

Third Party Opinions on Sustainability Linked Loan to GS Yuasa Corporation Conducted by MUFG Bank, Ltd.

Japan Credit Rating Agency, Ltd. (JCR) provided a third party opinions to Sustainability Linked Loan ("SLL" or the "Loan") conducted by MUFG Bank, Ltd. (MUFG Bank) to GS Yuasa Corporation (GS Yuasa or the "Company").

<Executive Summary>

This third-party opinion was to confirm the conformity of the Loan extended by MUFG Bank to GS Yuasa to the Sustainability Linked Loan Principles (SLLPs¹) and the Green Loan and Sustainability Linked Loan Guidelines issued by Ministry of the Environment ("Ministry of the Environment Guidelines") (SLLPs and Ministry of the Environment guidelines are collectively defined as "SLLPs, etc."). In order to ensure the transparency and objectivity of evaluations recommended by SLLPs, JCR, as an independent third-party organization, provided a third-party opinion for the following points:

- (1) GS Yuasa's Sustainability Strategy and establishment of the Key Performance Indicator (KPI) and the Sustainability Performance Target (SPT)
- (2) The terms of the Loan and the monitoring system during the loan period

(1) GS Yuasa's Sustainability Strategy and establishment of the KPI and the SPT

GS Yuasa has agreed with MUFG Bank to establish the following KPI and SPT for this loan:

KPI: Reduce CO₂ emissions (on the basis of total amount, scope 1 and 2)

SPT: Reduce CO₂ emissions by 15% over FY2018 level by FY2025 as a milestone of reducing CO₂ emissions by 30% or more over FY2018 level by FY2030 (on the basis of total amount, scope 1 and 2)

GS Yuasa Corporation is a holding company established in 2004 through a share transfer of the former Japan Storage Battery and the former Yuasa Corporation following the two companies' management integration. In October 2016, based on the share transfer agreement to succeed Panasonic's lead storage battery business, the Company acquired shares of Panasonic Corporation's lead-acid battery business and made it a consolidated subsidiary, and changed its name to GS Yuasa Energy Co., Ltd.. It is the world's second largest company in the automobile lead-rechargeable battery market, the largest both in domestic and Asian markets. As in the motorcycle market, it is the largest in the world.

The GS Yuasa Group has adopted "Innovation and Growth" as its corporate philosophy, and aims to contribute to people, society, and the global environment through the "Innovation and Growth" of employees and companies. In the Fifth Mid-Term Management Plan, which covers four years from April, 2019 to March 2023, it envisions its long-term goal "To become an energy device company that constantly generates new value". Thereby, during the period, it

¹ Established by Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndication and Trading Association (LSTA). Revised in May 2021

intends to strengthen earnings capacity in major regions and develops and carries out measures to expand sales to the important regions and bases in the lead storage battery business. In the lithium-ion battery business, the Company intends to develop measures leveraging the strengths to maintain the earnings capacity, and at the same time, it also intends to strategically make upfront investment in capital expenditure and development expenses to prepare for further growth under the Sixth Medium-Term Management Plan and beyond. At the time of announcing the Fifth Mid-Term Management Plan, the Company formulated a new materiality response plan that incorporates CSR issues for sustainable growth, and determined activities for each materiality, and set the scope of application for Japan and abroad and established KPIs.

In addition to the targets in each area of ESG formulated in the Fifth Mid-Term Management Plan, the Company formulated "GY 2030 Long-Term Greenhouse Gas Target" as an environmental long-term target. Under this goal, the Company is working to reduce CO₂ emissions by setting company-wide targets for measures against climate change. Under the target of reducing CO₂ emissions by 30% or more over FY2018 level by 2030, the Company has to make a total reduction of 6% by FY2022 the period covered by the Fifth Medium-Term Management Plan. From FY2023 onward, the company aims to reduce emissions by 24% or more over 8 years.

The Company agreed with MUFG Bank to reduce CO₂ emissions as a KPI in this loan and set a target as an SPT to reduce CO₂ emissions by 15% by fiscal 2025 compared over FY2018 level, and to link the terms of loan to the achievement status of the target.

The reduction of CO₂ emissions set as a KPI in this loan is consistent with the strategy target set under the GS Yuasa's medium-term management plan and CO₂ emission reduction target set forth in GY 2030 Long-Term Greenhouse Gas Target. In addition, given the requests from the automotive industry, where environmental regulations will be strictly promoted in the future, undertaking initiatives to reduce CO₂ emissions will be important. JCR has evaluated this as a meaningful KPI for increasing the Company's corporate value.

The SPT set by the Company under this loan is ambitious compared to the Company's past performance and that of other companies, and is also consistent with its CSR strategy. Considering the Company's historical track record on CO₂ emissions, it can be said that it is ambitious because of the upward trend in CO₂ emissions up to the present time, and also the fact that the plan to reduce emissions by 2% in a single fiscal year until FY2022 and by 3% in a single fiscal year from FY2023 onwards exceed the reduction rates in the previous plan. In addition, while many manufacturers of lead-storage batteries and storage batteries for HEVs in this industry have CO₂ reduction targets on a per-unit basis, the Company has set targets for reducing CO₂ emissions on a total volume basis over the medium-to long-term through 2030, thereby it can also be said that it is ambitious from viewpoints of diversity, effectiveness, efficiency, scale factor as well as additionality in the impact evaluation criteria.

(2) The terms of loans and the monitoring system during the loan period

JCR ensured the following: details of incentive set in the terms of Loan were agreeable for both the Company and MUFG Bank, opportunity to review the interest rate has been set multiple times until the maturity date and ensure the progress of the SPT and the terms of the Loan etc., are linked at the time of revisions, and ultimate degree of achievement of sustainability goals will be checked at the time of maturity. With regards to KPI performance, GS Yuasa plans to disclose CO₂ emissions for the current fiscal year and the reduction rate of CO₂ over FY2018 level to the lender after the end of each fiscal year. In order to check the progress of SPT, GS Yuasa plans to obtain third-party verification from an external certification body for the items to be disclosed relating to CO₂ emissions. If significant changes to the SPT occur during the period, JCR will review them to determine whether they will continue to be in compliance with SLLPs and other standards, as well as the level of ambition and meaningfulness, which originally assumed, will be maintained. In the year when the loan matures, three companies, GS Yuasa, MUFG Bank, and JCR, will review the Loan and assess the status of achievement of the SPT as well as the status of realizing the impact on

GS Yuasa and society.

Based on the above considerations, JCR has confirmed that the Loan to GS Yuasa, which is the subject of the third-party opinions, conforms to the SLLPs, etc.