

## Third-Party Opinion on Positive Impact Finance Evaluation by Sumitomo Mitsui Trust Bank, Limited. to Ricoh Leasing Company, Ltd.

Japan Credit Rating Agency, Ltd. (JCR) provided a third party opinion to Positive Impact Finance ("PIF") provided by Sumitomo Mitsui Trust Bank, Limited. ("SMTB") to Ricoh Leasing Company, Ltd. ("Rico Leasing").

### <Executive Summary>

This Third-Party Opinion examined the PIF ("the Finance") implemented by SMTB to Ricoh Leasing on its suitability to the PIF Principles and the PIF Model Framework ("the Model Framework") for financial products which allow borrowers not to limit the use of proceeds established by the United Nations Environmental Programme Finance Initiative ("UNEP FI"). To ensure the transparency and objectivity of evaluation which are recommended in PIF Principle 4, JCR, as an independent third-party organization, reviewed (1) the rationality of SMTB's PIF evaluation for Ricoh Leasing and the impacts related to the identified impact indicators; and (2) Compliance of SMTB's PIF evaluation framework and the Finance to PIF Principles.

### **(1) The rationality of SMTB's PIF evaluation for Ricoh Leasing and the impacts related to the identified impact indicators**

In fiscal year 2020 ending March 2021 (FY2020), Ricoh Leasing presented the Mid-Term Management Plan of "Become a Circulation-Creating Company." Aimed at realizing its corporate philosophy, Ricoh Leasing has placed "sustainable management" at the core of its efforts of creating shared value with society through its business activities and promoting initiatives for achieving a sustainable circulatory society. In order to resolve social issues through its business activities, Ricoh Leasing has redefined its business domains into the following three categories: (E) Environmental Circulation; (S) Social & Community; and (G) Business & Governance. Ricoh Leasing has identified four materialities to accelerate sustainability management as follows: 1) creating a clean global environment; 2) creating an affluent life; 3) creating a virtuous cycle of a sustainable economy; and 4) creating a happiness company and society. As specific strategies and measures for the materialities, Ricoh Leasing has formulated the Sustainability Mid-Term Management Plan, which combines the business domains "E," "S" and "G" under the Mid-Term Management Plan with non-financial initiatives.

In FY2020, Ricoh Leasing established the Sustainability Committee as one of the advisory bodies to its president and chief executive officer. The Sustainability Committee is composed of managing executive officers and the heads of each division facing sustainability and ESG issues. The Committee aims to increase corporate value by conducting cross-organizational discussions on various measures, including "Identifying Materialities," "Environmental and Social Risks and Opportunities" and "ESG Information Disclosure," which are medium-to long-term issues, and by visualizing strategy measures and deploying related actions throughout the company. Discussions by the Sustainability Committee are submitted and reported to the Executive Committee, which is composed of executive officers, among others, and continuous enhancement of the structure and appropriate operations for sustainability are carried out. Moreover, information on the sustainability and SDGs of Ricoh Leasing is disclosed in the integrated reports and on the company website.

In the Finance, through a holistic analysis of the overall business activities of Ricoh Leasing, and given the organizational structure and activities related to sustainability described above, individual impacts related to the three themes of "climate change mitigation," "resource circulation," and "diversity and inclusion" were identified as impacts

to be monitored, and Key Performance Indicators (KPIs) were set for each of them.

Going forward, monitoring will be carried out for the above KPIs of individual impacts related to these three themes, among others.

As a result of confirmation of details of holistic analysis and impact identification on the Finance in accordance with the items indicated in the Model Framework, JCR judged that analysis was conducted appropriately. The categories and KPIs identified as impacts in the Finance were selected in line with the themes of initiatives in Ricoh Leasing's materialities and JCR expected that the Finance will facilitate future efforts regarding the Ricoh Leasing's materialities. JCR checked the impact of the Finance based on KPI in accordance with the evaluation criteria exemplified in the PIF Principles, and evaluated that diversification, effectiveness, efficiency and additionality are expected. The KPIs are also appropriate in respect of the impact identification and sustainability activities described above. JCR also evaluates that the monitoring policy of the Finance is appropriate in terms of the details of the impact identification and KPIs of the Finance.

Therefore, JCR evaluates that holistic impact analyses (impact identification, assessment, and monitoring) of the Model Frameworks capturing three aspects of SDGs (environment, society, and economy) are fully utilized in the Finance.

## **(2) Compliance of SMTB's PIF Evaluation Framework and the Finance to PIF Principles**

JCR checked SMTB's product origination, method, and the establishment of internal regulations and structures as well as PIF product origination for Ricoh Leasing in line with the PIF Principles, and evaluated that those met all requirements.

Based on the above, JCR confirmed that the Finance complies with PIF Principles and the Model Framework.

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## Important explanation of this third-party opinion

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### 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.

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#### ■ 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/>).

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