

March 29, 2021

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 Furukawa Electric Co., Ltd.)

Sumitomo Mitsui Trust Bank, Limited (President: Masaru Hashimoto; hereinafter “SuMi TRUST Bank”) and Furukawa Electric Co., Ltd. (President: Keiichi Kobayashi; hereinafter “Furukawa Electric”) 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 which we comprehensively analyze and evaluate the impacts (both positive and negative) which these activities have 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 towards achieving Sustainable Development Goals (SDGs) is used as an evaluation indicator and monitored based on publicly disclosed information.

Furukawa Electric, with its Corporate Philosophy, “Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation”, expands a wide variety of their products around the world with its four core technologies—metals, polymers, photonics, and high-frequency. Aiming to achieve the Furukawa Electric Group Vision 2030, “In order to build a sustainable world and make people’s life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility,” Furukawa Electric promotes open, agile and innovative management which is ESG centered. Moreover, in terms of environment, Furukawa Electric formulated “Furukawa Electric Group Environmental Vision 2050,” and contributes to a sustainable society throughout the value chain by providing environmentally friendly products, services and recycling-based production activities, with its themes “contribute to a carbon-free society,” “contribute to realizing a recycling-based society for water & resources,” and “contribute to society in harmony with nature.”

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

Theme	Content	Goals and Indicators (KPI)	SDGs(*)
Contribution to the decarbonized society	Developing business activities that consider climate change	a. Goal: Reduce greenhouse gas emissions in the business activities 26% by FY2030 from a FY2017 base year KPI: The greenhouse gas emissions (scope 1 and 2) b. Goal: Improve ratio of renewable energy 3% by FY2025 from a FY2017 base year KPI: Ratio of renewable energy	 

<p>Creating businesses that solve social issues</p>	<p>Contributing to a sustainable society through creating environment-friendly businesses</p>	<p>a. Goal: Improve sales of environmentally friendly products KPI: Sales of environmentally friendly products</p>	
<p>Conservation of the global environment</p>	<p>Conservation of water resources, reduction and recycle of waste</p>	<p>a. Goal: Reduce water withdrawal 5% by FY2025 from a FY2020 base year KPI: Water withdrawal b. Goal: Reduce total waste 5% by FY2025 from a FY2020 base year KPI: Total waste</p>	
<p>Procurement activities considering environment and society</p>	<p>Supply chain management</p>	<p>a. Goal: Improve ratio of partners evaluation KPI: Ratio of partners evaluation b. Goal: Hold the Partners' Meeting regularly KPI: Status of Partners' Meeting c. Goal: Increase the number of our collaboration partners engaged in CO2 emission reductions in procurement logistics KPI: The number of our collaboration partners engaged in CO2 emission reductions in procurement logistics</p>	

(*) SDGs related to each theme are identified by SuMi TRUST Bank.

This agreement has obtained a third-party opinion (*3) 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 providing PIF and other solution for sustainability businesses, 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 were 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 “Declaration of the Human Environment” and the “International Environmental Action Programme”, established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a wide-ranging and 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, and policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.

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

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