ASSESSMENT

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Send Your Feedback

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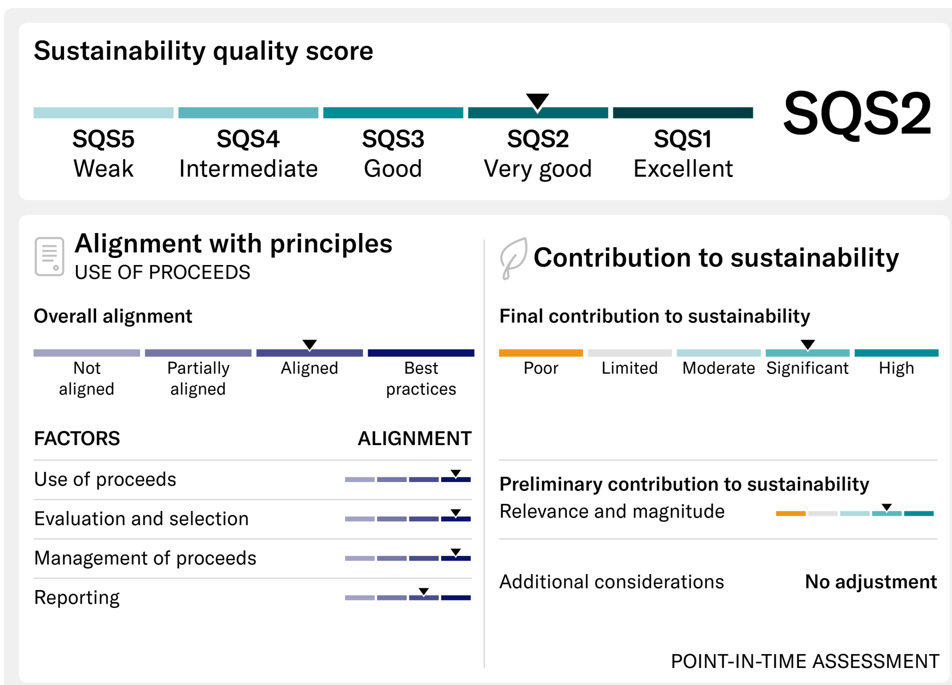
# Giti Tire Pte. Ltd.

## Second Party Opinion – Sustainable Financing Framework Assigned SQS2 Sustainability Quality Score


### Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to Giti Tire Pte. Ltd.'s (Giti Tire) sustainable financing framework, dated September 2025. The company has established its use-of-proceeds framework with the aim of financing projects across six eligible green categories and two eligible social categories. The framework is aligned with the four components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025 and Social Bond Principles (SBP) 2025, and the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025 and Social Loan Principles (SLP) 2025. The framework demonstrates a significant contribution to sustainability.

## Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Giti Tire's sustainable financing framework, including the framework's alignment with the ICMA's GBP 2025 and SBP 2025, and the LMA/APLMA/LSTA's GLP 2025 and SLP 2025. Under the framework, the company plans to issue use-of-proceeds sustainable financing transactions (SFT) to finance projects across six green categories and two social categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 19 September 2025, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in March 2025.

## Issuer profile

Giti Tire is a Singapore-based global tire manufacturer dedicated to producing tires for a wide range of vehicles, including passenger cars, trucks, buses, and specialty vehicles. Giti Tire operates production facilities and services customers in around 130 countries.

Giti Tire's sustainability philosophy is anchored in three core pillars: Profit, Planet, and People. These principles inform the company's strategic decision-making and operational procedures, supporting a balanced approach that promotes economic growth, environmental responsibility, and social well-being.

## Strengths

» Eligible categories support a range of key environmental objectives that are highly pertinent to the tire industry.

» Giti Tire offers transparency regarding the projects it plans to finance, accompanied by clearly established eligibility criteria.

» Clearly defined environmental and social benefits for all project categories.

## Challenges

» Tire manufacturing involves energy- and carbon-intensive processes that depend on resources with notable environmental impacts. These activities present significant externalities related to land use, energy consumption, emissions, and waste management.

» Whilst Giti Tire has committed to allocation and impact reporting until full allocation, the company has not committed to independent verification of these reports.

## Alignment with principles

Giti Tire's sustainable financing framework is aligned with the four core components of the ICMA's GBP 2025 and SBP 2025, and the LMA/APLMA/LSTA's GLP 2025 and SLP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- ☑ Green Bond Principles (GBP)
- ☑ Green Loan Principles (GLP)
- ☑ Social Bond Principles (SBP)
- ☑ Social Loan Principles (SLP)
- ○ Sustainability-Linked Bond Principles (SLBP)
- ○ Sustainability Linked Loan Principles (SLLP)

### Use of proceeds

| Not aligned | Partially aligned | Aligned | Best practices ▼ |
|---|---|---|---|

**Clarity of the eligible categories – BEST PRACTICES**

Giti Tire has clearly communicated the nature of the expenditures as capital expenditures, operational expenditures, and research and development expenses. The company has set clear eligibility and exclusion criteria for all the eligible categories and further supplemented project details through internal documentation. Giti Tire has disclosed that the majority of eligible projects will be located in Asia, primarily in China and Indonesia.

**Clarity of the environmental or social objectives – BEST PRACTICES**

Relevant environmental and social (E&S) objectives are defined for all eligible categories and are clearly stated in the framework. All the eligible categories are relevant to the respective E&S objectives to which they aim to contribute. Giti Tire has also referenced the United Nations' (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories, and the objectives are coherent with these recognized international standards (see Appendix 2).

**Clarity of expected benefits – BEST PRACTICES**

Giti Tire has identified clear and relevant expected E&S benefits for the eligible green and social categories based on the projects to be financed. The benefits are measurable for all project categories and will be quantified in future reporting. Giti Tire has also confirmed through internal documentation that it will disclose the estimated share of refinancing to investors prior to each issuance, and the actual share of refinancing will be included in the post-issuance allocation report.

For operating expenditures, Giti Tire has confirmed through internal documentation that it is committed to a look-back period of approximately 36 months from June 2025, while no look-back period has been set for capital expenditures.

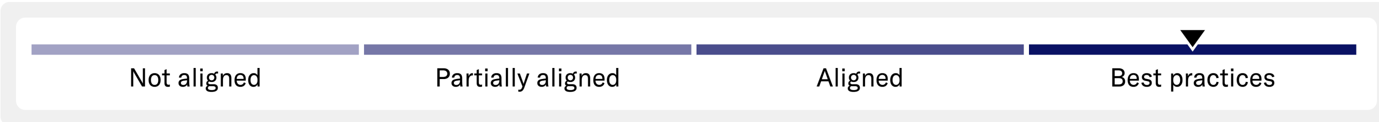
### Process for project evaluation and selection

| Not aligned | Partially aligned | Aligned | Best practices ▼ |
|---|---|---|---|

**Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES**

Giti Tire has established a clear and structured decision-making process for determining the eligibility of projects. This process is detailed in the framework, which will be publicly available on the company's website. The Sustainability Finance Working Group (SFWG) will be responsible for evaluating and selecting the eligible green and social projects in line with eligibility criteria. The SFWG comprises representatives from the Board Sustainability Committee, Sustainability Executive Council, Corporate Sustainability Office, and ad-hoc support teams. The company confirmed that SFWG will also monitor the allocation of proceeds to such projects. Projects will be reviewed at least annually during the life of the instrument, and in case a project fails to meet the eligibility criteria, the committee will reallocate the funds to new eligible projects. All projects within the framework will follow Giti Tire's ESG risk management policies including its sustainable procurement policies, which are available on the company's website.

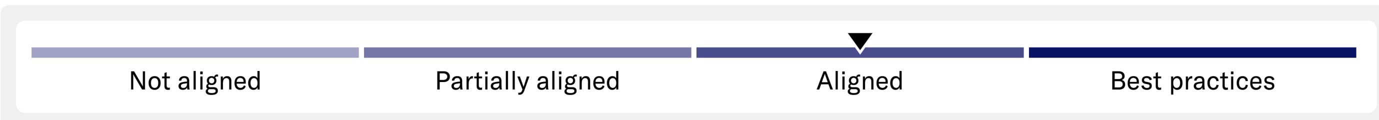
### Management of proceeds




**Allocation and tracking of proceeds – BEST PRACTICES**

Giti Tire has defined a clear process for the management and allocation of proceeds in its framework. Net proceeds from SFTs under the framework will be tracked through Giti Tire's internal accounting system and allocated to eligible projects. The balance of the tracked net proceeds will be adjusted at least annually to match allocation to eligible projects during that period. Giti Tire is committed to allocating all net proceeds from the SFTs to eligible projects on a best effort basis within two years of issuance, in accordance with the evaluation and selection process set out in the framework. Temporarily unallocated proceeds will be managed in line with Giti Tire's liquidity management policy, including investing in cash, cash equivalents, short term deposits, or money market funds. The company has confirmed through internal documentation that unallocated proceeds will not be invested in greenhouse gas (GHG)-intensive or controversial activities.

### Reporting



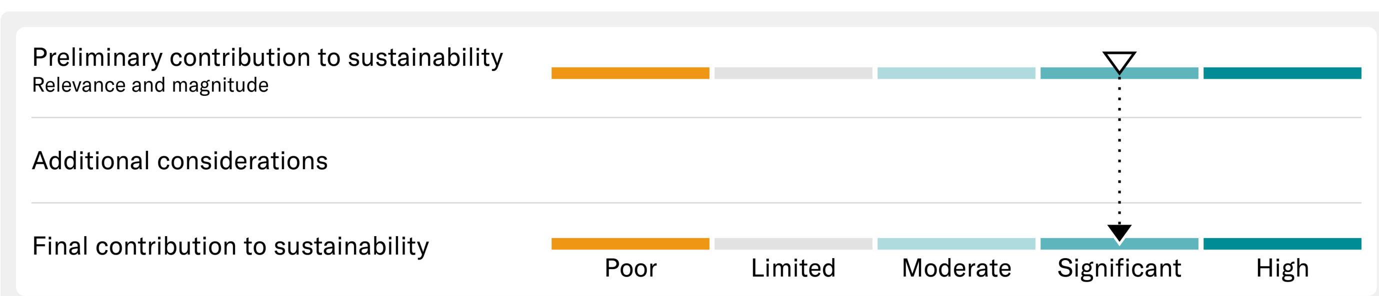

**Reporting transparency – ALIGNED**

Allocation and impact reporting will be provided on an annual basis until full allocation of the outstanding SFTs and in case of material developments. The reporting will be publicly available in Giti Tire's Sustainability Report, on its website, or any publication medium deemed suitable. The reporting will cover relevant information about the allocation of proceeds and the expected sustainable benefits of the eligible categories.

The impact indicators are all clear and relevant for all eligible categories. The company will also disclose calculation methodologies and assumptions for the impact indicators. The company has confirmed that verification of allocation will be done on a best effort basis; however, the commitment is not firm. There will be no independent assessment of the reported environmental and social benefits from the financed projects.

## Contribution to sustainability

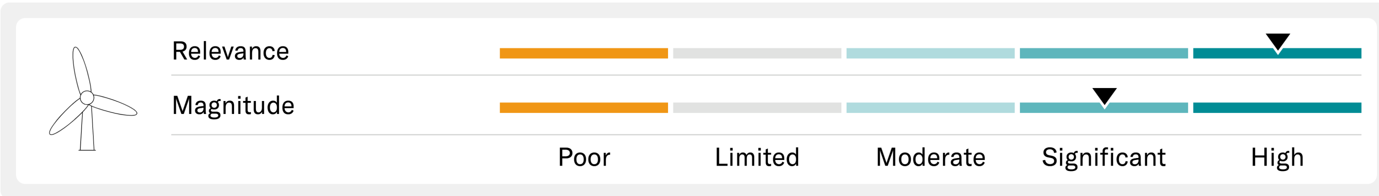
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.




### Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. Based on information provided by Giti Tire, it is anticipated that the majority of proceeds from upcoming issuances will be distributed proportionately across the green categories. A detailed assessment by eligible category has been provided below.

**Renewable energy**




Projects financed under this category are highly relevant to the global efforts to mitigate climate change and support one of Giti Tire's key sustainability priorities of reducing GHG emissions across its operations. The category is particularly relevant to project locations such as China and Indonesia, where fossil fuels remain the dominant source of energy and the decarbonization of industrial operations is crucial. The renewable energy projects under this category primarily address Giti Tire's Scope 2 GHG emissions, which are a key sustainability issue for the company, accounting for around 30% of its total carbon footprint in 2024. Transitioning to cleaner energy sources is highly relevant for reducing Giti Tire's indirect emissions associated with purchased electricity.

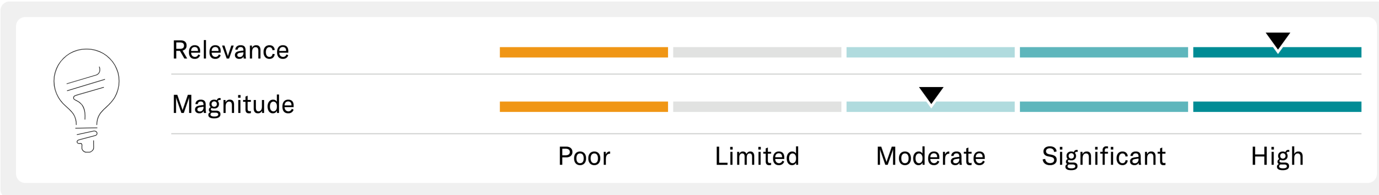
The magnitude of this category is significant. Giti Tire has indicated that all proceeds for renewable energy related projects from forthcoming issuances will be allocated to solar photovoltaic (PV) on-site installation projects, which are among the cleanest renewable options with minimal externalities, thereby substantially contributing to climate change mitigation.

This category also includes the financing of long-term bundled renewable energy power purchase agreements (PPAs), with energy explicitly sourced from solar PV, wind, and bioenergy. Wind energy projects are expected to deliver highly positive long-term climate benefits. For bioenergy projects, Giti Tire has confirmed that eligible biofuel projects must achieve at least 80% GHG emissions savings compared to fossil fuel comparators, in line with market best practices. Woody biomass will be excluded from eligible feedstocks. While PPAs support renewable energy procurement, they are an indirect mechanism and generally offer lower emissions mitigation potential compared to direct on-site generation. Giti Tire has stated a clear preference for on-site generation. For PPAs, both physical and virtual structures will be eligible. Long-term bundled physical PPAs typically involve a direct contractual relationship with renewable generators and offer stronger traceability and additionality. In contrast, virtual PPAs are financial instruments without physical delivery of electricity to Giti Tire and may be less effective in driving new renewable capacity, which, when considered independently, have limited magnitude due to their limited traceability. Moreover, there is limited visibility regarding the allocation between electricity procured from newly constructed versus existing PPA facilities.

Giti Tire has outlined its preferences for PPA projects to address some of the concerns. The requirements include prioritizing new-build renewable assets for additionality and accepting existing facilities only if they support substantial upgrades, efficiency improvements, or operational life extension. Additionally, PPAs must ensure temporal and spatial alignment, and preference will be given to projects that provide social co-benefits, such as community development initiatives and the creation of local employment opportunities.

Although the company has confirmed that proceeds from upcoming issuance are unlikely to be allocated to PPAs, the distribution of future funds among solar PV projects, physical PPAs, and virtual PPAs remain uncertain. The significant magnitude score assigned to this category reflects our understanding of the company's preference for long-term physical PPAs. However, if virtual PPAs were to receive the majority of future allocations, their contribution to increasing renewable energy capacity would likely be lower, given the ongoing ambiguity around their grid impact.

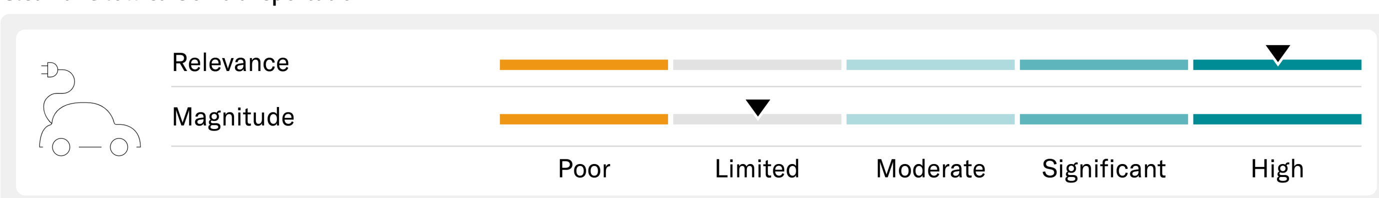
**Energy efficiency**




The relevance of this category is high as eligible projects are likely to reduce energy consumption and related emissions of Giti Tire's operations. Improvements in energy efficiency is considered a key element in the shift towards more sustainable energy systems, often referred to as the "first fuel" of the global energy transition. Improving energy efficiency has been a focal point for policymakers worldwide[2], including China[3] and Indonesia[4], where Giti Tire's main manufacturing facilities are located. This is particularly relevant to Giti Tire, given the energy-intensive nature of tire manufacturing, especially in processes like rubber mixing and curing, and the fact that Scope 1 and 2 GHG emissions together account for approximately half of the company's total carbon footprint.

Financing projects in this category will have a moderate contribution to climate change mitigation. Giti Tire has shared general examples of planned investments aimed at improving energy efficiency and upgrading facilities across its operational sites and employees' dormitories. These include the installation of building management systems and sensors to optimize heating, ventilation, and air conditioning (HVAC) performance, deployment of energy-efficient production and warehousing equipment, smart automation technologies, and centralized energy management systems. Additional upgrades include LED lighting with motion or daylight sensors, high-efficiency HVAC systems like variable refrigerant flow (VRF) units, heat pumps, and smart thermostats, and building envelope improvements such as insulation, high-performance windows, and cool roofing materials. For energy storage, Giti Tire has confirmed that forthcoming issuances will finance battery systems exclusively dedicated to storing on-site solar energy. Giti Tire has also shared examples of GenAI and Industry 4.0 applications intended to enhance energy efficiency. These include the use of AI to optimize infrastructure planning and design, reduce delays and cost overruns, and enhance equipment performance through real-time adjustments and predictive maintenance. Giti Tire also plans to leverage data-driven tools to forecast energy demand and automate responses to reduce peak loads. Monitoring systems will be deployed to identify inefficiencies, enable predictable maintenance, and support AI-driven load balancing and integration of solar, wind, and battery systems for optimized and sustainable energy use. Importantly, projects involving fossil fuel-related asset upgrades will be excluded. While Giti Tire states that its energy improvement initiatives build upon an already solid baseline performance, the overall energy efficiency target of 15% falls short of the market best practice of 30%.

**Clean and low carbon transportation**



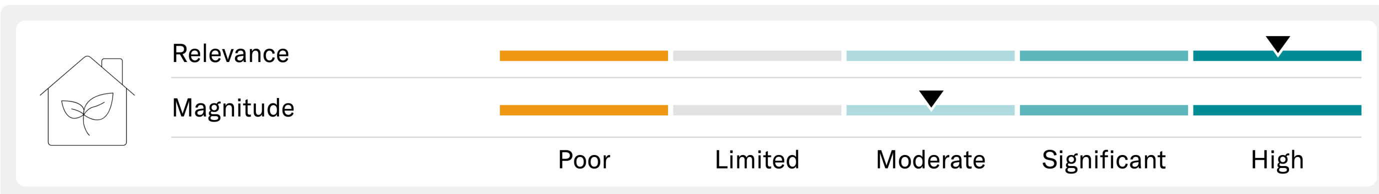

The relevance of this category is high, as eligible projects will help reduce carbon emissions and improve air quality by promoting low-carbon transportation globally. According to the International Energy Agency (IEA), transport accounts for more than a third of carbon emissions from end-use sectors[5]. This category is also highly relevant to Giti Tire, given its role as a global tire manufacturer with products sold across international markets. As tires account for approximately 20% to 30% of a vehicle's fuel consumption[6], their design and performance play a critical role in influencing fuel efficiency and overall energy use. Therefore, financing tire-related initiatives that support low-carbon transportation aligns closely with Giti Tire's core business and carbon emissions reduction objective.

The magnitude of this category is limited. Projects financed under this category include efficient tires dedicated to zero direct emission vehicles. Giti Tire has shared that eligible new energy vehicles (NEVs) refer specifically to electric vehicles (EVs) in the forthcoming issuance. While we have limited visibility regarding the final application of the tires financed under this category, the company has confirmed that all tires will be designed and marketed for EVs. Additionally, Giti Tire has confirmed that assets dedicated to the transport of fossil fuels will be excluded from financing under this category.

Giti Tire intends to finance tires that reduce rolling resistance, thereby enhancing vehicle performance and energy efficiency. Lower rolling resistance enables vehicles to maintain speed using less energy, resulting in reduced fuel or electricity consumption and lower GHG emissions. This benefit is particularly notable for vehicles with internal combustion engine or hybrid systems, where improved tire efficiency can directly reduce fuel consumption and associated tailpipe emissions. For EVs, minimizing rolling resistance helps decrease electricity demand, potentially reducing upstream GHG emissions depending on the energy source. Giti Tire is targeting products that achieve at least a Class B rating for fuel efficiency under the EU Tyre Labelling Scheme. While Class A tires offer the greatest fuel savings due to lower rolling resistance, Class B tires still deliver meaningful energy conservation benefits compared to Classes C to E.

While tires with lower rolling resistance can aid in reducing emissions during their use phase, transparency regarding upstream emissions from raw material sourcing and manufacturing remains limited. Since tire manufacturing is inherently carbon intensive, the absence of a comprehensive life-cycle assessment - particularly relative to best-performing market alternatives as required by the EU taxonomy - restricts our understanding of the long-term environmental impact of these financed projects.

**Green buildings and green factories**



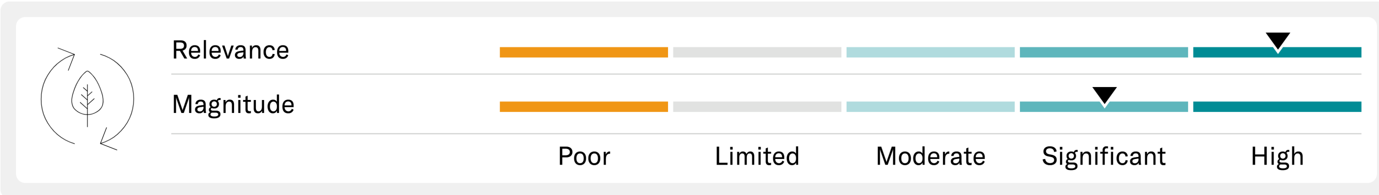

The eligible category is highly relevant to the project locations and Giti Tire's efforts in reducing the operational emissions from its factories. While the decarbonization of commercial buildings may not be the most material environmental issue for either the company or the broader auto parts sector, the relevance of this category remains high since the primary assets financed will be factories rather than office buildings. Within the tire sector, factory mechanical and electrical infrastructure play a critical role in supporting efficient workflows and optimizing resource use, thereby reducing the overall environmental impact.

The projects financed under this category will contribute moderately to the climate change mitigation objective. Giti Tire has confirmed its intention to finance the construction of green factories in the upcoming issuance, which may involve establishing one semi-steel tires manufacturing facility located in Anhui Province, China. Giti Tire has indicated that the factory will employ solar photovoltaic technology to optimize on-site renewable energy generation and incorporate waste-to-energy systems for steam production, as well as advanced building management systems and sensors to enhance energy efficiency. While certain technologies integrated into the factory may be funded under different categories, such as solar PV, the company has stated that double counting across these categories will not occur. This category specifically addresses the integration of equipment and systems as a whole to achieve emission reductions compared to traditional factories.

The financed factories will adhere to the Chinese General Principles for Assessment of Green Factory and, in particular, the Evaluation Requirements for Tire Industry Green Factories. These standards establish criteria across various environmental aspects, including factory infrastructure, management systems, resource efficiency, production practices and pollution control measures. Giti Tire has confirmed that all financed factories will obtain certification as Chinese national-level green factories, issued by the Ministry of Industry and Information Technology. This certification ensures not only compliance with essential environmental protection standards but also distinguishes the recipient factories as demonstrating superior environmental performance relative to regional peers, with assessments conducted by independent third-party verifiers along with national-level experts. While these principles do not define specific certification thresholds, the company has submitted comparative environmental performance data for the Anhui factory, evidencing significant improvements over existing facilities in carbon emission intensity, electricity and natural gas usage, and air and water pollutant outputs. Nevertheless, there remain ongoing concerns regarding significant carbon lock-ins associated with manufacturing processes, notably emissions from welding and on-site combustion. These emissions continue to limit the facility's long-term environmental performance and have led to a moderate evaluation score.

Apart from the green factory standard, the green building certifications referenced within this category demonstrate a range of environmental attributes due to their point-based scoring mechanisms; however, they are not considered primary factors when evaluating the category's impact, as their inclusion is not anticipated in the immediate future.

**Resource efficiency and circular economy**

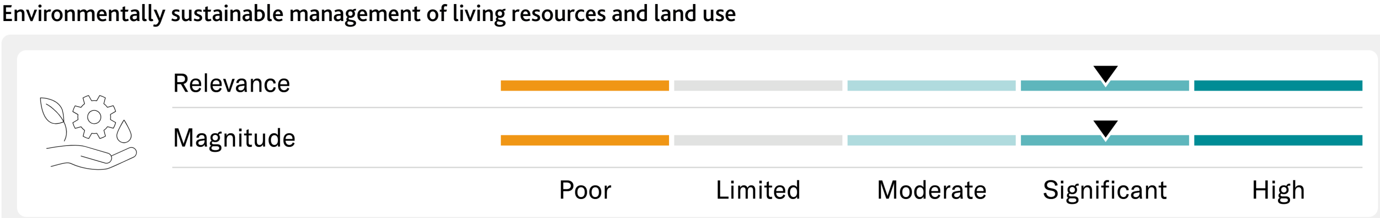



Projects financed under this category are highly relevant for addressing resource inefficiency and waste management issues within the tire industry. The sector faces significant challenges regarding post-consumption waste management, as global data suggests that more than 1.5 billion tires are discarded annually[7]. End-of-life tire (ELT) waste presents a considerable global environmental concern due to its contribution to air, water, and soil pollution[8]. Tire production consumes a significant amount of natural rubber and petroleum-based synthetic rubber, which further amplifies sustainability issues. Therefore, effective recovery and recycling of ELT waste, alongside the adoption of sustainable material inputs, are crucial priorities for the sector.

Projects funded in this category are expected to make a significant contribution to climate change mitigation and pollution prevention objectives. Giti Tire plans to support a range of initiatives within this category, prioritizing projects demonstrating significant circularity potential in accordance with the waste hierarchy. These include product innovations aimed at reducing tire material usage and integrating recycled or renewable materials, alongside energy recovery approaches, which are recognized as offering a lower degree of circularity. While there are no quantified thresholds included as eligibility criteria, Giti Tire has established corporate targets related to waste recycling and the use of renewable and recycled materials in its tires.

According to the company's confirmation, financing will be directed toward several specific technologies, such as research and development focused on increasing the proportion of sustainable and recycled materials in tires - such as pine tree resin, rice husk silica, deforestation-free or recycled rubber, and recovered carbon black. Additional projects involve enhancing vulcanization efficiency to minimize material consumption and energy use, implementing exhaust treatment systems to reduce nitrogen oxide emissions and improve wastewater management, as well as introducing waste heat recovery, machine lubricant recycling, and partnerships with certified third-party recyclers. Giti Tire has provided quantified environmental impact reduction figures for most projects, collectively demonstrating significant environmental gains. In addition to design and process enhancements, which are expected to receive the majority of the proceeds, the company also plans to finance a number of waste-to-energy projects within this category, including the incineration of ELTs as fuel rather than landfilling, and pyrolysis for recovering products such as pyrolysis oil and recovered carbon black. Giti Tire has confirmed that the incineration facilities processing these tires operate under relevant regulatory oversight and largely comply with CBI criteria for waste-to-energy operations, including requirements for power efficiency and bottom ash recovery. Although these energy recovery methods are less circular and require greater energy input, resulting in a moderate magnitude if evaluated independently, they are generally regarded as preferable alternatives to landfill disposal due to the significant environmental risks associated with landfilling. In addition, Giti will provide funding for the ISCC Plus certification expenses within this category to encourage the adoption of recycled input materials, although only a limited allocation of proceeds will be dedicated to this sub-category.

**Environmentally sustainable management of living resources and land use**

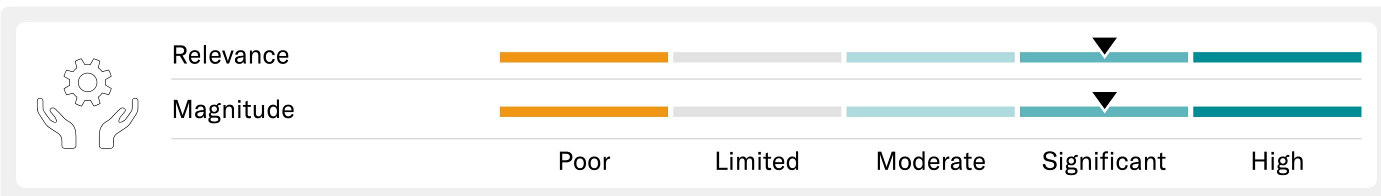



The category holds significant relevance to the environmental context of the project locations and the company. Deforestation is a major issue in Indonesia, primarily resulting from agricultural expansion and urbanization, including the rising global demand for natural rubber[9]. Deforestation has a significant impact on vital habitats for endangered species, including orangutans and Sumatran elephants. As such, reforestation efforts and the development of a deforestation-free supply chain are key sustainability considerations for the tire industry and Giti Tire. In contrast, ocean conservation may be less directly relevant to the company.

Projects funded under this category will make a significant contribution to the protection and restoration of biodiversity. Giti Tire intends to finance two primary categories of projects within this domain: biodiversity conservation initiatives - such as elephant wildlife enhancement programs, reforestation of degraded land, and marine conservation in Indonesia - and the procurement of verified natural rubber compliant with the EU Deforestation Regulation (EUDR). The company has indicated that the majority of proceeds will be allocated to biodiversity conservation efforts.

A structured approach will be adopted for these initiatives, including close collaboration with conservation partners. For instance, the reforestation project employs individual tagging of trees and annual documentation of growth rates. Giti Tire engages external advisors for its reforestation activities, utilizing specialized software to record tree development, which is accessible for auditing purposes. Additionally, the company partners with organizations such as Konservasi Indonesia for wildlife and marine conservation projects to enhance conservation outcomes. All biodiversity conservation projects are confirmed to be in-situ conservation and require progress reporting. Giti Tire also aims to support the procurement of EUDR-aligned natural rubber under this category, thereby addressing deforestation risks within its upstream supply chain. Although the impact of these procurement projects is expected to be indirect, they are anticipated to receive only a minor share of the total funding.

**Access to essential services - education**



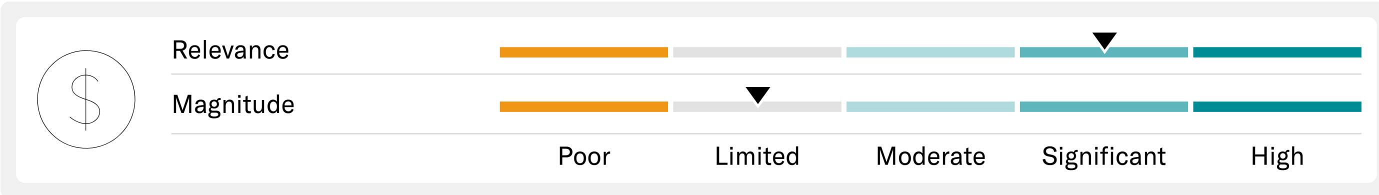

Projects financed under this category are significantly relevant in addressing Indonesia's tertiary education shortage and talent gap in the tire sector. As communicated with Giti Tire, the eligible projects will be a government recognized full-scholarship diploma offered by Gajah Tunggal Polytechnic[10] in Indonesia. This initiative focuses on developing working knowledge relevant to the tire industry, specifically in Electronic Engineering, Mechanical Engineering, Industrial Technology, and Information Technology. Upon completion of the diploma, graduates will be offered employment placements and required to complete certain years of service with the company.

Although the tertiary education enrollment rate in Indonesia has been improving, the tertiary education penetration in the country's labor force was still at the lower end at 6.6% in 2023[11], which highlights the need to expand access to advanced education in the country. Additionally, the eligible projects align with the company's talent attraction strategy when referenced against its materiality matrix, although this category is addressing a sustainability topic that is less critical in the sector.

The projects are expected to make a significant contribution toward achieving the social objective of ensuring inclusivity and delivering quality education. This category primarily seeks to support vulnerable and financially disadvantaged students within the defined target population. The diploma program is open to all Indonesians across different regions of the country. The company has confirmed that household income will be considered as part of the eligibility criteria for the diploma program, with reference to the income ceiling criteria of Masyarakat Berpenghasilan Rendah (MBR, or low-income communities) as defined by Indonesian regulations. However, we note that additional enrollment requirements - such as educational qualifications, physical health, age, academic performance, and interview outcomes - may limit access to the diploma and its associated scholarship programs for the most underserved individuals.

Affordability is not a material concern, as the diploma is granted through a full-scholarship arrangement. Recipients receive comprehensive support covering tuition fees, living allowances, study materials and uniforms. However, graduates are required to fulfill a mandatory service period after completing the program, which may constrain their flexibility in career planning. Nevertheless, the company has confirmed that compensation during the service period will be aligned with prevailing market rates. The diploma is recognized as equivalent to a government-accredited qualification, and the skills acquired are transferable across industries. This enhances the long-term social impact of the program for the target population.

#### Socioeconomic advancement and empowerment




Projects in this category are significantly relevant to alleviating the shortage of affordable housing and wellness amenities within the designated project areas. These initiatives focus on expanding or enhancing dormitory accommodations, as well as improving on-site facilities such as basketball courts and gyms in dormitories located in China, specifically in Hefei, Anhui Province and Putian, Fujian Province. The dormitories are situated proximate to production plants within urban areas where access to low-cost housing is limited. Data indicates that housing prices compared to income are high in these areas, especially in Putian, which results in significant rental costs for factory workers. The significant relevance considers that this category is addressing a less pressing sustainability topic in the sector, compared with other topics such as product quality and safety.

The project category is expected to make a limited contribution toward the social objective of enhancing employee well-being, largely due to its short-term impact duration. According to the company, the majority of proceeds from this category will be designated for the construction or upgrading of dormitories, with a smaller portion allocated to on-site recreational facilities. The dormitories will include amenities such as recreational areas designed to reflect the interests of various hobby groups within the employee community. The company has confirmed that these dormitories will be provided free of charge and will be accessible to all employees through an open application process. While it is anticipated that most beneficiaries will be lower-income employees, the company has not specified whether priority will be given to the most underserved groups, including criteria for access to family and couple units. Both dormitories and related recreational facilities will undergo regular inspection and maintenance to ensure quality and functionality. However, despite these positive features, the overall social impact of these projects is constrained. The facilities offer short-term benefits without addressing the underlying housing challenges faced by employees, such as limited access to affordable housing and the reliance on employer-provided accommodation. Since access is conditional on continued employment, the facilities do not support long-term settlement in the city, especially for migrant workers who often encounter financial obstacles to securing permanent housing. Although we have been informed by the company that employee contracts are permanent, ongoing access is determined solely by each individual's choice to remain with the organization. Furthermore, the additionality of the financed projects is limited because providing dormitories for factory workers is regarded as a prerequisite for factory operation.

### Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

Giti Tire outlines its E&S risk due diligence in the framework based on its environmental policy to identify and address risks. The company publicly shares its E&S policy for natural rubber sourcing on its website, specifying sustainable procurement standards. As a member of the Global Platform for Sustainable Natural Rubber (GPSNR), Giti Tire adheres to GPSNR guidelines for responsible supply chain management.

The framework aligns with Giti Tire's sustainability strategy, addressing energy, waste, and resource management along with social initiatives. The company has outlined long-term sustainability goals in areas such as waste and water management, supply chain practices, reforestation, and carbon emissions. Specifically, Giti Tire has set targets to reduce emissions by 30% by 2030, achieve net zero Scope 1 and 2 emissions by 2050, and increase the proportion of renewable and recycled materials in tires to 15% by 2026, to 30% by 2030, and to 100% by 2050.

## Appendix 1 - Alignment with principles scorecard for Giti Tire's sustainable financing framework

| Factor | Sub-factor | Component | Component score | Sub-factor score | Factor score |
|---|---|---|---|---|---|
| Use of proceeds | Clarity of the eligible categories | Nature of expenditure | A | Best practices | Best practices |
| | | Definition of content, eligibility and exclusion criteria for nearly all categories | A | | |
| | | Location | A | | |
| | | BP: Definition of content, eligibility and exclusion criteria for all categories | Yes | | |
| | Clarity of the objectives | Relevance of objectives to project categories for nearly all categories | A | Best practices | |
| | | Coherence of project category objectives with standards for nearly all categories | A | | |
| | | BP: Objectives are defined, relevant and coherent for all categories | Yes | | |
| | Clarity of expected benefits | Identification and relevance of expected benefits for nearly all categories | A | Best practices | |
| | | Measurability of expected benefits for nearly all categories | A | | |
| | | BP: Relevant benefits are identified for all categories | Yes | | |
| | | BP: Benefits are measurable for all categories | Yes | | |
| | | BP: Disclosure of refinancing prior to issuance and in post-allocation reporting | Yes | | |
| | | BP: Commitment to communicate refinancing look-back period prior to issuance | Yes | | |
| Process for project evaluation and selection | Transparency and clarity of the process for defining and monitoring eligible projects | Clarity of the process | A | Best practices | Best practices |
| | | Disclosure of the process | A | | |
| | | Transparency of the environmental and social risk mitigation process | A | | |
| | | BP: Monitoring of continued project compliance | Yes | | |
| Management of proceeds | Allocation and tracking of proceeds | Tracking of proceeds | A | Best practices | Best practices |
| | | Periodic adjustment of proceeds to match allocations | A | | |
| | | Disclosure of the intended types of temporary placements of unallocated proceeds | A | | |
| | | BP: Disclosure of the proceeds management process | Yes | | |
| | | BP: Allocation period is 24 months or less | Yes | | |
| Reporting | Reporting transparency | Reporting frequency | A | Aligned | Aligned |
| | | Reporting duration | A | | |
| | | Report disclosure | A | | |
| | | Reporting exhaustivity | A | | |
| | | BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback | No | | |
| | | BP: Clarity and relevance of the indicators on the sustainability benefits | Yes | | |
| | | BP: Disclosure of reporting methodology and calculation assumptions | Yes | | |
| | | BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds | No | | |
| | | BP: Independent impact assessment on environmental and social benefits | No | | |
| | | | | **Overall alignment with principles score:** | **Aligned** |

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

## Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The eight eligible categories included in Giti Tire's framework are likely to contribute to nine of the United Nations' Sustainable Development Goals (SDGs), namely:

| UN SDG 17 Goals | Eligible Category | SDG Targets |
|---|---|---|
| GOAL 4: Quality Education | *Access to Essential Services – Education* | 4.4: Increase the number of youth and adults with technical and vocational skills for employment and entrepreneurship |
| GOAL 6: Clean Water and Sanitation | *Resource Efficiency and Circular Economy* | 6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials |
| GOAL 7: Affordable and Clean Energy | *Renewable Energy* | 7.2: Increase substantially the share of renewable energy in the global energy mix |
| | *Energy Efficiency* | 7.3: Double the global rate of improvement in energy efficiency |
| GOAL 8: Decent Work and Economic Growth | *Socioeconomic Advancement and Empowerment* | 8.8: Protect labour rights and promote safe working environments for all workers, including migrants and those in precarious employment |
| GOAL 9: Industry, Innovation and Infrastructure | *Energy Efficiency* | 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action |
| GOAL 11: Sustainable Cities and Communities | *Clean and Low Carbon Transportation* | 11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all |
| | *Green Buildings and Green Factories* | 11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management |
| GOAL 12: Responsible Consumption and Production | *Resource Efficiency and Circular Economy* | 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse |
| GOAL 14: Life Below Water | *Environmentally Sustainable Management of Living Resources and Land Use* | 14.2: Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts |
| GOAL 15: Life on Land | | 15.2: Promote the implementation of sustainable management of all types of forests |

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

## Appendix 3 - Summary of eligible categories in Giti Tire's framework

| Eligible Categories | Description | Sustainability Objectives | Impact Reporting Metrics |
|---|---|---|---|
| Renewable energy | » Construction, development, installation, maintenance, management, and operation of projects generating power from renewable energy sources, comprising any of the following:<br>- On-site installation<br>- Sourcing pursuant to long-term/ bundled power purchase agreements[1]<br><br>» Renewable resources may come from the following technologies:<br>- Solar photovoltaics power<br>- Wind power<br>- Biogenic energy sources[2] with lifecycle greenhouse gas (GHG) emissions intensity below 100gCO2e/kWh<br><br>[1]To allow up to 10% International Renewable Energy Certificates ("iREC") purchases of scope 1 and scope 2<br>[2]The conversion to bio-diesel, bio-ethanol or other gaseous or liquid fuels from biodegradable waste that are non-food source | Climate change mitigation | - Annual renewable energy generated or purchase (electricity in MWh/GWh)<br>- Installed generation capacity (MW)<br>- Annual GHG emissions reduced or avoided (tCO2e)<br>- Annual energy storage capacity (MW/GW) |
| Energy efficiency | » Construction, development, installation, maintenance, management, operation and upgrades of energy efficient technologies, products or equipment which yield an energy efficiency improvement of minimum 15% compared to pre-investment level, such as:<br>- Building management systems and sensor<br>- Energy efficient production and warehousing equipment and facilities<br>- Energy Storage Facilities<br>- Off-Grid and Smart Grid Facilities<br>- Gen AI and other Industrial 4.0 innovations | Climate change mitigation | - Annual energy savings (MWh/GWh)<br>- Annual GHG emissions reduced or avoided (tCO2e)<br>- Annual energy intensity per ton of tire produced (ton CO2e/ton tire) |
| Clean and low carbon transportation | » Development, manufacture and R&D of efficient tyres for the sole purpose of use on zero direct emission vehicles, such as:<br>- New energy vehicle (NEV) original equipment (OE)<br>- Tire Technology that improves fuel efficiency including improving rolling resistance[3]<br><br>[3] Giti will aim to achieve at least Grade B or above for fuel efficiency under European Product Registry for Energy Labelling (EPREL) | Climate change mitigation | - % of green energy savings<br>- Annual GHG emissions reduced or avoided (tCO2e)<br>- % of tire model that produced for NEV vehicles<br>- Rolling Resistance Improvement (N) |

| Eligible Categories | Description | Sustainability Objectives | Impact Reporting Metrics |
|---|---|---|---|
| Green buildings and green factories | » Construction, development, investment, maintenance, management, and operation in buildings which meet the following national, regional or internationally recognised green building standards or certifications, and have in place a valid Green Building Certificate, such as but not limited to:<br>- Singapore BCA Green Mark – Gold plus and above<br>- China Green Building Evaluation Label – Three Star and above<br>- Leadership in Energy Design (LEED) – Gold and above<br>- Any other green building certification that is equivalent of the above as determined by Giti in good faith<br>- National Standards Green Factory certification or equivalent | Climate change mitigation | - Type of scheme/award and certification level<br>- Operational emissions intensity of buildings (kgCO2e/m2)<br>- Absolute (gross) water use of the building (m3)<br>- Quantity of water recycled (m3/%)<br>- Reduction of air pollutants (%) |
| Resource efficiency and circular economy | » Expenditures, investments and R&D to minimise waste, support recycling programmes and procurement of recycled/ waste/ resource efficient materials, examples include:<br>- Waste recycling from manufacturing of tires<br>- Repurposing, recycling, and upcycling of waste into new tires and/or other products<br>- Collaboration with local authorities or waste treatment companies, leveraging waste-to-energy recovery plants to repurpose the heat-to-steam generated to tire production<br>- R&D and Investment in sustainable materials tire<br>- Technology and/or facilities that improves air emission and waste water pollution<br>- Technology that reduces tire material consumption<br>- Certification that is related to Resource Efficiency and/or Circular such as International Sustainability and Carbon Certification (ISCC) plus<br>- Recovery of End-Of-Line tire | Climate change mitigation, Pollution prevention and control | - Waste being recycled/ reused (tonnes/ %)<br>- Estimated annual GHG emissions avoided or reduced (tCO2e) and/or energy savings (MWh per year)<br>- % of sustainable materials in tire<br>- End-Of-Line tire recovered (% or number recovered). |
| Environmentally sustainable management of living resources and land use | » Expenditures and projects related to environmentally sustainable management of living resources and land use projects, such as:<br>- Including reforestation that use tree species that are well adapted to the site conditions, and preservation or restoration of natural landscapes and resources<br>- Ocean conservation such as coral reef and seaweed<br><br>» Expenditures and projects related to the procurement of natural rubber from verified deforestation free sources[4]<br><br>[4] For example, Global Platform for Sustainable Natural Rubber (GPSNR), EU Deforestation Regulation (EUDR), Forest Stewardship Council Certification (FSC) | Protection and restoration of biodiversity and ecosystems | - Carbon emissions sequestered (tCO2e)<br>- Increase in area under sustainable forest management (ha)<br>- Number of suppliers/species that are engaged and aligned with international standards or regulations |

| Eligible Categories | Description | Sustainability Objectives | Impact Reporting Metrics |
|---|---|---|---|
| Access to essential services – education | » Education programmes/ scholarships that aim to increase employability and/or upskilling of target population<br><br>Target population:<br>- Unskilled and/or unemployed as defined by local authorities and government | Ensure inclusivity and quality education | - Number of beneficiary in the education programme |
| Socioeconomic advancement and empowerment | »Expenditures and investments that aim to promote well-being and quality of life of the target population, for example:<br>- On-Site improvement to employees' living conditions/dormitory<br><br>Target population:<br>- Employees with limited access to affordable housing | Improvement of individual well-being | - New facilities built for employees (m2/number of facilities).<br>- Number of beneficiary living in the dormitory |

## Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.
2 IEA: Energy Efficiency, accessed on 9 September 2025.
3 The State Council The People's Republic of China: Industrial Energy Efficiency Improvement Action Plan (in Chinese), 23 June 2022.
4 E4 Country Profile: Energy Efficiency Indonesia, 9 February 2021.
5 IEA: Transport, accessed on 9 September 2025.
6 Information on tyre fuel efficiency, braking capacity and noise levels, accessed on 9 September 2025.
7 A comprehensive review of tire recycling technologies and applications, 25 June 2025.
8 End-of-life tire management: a critical review, 15 October 2021.
9 High-resolution maps show that rubber causes substantial deforestation, 18 October 2023.
10 Gajah Tunggal Polytechnic, accessed on 9 September 2025.
11 Statistics Indonesia (BPS) Blora Regency: Labor Force by Education Level, accessed on 9 September 2025.

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