

May 26, 2020

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: Masaru Hashimoto; hereinafter “SuMi TRUST Bank”) and Sumitomo Rubber Industries, Ltd. (President and Representative Director: Satoru Yamamoto; hereinafter “SRI”) concluded a “Positive Impact Finance (with unspecified use of funds)” loan agreement (hereinafter “this agreement”) that is in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environmental Programme Finance Initiative (hereinafter “UNEP FI”) (*2).




Positive Impact Finance (hereinafter “PIF”) is a loan intended to provide continuous support to the corporate activities that we comprehensively analyze and evaluate the impacts (both positive and negative) of corporate activities on the environment, society and economy. The most notable feature of the loan is that the degree of contribution from corporate activities, products and services in achieving the corporates’ Sustainable Development Goals (SDGs) is used as evaluation indicators and disclosed as information.

For many years, the Sumitomo Rubber Group 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, including rubber part for medical applications, precision rubber parts for office equipment, and vibration control dampers.

SuMi TRUST Bank fully supports the following initiatives of SRI and assessed them both qualitatively and quantitatively as initiatives that particularly have impact on achieving SDGs.

- Since 2008, the Sumitomo Rubber Group set a keyword of GENKI in its CSR Guidelines 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)” to proactively promote its sustainability initiatives. In addition, through its business activities announced in its Medium-Term Plan published in February 2020, the Sumitomo Rubber Group promotes ESG management to contribute to the achievement of SDGs (*3).

Theme	Content	KPI (Indicator and goal)	SDGs
Green initiative	•Helping to curb global warming and protecting biodiversity	•Establish the calculation method of reduced CO2 emissions and formulate its KPI by planting tree	  

<p>Ecological process</p>	<ul style="list-style-type: none"> •Creating a low-carbon society •Building a recycling-oriented society 	<ul style="list-style-type: none"> •Reducing CO2 emissions per tire during its life cycle by 14% in fiscal 2022 compared to fiscal 2005 •Continue to achieve Complete Zero Landfill Waste at all sites which is defined as complete diversion of landfill waste, with 100% recycling rate and no waste sent directly to landfills 	
<p>Next generation product development</p>	<ul style="list-style-type: none"> •Pursuing safety and comfort, economy and quality •Developing environmentally friendly products 	<ul style="list-style-type: none"> •Achieving a society without traffic accidents by completion of SMART TYRE CONCEPT by 2030 •Expanding vibration control business by 160% in fiscal 2025 compared to fiscal 2019 and protecting people, house and future by leveraging its proprietary rubber technology 	
<p>Supply chain management</p>	<ul style="list-style-type: none"> •Achieving sustainable natural rubber 	<ul style="list-style-type: none"> • Promote its businesses by collaborating with stakeholders in accordance with its “Sustainable Natural Rubber Policy” 	

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

Through Positive Impact Finance, we will continue to support clients’ business activities that contribute to the achievement of the SDGs and to contribute to the enhancement of their corporate value over the medium to long term.

End

(*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 positive impact and reduce 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 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) For SRI’s HP, please visit:

<https://www.srigroup.co.jp/english/sustainability/report.html>

(*4) For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

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