-free,” and “preventing and mitigating disasters.”



【Overview of Positive Impact Evaluation】

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

Theme	Content	Goals and Indicators (KPI)	SDGs
<p>Help materialize a carbon-neutral economy</p>	<p>✓ Achieve carbon neutrality in value chain by 2050</p>	<p><u>a. Development and commercialization of ammonia combustion equipment</u> (Goals) ✓ Develop and commercialize an ammonia co-firing burner that reduces GHG emissions by 20% by FY2024 ✓ Develop and commercialize an ammonia-fired gas turbine (2,000 kW-class) that reduces GHG emissions by 100% by FY2025 (Indicator (KPI)) ✓ Status of initiatives for development and commercialization of ammonia combustion equipment</p> <p><u>b. Development and commercialization of methanation technology</u> (Goal) ✓ Surpass existing technologies by achieving energy conversion efficiency of 60-65% (including auxiliary equipment loss) from methane synthesis (10 Nm³/h scale) by 2030 (Indicator (KPI)) ✓ Status of initiatives for development and commercialization of methanation technology</p> <p><u>c. Materializing green transformation</u> (Goal) ✓ Materialize and commercialize collaborative solutions through open collaboration among industry, academia, government, and finance to achieve green transformation (Indicator (KPI)) ✓ Status of materialization and commercialization of collaborative solutions through open collaboration among industry, academia, government, and finance to achieve green transformation</p>	   
<p>Reduction of CO₂ emissions</p>	<p>✓ Reduce CO₂ emissions from plants and offices by employing energy-saving equipment, upgrading aged</p>	<p>(Goals) ✓ Reduce CO₂ emissions along with Government policy (reduce CO₂ emissions 46% compared to FY2013 by FY2030) ✓ Reduce CO₂ emissions intensity of plants and</p>	

	facilities, and adopting ammonia and other new in-house technologies	offices 1% compared to previous fiscal year (Indicator (KPI)) ✓ CO2 emissions intensity (t-CO2 / hundred million yen)	
Materialize sustainable society	✓ Reduce environmental impact of plants, offices, etc.	<p><u>a. Compliance with environmental laws and regulations</u> (Goal) ✓ Eliminate violations of environmental laws/regulations and significant environmental accidents (Indicators (KPI)) ✓ Number of violations of environmental laws/regulations ✓ Number of significant environmental accidents</p> <p><u>b. Pursuing waste 3Rs(reduce, reuse and recycle</u> (Goal) ✓ Generate less waste than the amount generated in 2018 (Indicator (KPI)) ✓ Waste generated (metric tons)</p> <p><u>c. Careful management of water use</u> (Goal) ✓ Use less water withdrawal than the amount used in 2018 (Indicator (KPI)) ✓ Water withdrawal (1,000 m³)</p>	
Build a diverse and inclusive workforce	✓ Foster Diversity & Inclusion	<p>(Goal) ✓ Increase the proportion of female directors to by 30% or more by 2030 (Indicator (KPI)) ✓ Percentage of female directors</p>	 

(*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