

Third party opinion on Positive Impact Finance Evaluation by Sumitomo Mitsui Trust Bank Limited to Sumitomo Rubber Industries, Ltd.

Japan Credit Rating Agency, Ltd. (JCR) provided a third party opinion for the Positive Impact Finance delivered by Sumitomo Mitsui Trust Bank Limited to Sumitomo Rubber Industries, Ltd.

<Executive Summary>

This third party opinion examines the suitability of the Positive Impact Finance ("PIF") delivered by Sumitomo Mitsui Trust Bank Limited ("SMTB") to Sumitomo Rubber Industries, Ltd. ("Sumitomo Rubber Industries") for the Principles for PIF and the Model Framework for Financial Products for Corporates with unspecified use of funds ("Model Framework") established by the United Nations Environmental Programme Finance Initiative ("UNEP FI"). To ensure transparency and objectivity of assessment recommended in the Principle four of PIF, Japan Credit Rating Agency, Ltd. ("JCR"), as an independent third-party organization, reviewed (1) the rationality of the PIF evaluation of Sumitomo Rubber Industries and the impacts of this finance, and (2) the compliance of SMTB's PIF evaluation framework and this finance with the Principles for PIF.

(1) The rationality of the PIF evaluation of Sumitomo Rubber Industries and the impacts of this finance

In fiscal 2008, Sumitomo Rubber Industries formulated the "Basic CSR Philosophy", which says, "The Sumitomo Rubber Group's GENKI Activities are energetic contributions to the environment and communities, focusing on being both a trusted corporate citizen and helping to achieve a sustainable society", and the "CSR Guidelines", in which it set "GENKI" firmly established throughout the company and group as a keyword. In the guidelines, it set indicators based on the results of surveys for stakeholders etc. on the following five areas: Green (Green initiative), Ecology (Ecological process), Next (Next-generation product development), Kindness (Kindness to employees), and Integrity (Integrity for stakeholders). Its CSR Promotion Office coordinates action plans of responsible departments for targets based on the guidelines and monitors their results. Its Management Meeting and the Board of Directors discuss targets and efforts in relation to essential ESG issues and supervise their progress in consideration of discussions among the CSR Promotion Office and relevant departments. Its sustainability-related information is disclosed in Sumitomo Rubber Group Report and on its website. Moreover, it announced its New Mid-Term Plan, in which it set "Promoting ESG Management" as one of the Value Drivers, in February 2020.

In this finance, holistic analysis was performed on the whole business activities of Sumitomo Rubber Industries. Based on the result of the analysis and the above sustainability activities, its significant impacts were identified, and the following four impacts were selected: "Green initiatives", "Reducing the environmental impact of business activities", "Development of next-generation technologies and products", and "Supply chain management". Then, impact indicators ("KPI") were determined for each impact. In reference to the "Green initiatives", Sumitomo Rubber Industries has been planting trees in and around its operation bases globally since 1998, and the total number of the trees planted from 2009 to 2018 was approximately 1.78 million. Its tree planting activities were assessed as significant efforts which generate positive impacts on the regional environment and lay the foundation for its long-term growth. The "Development of next-generation technologies and products" was regarded as the other intended positive impact which its long-term business activities generate. Its "SMART TYRE CONCEPT" was assessed as innovation for CASE

and MaaS which contributes to the solution of environmental and social issues and the enhancement of its long-term corporate value. "Reducing the environmental impact of business activities" and the "Supply chain management" were assessed as significant measures including its "Sustainable Natural Rubber Policy" to avoid, mitigate, and reduce negative impacts throughout its value chain appropriately. The above KPI for these four impacts are to be mainly monitored.

Along the items to consider listed in the Model Framework, JCR examined the holistic analysis and the impact identification in this finance, so that JCR assessed them as appropriate analysis. Sumitomo Rubber Industries established the "SMART TYRE CONCEPT" and the "Sustainable Natural Rubber Policy" in relation to the tire business, its core business, and its New Mid-Term Plan regards them as the elements of "Working Toward Achieving SDGs Throughout Our Business Activities". These efforts were highly appreciated for grasping precisely the significant impacts which were also identified in this finance.

Along the criteria to rate PIF listed in the Principles for PIF, JCR examined the impacts of this finance based on the above KPI, so that JCR evaluated this finance has variety, magnitude, efficiency, and additionality. Accordingly, JCR assessed the KPI as appropriate indicators in light of the above impact identification, sustainability activities, and impact evaluation. JCR also assessed the monitoring policy in this finance as an appropriate way in light of the above impact identification, sustainability activities, and KPI. Consequently, the holistic impact analysis (impact identification, assessment, and monitoring) of the Model Framework to grasp the three dimensions in relation to SDGs (environmental, social, and economic) is adequately implemented in this finance.

(2) The compliance of SMTB's PIF evaluation framework and this finance with the Principles for PIF

Along the Principles for PIF, JCR examined the compliance of SMTB's process, methodology, internal regulation, and internal system for PIF arrangement and arranging the PIF for Sumitomo Rubber Industries, so that JCR confirmed they meet all the requirements.

Important explanation of this third-party opinion

1. Assumptions, Significance, and Limitations of JCR Third-party opinions

The third-party opinion granted and provided by Japan Rating Research Institute (JCR) is a comprehensive opinion of business entities and procurement entities regarding their compliance with the Positive Impact Financial (PIF) Principles formulated by the United Nations Environmental Programme Finance Initiative, and do not fully indicate the extent of the positive impact of the positive impact finance.

This third-party opinion is a statement of opinion on the current plan or status based on information provided by the client, the procurement entity and the business entity, and information independently collected by JCR, and does not guarantee positive results in the future. In addition, this third-party opinion does not quantitatively demonstrate the positive effects of PIFs, and does not represent a commitment to the effects of PIFs. JCR confirms that the funds procured from this project are quantitatively and qualitatively measured by a procurement entity or a third party commissioned by a procurement entity with respect to the degree of achievement of the impact indicators set by the Company. However, in principle, JCR does not directly measure the degree of achievement.

2. International initiatives, principles, etc. referenced in the preparation of this third-party opinion

In preparing this opinion, JCR refers to the following principles and guides developed by the United Nations Environment Programme Finance Initiative.

Positive Impact Financial Principles

Positive Impact Finance Model Framework, which does not limit the use of funds

3. Relationship with Acts Related to Credit Rating Business

Providing this third-party opinion is undertaken by JCR as a related activity and does not constitute an activity relating to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

There are no capitals or human relationships that could cause conflicts of interest between the business entity or procurement entity of the PIF and JCR.

■ Disclaimers

The information contained in this document has been obtained by JCR from the Business entities or procurement entities and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. This third-party opinion does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to positive impact finance, which is subject to the evaluation. This third-party opinion is a comprehensive statement of opinion at the present time of JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. This third-party opinion may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document are reserved by JCR. No part or all of this document may be reproduced, translated, modified or otherwise altered without the permission of JCR.

■ Glossary

Third-Party Opinion: This Report, at the request of the client, provides a third-party opinion on the conformity of the Bank's Positive Impact Financial Assessment Report to the United Nations Environmental Programme Finance Initiative's Positive Impact Finance Principles from an independent, neutral and impartial standpoint.

Business entities: Financial institutions that implement positive impact finance.

Procurement entities: Operating companies, etc. that borrow through positive impact finance for positive impact business.

■ Registration as an External Evaluator of Sustainable Finance

- Members of the United Nations Environment Programme Financial Initiative Positive Impact Working Group
- Ministry of the Environment's external green bond reviewer registration
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)
- ICMA (registration as an observer with the International Association of Capital Markets as an external evaluator) Member of the Working Group on Principles of Social Bonds

■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

■ For further information, contact

Information Service Dept. TEL:03-3544-7013 FAX:03-3544-7026

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026