

Third party opinion on Positive Impact Finance by Sumitomo Mitsui Trust Bank to Mitsui Chemicals, Inc.

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

<Executive Summary>

This third party opinion examines the suitability of the Positive Impact Finance ("PIF") delivered by Sumitomo Mitsui Trust Bank, Limited ("SMTB") to Mitsui Chemicals, Inc. ("Mitsui Chemicals") 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 Mitsui Chemicals 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 Mitsui Chemicals and the impacts of this finance

Mitsui Chemicals intends to deepen its triple bottom line management approach consisting of the three axes of economy, environment, and society and to engage in management from a long-term perspective on the basis of the "Corporate Mission" and the "Corporate Target". It aims to achieve sustainable growth and development together with society through its efforts to solve social challenges. In 2018, it expressed the "Sustainability in the Mitsui Chemicals Group" and established the Corporate Sustainability Division. It has been working to incorporate ESG elements into management/strategies and to improve how it discloses ESG information to stakeholders.

Mitsui Chemicals identified especially important items as "key issues (materiality)" from the two angles: the contributions its business activities make to society and the various impacts they have on society. In order to identify the materiality, it mainly referred to the UN Global Compact, to which it became a signatory, international guidelines, the opinions of stakeholders, the characteristics of its business, the regions in which it operates, and the discussions among its management. In light of social trends and its Group strengths, it aims to realize the following future society: "a cohesive society in harmony with the environment", "health and well-being in an aging society", and "industrial platforms in harmony with local communities". In its "2025 Long-Term Business Plan", it established targets for economy and ones for the environment and society based on the materiality to realize the future society.

Mitsui Chemicals considers ESG elements as its core of management and discusses ESG policy at organizations including the Board of Directors and the Corporate Sustainability Committee, which is chaired by the president. It also reflects the discussion results in strategies of each division. Details of the Corporate Sustainability Committee's deliberations and activity results are reported to the Management Committee, and the Management Committee's authorization is obtained for matters of particular importance. Mitsui Chemicals makes and publishes the "Mitsui Chemicals Report" and the "Mitsui Chemicals Group ESG Report" to reinforce the disclosure of sustainability information.

In this finance, holistic analysis was performed on the whole business activities of Mitsui Chemicals. On the basis of the result of the analysis and the above sustainability activities, its significant impacts were identified, and the following five impacts were selected: "1) Contributions to society, environment, and economy through Blue Value™ products", "2) Contributions to society, environment, and economy through Rose Value™ products", "3) Environmental protection (reduction of GHG emissions, energy consumption, emissions of chemical substances, etc.) and chemicals management", "4) Occupational safety and health and prevention of occupational accidents", and "5) Human resource utilization". Then, impact indicators ("KPI") were determined for each impact. The impact 1) and 2) relate to the Blue Value™ and the Rose Value™, which Mitsui Chemicals developed to realize "a cohesive society in harmony with the environment" and "health and well-being in an aging society". The impact 3) and 4) are negative impacts which Responsible Care, a voluntary activity of the chemical industry, addresses and which Mitsui Chemicals also emphasizes by formulating the "Responsible Care Policy". The impact 5) is a positive impact related to the "Human Resources Management Policy of the Mitsui Chemicals Group", which Mitsui Chemicals positions as the cornerstone of the human resources initiatives of its subsidiaries and affiliates all around the world. The above KPI for these five 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. Mitsui Chemicals grasped precisely its significant impacts, which were also identified in this finance, as materiality on the basis of the opinions of stakeholders, the discussions among its management, etc. and formulated the "2025 Long-Term Business Plan". JCR highly appreciated these efforts.

Along the criteria to rate PIF listed in the Principles for PIF, JCR examined the impacts based on the KPI of this finance, so that JCR evaluated this finance was expected to have 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. Mitsui Chemicals established quantitative targets including the KPI in the "2025 Long-Term Business Plan" and manages the progress of them at organizations including the Corporate Sustainability Committee, the chairperson of which is the president. Especially the Blue Value™ and the Rose Value™ help to visualize the contributions its products and services make to the environment and society and to enable it to share these values with stakeholders. JCR highly appreciated these efforts. JCR also assessed the monitoring policy in this finance as an appropriate way in light of the impact identification and the KPI in this finance.

Consequently, JCR assessed that 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 SMTB's process, methodology, internal regulation, and internal system for PIF arrangement and arranging the PIF for Mitsui Chemicals, so that JCR assessed they comply with all the requirements.

From the above, JCR confirmed this finance is suitable for the Principles for PIF and the Model Framework.

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

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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

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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.

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