



SECOND PARTY OPINION

SMFG/SMBC SOCIAL FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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Executive Summary

Sumitomo Mitsui Financial Group, Inc. (hereinafter, "SMFG") is the holding company of SMBC Group, which is one of the three largest banking groups in Japan. Sumitomo Mitsui Banking Corporation (hereinafter, "SMBC") is the main operating bank within SMFG. SMFG is designated a "global systemically important bank (G-SIB)" in recognition of its broad range of financial services in both domestic and overseas markets.

SMFG and SMBC has developed the "SMFG/SMBC Social Finance Framework" (hereinafter, this "Framework") for the funds procured to allocate to projects that contribute to solving global social issues including Digital Inclusion in emerging countries such as Asia. This Framework has been developed by applying the standards related to social bonds and social loans, and the Guidebook to Digital Inclusion Bond Financing.

SMFG and SMBC have commissioned DNV Business Assurance Japan K.K. (hereinafter, "DNV") to conduct an assessment of this Framework. DNV, as an external reviewer, has assessed the eligibility of this Framework by applying the four core elements specified by the following criteria, including the Social Bond Principles, which are widely recognized in the capital markets today, and the six elements of the Guidebook to Digital Inclusion Bond Financing.

- Social Bond Principles 2025 (ICMA; hereinafter, "SBP")
- Social Loan Principles 2025 (LMA/APLMA/LSTA; hereinafter, "SLP")
- Social Bond Guidelines 2021 (FSA; hereinafter, "SBGL")
- Guidebook to Digital Inclusion Bond Financing 2021 (World Economic Forum; hereinafter, "DIFG")

A summary of the assessment results is as follows.




Element-1. Use of Proceeds:






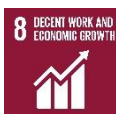

The proceeds raised by SMFG and SMBC as Social Financing Instruments under this Framework will be allocated to finance and/or refinance existing or new Eligible Social Projects and/or Eligible Digital Inclusion Social Projects identified below. Typical uses of Social Financing Instruments proceeds fall into the following two broad categories of Eligible Projects, which are classified into the following eight business categories.

- Eligible Social Projects
- Eligible Digital Inclusion Social Projects

Table-1 and Table-2 show representative examples (typical use of proceeds) of the above, respectively.

Table-1: Representative Examples of Eligible Social Projects

No.	Project Category	Typical Use of Proceeds	Related SDGs
1	Affordable basic infrastructure	<p>Transportation</p> <ul style="list-style-type: none"> Public transportation infrastructure such as roads/bridges that enhance connectivity in underdeveloped rural areas or where road connectivity does not exist or is substantially inadequate. Development of sidewalks for public use, including accessibility improvements for people with disabilities. <p>Water & Sanitation</p> <ul style="list-style-type: none"> Development of infrastructure/services that improve free-of-cost access to drinking water in rural and sub-urban areas. Development of infrastructure/services that improve sewage treatment and sanitation in rural and sub-urban areas. <p>Electricity</p> <ul style="list-style-type: none"> Development of transmission and distribution infrastructure that improves access to electricity in those regions where there is no access or access is substantially inadequate. 	 
2	Access to essential services (Healthcare)	<ul style="list-style-type: none"> Construction, development or maintenance of public/free/subsidized healthcare facilities (such as hospitals, clinics, health care centers, pharmacies, etc.) and eldercare/childcare facilities. Development of critical medical equipment or provision of diagnostic services (including magnetic resonance imaging (MRI) machines, respirators or services that support diagnostics such as laboratory testing) that is offered free or at subsidized cost to all. Research, development and production of affordably priced or subsidized medicines on the World Health Organization (WHO) Model Lists of Essential Medicines to underserved populations or in underserved areas. 	

No.	Project Category	Typical Use of Proceeds	Related SDGs
3	Access to essential services (Education/Training)	<ul style="list-style-type: none"> • Development of public/free/subsidized education and childcare facilities and programs from kindergarten, elementary to tertiary. • Construction of campuses and student housing for public/free/subsidized schools and universities. • Development of public/free/subsidized vocational, technical training facilities and institutions. • Education loans to low- and moderate-income (LMI) and/or marginalized individuals and/or communities. • Supply of teachers, teacher training and materials. 	
4	Access to essential services (Public health emergency/pandemic response)	<ul style="list-style-type: none"> • Research, development, operation and production of supplies to combat disease outbreak and negative consequences of such events. • Research, development and logistical deployment of tests, vaccines, and/or other medications to prevent and/or alleviate disease outbreak. • Loans to micro, small, and medium enterprises (MSMEs) negatively impacted by economic slowdown as a result of disease outbreak. 	
5	Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)	<ul style="list-style-type: none"> • Loans to MSMEs, LMI individuals and startups and financing to microfinance institutions. 	 
6	Affordable Housing	<ul style="list-style-type: none"> • Development of affordable houses, shelters, halfway homes for LMI and/or marginalized individuals and/or communities. • Housing loans to LMI and/or marginalized individuals and/or communities. 	
7	Employment generation and programmes	<ul style="list-style-type: none"> • Employment creation projects/programs for the LMI and/or marginalized individuals and/or communities. 	 








No.	Project Category	Typical Use of Proceeds	Related SDGs
8	Food security and sustainable food systems	<ul style="list-style-type: none"> Projects or programs (including goods which are Fairtrade certified) for smallholder farmers as defined by Food and Agriculture Organization (FAO) that enhance agriculture productivity and nutritional value of agriculture or prevent of food loss. Developing access to nutrition programs that address malnutrition for target populations in areas with an explicit need to tackle food security as defined by FAO. Investments or projects related to infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses as defined by FAO. 	

Table-2 Representative Examples of Eligible Digital Inclusion Social Projects

No.	Project Category	Typical Use of Proceeds	Related SDGs
1	Access to essential services/Socioeconomic advancement and empowerment (Financial Inclusion)	<ul style="list-style-type: none"> Loans to MSMEs, LMI individuals and startups provided online through websites and mobile apps. (Digital Loan) Develop digital tools to enable access or increase access to financing and financial services. Projects or activities that promote MSMEs/microfinance institutions participation of activities in the digital economy, e-commerce and their digital transformation. Build and launch financial digital literacy education programmes. 	  
2	Access to basic infrastructure	<ul style="list-style-type: none"> Construction or upgrade of telecommunication towers. Development of new telecommunication network including transmission lines, data transmission in low penetration areas, data centers in low density regions, specifically designed to reach previously underserved communities, such as rural communities or purposed to provide services related to access to government services, healthcare information, education and other social services. 	

No.	Project Category	Typical Use of Proceeds	Related SDGs
		<ul style="list-style-type: none"> • Increase MSMEs' participation in the digital economy. • R&D facilities for telecommunications, mobility, and advanced industrial technologies. • Development of fiber optic network. 	
3	Access to essential services (Healthcare)	<ul style="list-style-type: none"> • Provision or development of digital tools for delivering telehealth services. • Train personnel at hospital and nursing homes to provide telehealth services. 	
4	Access to essential services (Education/Training)	<ul style="list-style-type: none"> • Provide technological devices that facilitate learning, such as tablets, laptops or computers. • Train teachers, professors and administrative staff at schools and universities to provide digital teaching and improve remote learning. 	

Typical Target Population

Under this Framework, the eligible target population includes individuals and communities who face socioeconomic disadvantages or lack of access to essential service and infrastructure. A summary of the target population is provided below. For details of each target, see VI. (1), Schedule-1 and Schedule-2.

- Low-to-Moderate income and Vulnerable Populations
- Underserved and remote Communities
- People with Limited Access to Essential Services
- Housing insecure and Food insecure populations
- Digital Loan: MSMEs, LMI individuals and startups

Note: wherever appropriate, applicable local, regional or global guidelines and standards will be applied and disclosed in the relevant transactional documentation associated with each financing

*1 Supplemental on the social nature of the data center

DNV took sufficient time in the assessment to confirm the social nature of "data centers," which are included in Table-2 Eligible Digital Inclusion Social Project No.2 Access to basic infrastructure.

As a result, DNV concluded that a data center can meet the requirements in the SBP etc. (identification of social issues that can be evaluated as a social project, beneficiaries, project need, and presentation of specific anticipated social benefits), and may present eligibility as an Eligible Digital Inclusion Social Project if it meets the following:

- A data center with sufficient capacity and capability is required to facilitate the envisaged provision of services contributing to Digital Inclusion (in other words, the data

center should be considered as a basic infrastructure integrated with telecommunication towers, transmission lines, etc.).

- The benefits to the intended beneficiaries from the construction of the basic infrastructure, including the data center, are clear (e.g., the dissemination of services such as telehealth services, digital learning, digital loans, etc.).

In the future, if SMFG and SMBC allocate the proceeds to finance and/or refinance the development, construction, operation, or acquisition of a data center, it is important that SMFG and SMBC clearly communicate to investors and other stakeholders that the said data center meets the requirements in SBP etc., as well as the items listed in section VI (1) of the main text of this paper.

For details, please refer to section VI (1) of the main text.

Element-2. Process for Project Evaluation and Selection:

DNV has confirmed that SMFG and SMBC will conduct evaluation and selection of Eligible Social Projects and/or Eligible Digital Inclusion Social Projects through the following process. Specifically, SMBC's Asia Structured Finance Department and other relevant departments (such as asset holding departments) selects Eligible Social Projects and/or Eligible Digital Inclusion Social Projects. SMFG's Investor Relations (IR) Department and SMBC's Treasury Department discuss the Eligible Projects for the Social Financing Instruments. The final decision and approval will be made by the General Manager of Corporate Planning Department of SMFG. The evaluation and selection of Eligible Social Projects and/or Eligible Digital Inclusion Social Projects will be conducted by a group with experience in planning and executing social finance and sufficient knowledge of the latest trends on a global level. If necessary, SMFG and SMBC will engage external consultants to help identify the social eligibility and social benefits of the selected projects.

In addition, DNV has confirmed that SMBC Group formulated the "Credit Policy," which describes universal and essential concept, policy, and regulations of their credit operations. DNV has also confirmed that SMBC Group has a system to prevent the extension of credit to projects that may pose a significant adverse impact on the global environment based on the basic principle not to extend problematic credit in terms of public responsibility.

Element-3. Management of Proceeds:

DNV has confirmed that SMFG and SMBC will record, track, and manage amounts equivalent to the net proceeds' allocation on an annual basis until the maturity of the Social Financing Instruments and ensure that the proceeds will be allocated to Eligible Projects.

DNV has also confirmed that SMFG and SMBC plan to complete the full allocation of proceeds to the Eligible Projects within three years after the issuance of the Social Financing Instruments, and that the unallocated proceeds are planned to be kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments until the allocation to Eligible Projects. Any of the proceeds from Social Financing Instruments allocated to projects that have been sold, prepaid, amortized or have

otherwise become ineligible will be reallocated to other Eligible Projects as soon as practically possible.

Element-4. Reporting:

DNV has confirmed that SMFG and SMBC plan to disclose and report on an annual basis on the SMFG website the allocation status of the Social Financing Instruments proceeds (detailing the Eligible Projects funded, current funded amounts, and unallocated amount, if applicable). In addition, the SMFG and SMBC plan to obtain information on the social benefits (quantitative and qualitative) by Eligible Social Projects to the extent practicable, and to disclose and report the results on the SMFG website for each Eligible Project. In case of significant changes to the allocation plan such as the proceeds exceed the balance of the Eligible Social Projects, this will be disclosed in a timely manner.

DNV has confirmed from the relevant documents and information provided by SMFG and SMBC that this Framework meets the relevant criteria, including the SBP, and is expected to be properly planned and implemented.

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Revision history

Revision No.	Date of Issue	Major Changes
0	16 July 2025	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I. Introduction

i. About the Fundraiser

Sumitomo Mitsui Financial Group, Inc. (hereinafter, "SMFG") is the holding company of SMBC Group, which is one of the three largest banking groups in Japan. SMFG is designated a "global systemically important bank (G-SIB)" in recognition of its broad range of financial services in both domestic and overseas markets. Sumitomo Mitsui Banking Corporation (hereinafter, "SMBC") is the main operating bank within SMFG.

With the vision of becoming "a trusted global solution provider committed to the growth of its customers and advancement of society," SMBC Group is working on the "creation of social value," "pursuit of economic value" and "rebuilding of corporate infrastructure" in order to achieve "Growth with Quality" as set out in their current Medium-Term Management Plan for the three years from fiscal 2023 to fiscal 2025.

ii. Fundraiser's ESG/SDGs Initiatives

In the SMBC Group Sustainability Statement, SMBC Group, as a corporate group with its roots in Mitsui and Sumitomo, inherits the will for sustainability that the Mitsui and Sumitomo Group have consistently worked toward, and defines "sustainability" as "creating a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations."

SMBC Group has set priority issues to be addressed in order to realize sustainability, and has stated that it will take concrete actions to address these issues. Specifically, SMBC Group has identified "Environment," "DE&I/Human Rights," "Poverty and Inequality," "Declining Birthrate and Aging Population," and "Japan's Regrowth" as its priority issues, and aims to realize sustainability through contributing to their resolution.

SMBC Group has set "Poverty and Inequality" as one of the material issues that it needs to address, and is tackling this issue across emerging markets. SMBC Group recognizes that many people, particularly in emerging countries, lack internet access due to insufficient telecommunications infrastructure and limited access to digital devices, and that the significant digital divide is a major driver of structural inequality. SMBC Group believes that, by bridging the digital divide, digital inclusion empowers individuals to overcome geographical constraints, bring essential service right to their fingertips. Through digital inclusion initiatives, underserved populations can gain equal access to essential services like education, healthcare, and financial services, fostering a more equitable society for all.

SMBC Group also believes that people's lives are connected by the internet and digital connectivity is oxygen for opportunity. Work, school, healthcare, financial services, as well as relationships with family and friends are dependent on having access to a high-speed internet connection. Digital inclusion, where everyone can freely and safely access and benefit from digital technologies, regardless of race, location, income, or family background, plays a pivotal role as an enabler in today's interconnected world, facilitating access to essential services, such as financial services via digital banking

platforms, education through online learning platforms, and healthcare services via telehealth. SMBC Group believes that this accessibility is particularly crucial for underserved populations who may face barriers to traditional means of service delivery.

SMBC Group believes that achieving digital inclusion requires substantial investment in network infrastructure and service expansion, particularly in emerging markets where data demand is rapidly rising. SMBC Group also recognizes that it also requires significant investment in clean energy generation, power grid and storage investments to ensure digital inclusion is achieved in an environmentally conscious manner.

Against this background, as a financial institution rooted in Asia, including emerging economies, SMBC Group believes that efforts and financing to realize "Digital Inclusion" have profound significance in its pursuit of "Create Social Value," including the improvement of poverty and inequality in emerging countries.

iii. Fundraiser's Initiatives towards Environmental and Social Issues

SMBC Group has established the "SMBC Group Environmental and Social Framework" in order to articulate its comprehensive stance to the environment and society and to contribute to the realization of a sustainable society.

The "SMBC Group Environmental and Social Framework" is a unified set of internal rules related to the environment and society within SMBC Group, which was established and announced after deliberation by the Management Committee. SMBC Group has stated that it will proactively review this "SMBC Group Environmental and Social Framework" based on revision and abolition of relevant rules, deliberations by the Sustainability Committee and other committees, changes in the external environment and SMBC Group's business activities, and the results of periodic reviews by internal audits (in principle, at least once a year).



Figure-1 SMBC Group Sustainability Policies

(Source: SMBC Group website Sustainability Policies & Promotion System)

SMBC Group has formulated "Plan for Fulfilled Growth," which is a Medium-Term Management Plan for the three years from fiscal 2023 to fiscal 2025, and has positioned "creation of social value" as one of the pillars of management. The plan also identifies five priority issues to be proactively addressed: "Environment," "DE&I/Human Rights," "Poverty and Inequality," "Declining Birthrate and Aging Population," and "Japan's Regrowth," and sets 10 goals to resolve these issues.

Priority Issues (Materiality)	SMBC's Approach	10 Goals
Environment	<ul style="list-style-type: none"> In addition to internal initiatives, we will support client efforts to decarbonize and to become nature positive as a global financial institution that provides the life blood of the economy with the goal of realizing a green world. 	1 Support transition to achieve a decarbonized society 2 Contribute to the conservation and the restoration of natural capital
DE&I / Human Rights	<ul style="list-style-type: none"> Talent is an important asset for financial institutions. We will strive to build a virtuous circle in which diligent and highly-motivated employees take on the challenge of creating new social value. We will promote initiatives, both internal and by customers, to respect human rights as a hub connecting various regions and industries. 	3 Realize a workplace where employees enjoy high job satisfaction 4 Respect for human rights throughout the supply chain
Poverty & Inequality	<ul style="list-style-type: none"> We will work to eliminate poverty and inequality in the next generation, which includes providing children in Japan and the rest of the world with education and opportunities. 	5 Break the cycle of poverty and inequality for the next generation 6 Contribute to financial inclusion in developing countries
Declining Birthrate & Aging Population	<ul style="list-style-type: none"> Through the provision of advanced financial and non-financial solutions, and the creation of digital infrastructure that is accessible to all, we will ensure stable asset building for all generations. 	7 Relieve anxiety about the 100-year life era 8 Build user-friendly infrastructure to support a society with a declining population
Japan's Regrowth	<ul style="list-style-type: none"> We will contribute to the re-growth of Japan by maximizing our financial functions, supporting clients reform their business models, and driving the development of new industries in a manner that reflect the changing times. 	9 Support customers' business model transformation 10 Create innovation and foster new industries

Figure-2: SMBC Group's Approach to New Priority Issues & "10 Goals"

(Source: SMBC Group website, Medium-Term Management Plan)

iv. About the "SMFG/SMBC Social Finance Framework"

Since 2015, SMFG and SMBC have regularly issued green bonds and executed green loans in Japan and overseas to finance and/or refinance eligible green projects based on the "SMFG/SMBC Green Finance Framework."

This time, SMFG and SMBC have formulated this Framework with regard to the proceeds raised by SMFG and SMBC, with the aim of further accelerate their efforts in solving global social issues, including digital inclusion.

By utilizing this Framework, SMFG and SMBC intend to promote solutions to global social issues, including digital inclusion, with a focus on emerging Asian countries. The frameworks referred to by this Framework is described in section II (3) below.

All Social Financing Instruments proceeds will be allocated to finance and/or refinance new or existing projects that fall into one of the following eight target business categories (hereinafter, "Eligible Social Projects"). Typical use of proceeds and target population are shown in Schedule-1 and Schedule-2 below.

- (1) Affordable basic infrastructure/Access to basic infrastructure^{*1}
- (2) Access to essential services (Healthcare)^{*1}
- (3) Access to essential services (Education/Training)^{*1}
- (4) Access to essential services (Public health emergency/pandemic response)
- (5) Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)^{*1}
- (6) Affordable Housing
- (7) Employment generation and programmes
- (8) Food security and sustainable food systems

^{*1} Access to basic infrastructure in (1) above and (2), (3), and (5) may also fall under Eligible Digital Inclusion Social Projects.

II. Scope and Objectives

SMFG and SMBC have commissioned DNV to conduct an assessment of this Framework prior to the implementation of the Social Finance. The objective of DNV's assessment is to implement an assessment to confirm that the proceeds raised by SMFG and SMBC as Social Finance are properly used based on the criteria such as SBP and DIFG, as described later and to provide a second party opinion on their eligibility.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second party opinion for SMFG and SMBC. In this paper, no assurance is provided regarding the financial performance of the Social Finance, the value of any investment, or the long-term social benefits of the transaction.

(1) Scope of Review

The review assessed the following elements and confirmed their alignment with four core elements in SBP etc.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

* Other than the above, consistency with elements required by DIFG were also reviewed.

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/Guidelines	Scheme owner	Applied level ^{*1}
1	Social Bond Principles 2025	International Capital Market Association (ICMA)	Apply
2	Social Loan Principles 2025	Loan Market Association (LMA), Asia-Pacific Loan Market Association (APLMA), Loan Syndications and Trading Association (LSTA)	Apply
3	Social Bond Guidelines 2021	Financial Services Agency of Japan (FSA)	Apply
4	Guidebook to Digital Inclusion Bond Financing 2021	WEF (World Economic Forum)	Apply

*1 Apply: Eligibility for all four or six elements to each principle or guideline was assessed.

III. Responsibilities of the Fundraiser and DNV

SMFG and SMBC have provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform SMFG and SMBC and other interested stakeholders in the Social Finance as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by SMFG and SMBC. DNV is not responsible for any aspect of the nominated projects referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by SMFG and SMBC and used as a basis for this assessment were not correct or complete.

IV. Basis for DNV's Opinion

To provide as much flexibility as possible for the Fundraiser, DNV has adapted our social finance assessment methodology, which incorporates the requirements of SBP and relevant criteria, to create the Fundraiser-specific Social Finance Eligibility Assessment Protocol (hereinafter, the "Protocol"). Please refer to Schedule-3. The Protocol is applicable to social finance based on SBP and relevant criteria. DNV has also created a Digital Inclusion Finance Eligibility Checklist to assess eligibility for DIFG. Please refer to Schedule-4. The Protocol is applicable to digital inclusion finance based on DIFG.

DNV provides a second party opinion as an independent external reviewer derived from an assessment based on this Protocol. DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria are that a social finance should "enable capital-raising and investment for new and existing projects with social benefits." As per our Protocol, the criteria against which the Social Finance has been reviewed are grouped into four common elements, represented by SBP etc.:

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that the fundraiser of a social finance must use the funds raised for social eligible activities. The eligible activities should produce clear social benefits.

Principle Two: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that the fundraiser of a social finance should outline the process it follows when determining eligibility of an investment using social finance proceeds, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a social finance should be tracked within the fundraiser, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the social finance investors should be made of the allocation status of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

In reviewing the above four common elements, DNV has also confirmed the following six elements, A through F, required by the DIFG, which we have applied in this assessment.

DIFG-A: Issuer's/borrower's approach to digital inclusion

DIFG-B: Use of proceeds and/or KPIs

DIFG-C: Evaluation of digital inclusion projects and description of selection plan

DIFG-D: Description of management of proceeds

DIFG-E: Overview of reporting obligations

DIFG-F: External review process

V. Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by SMFG and SMBC in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

i. Pre-fundraising assessment

- Creation of the Fundraiser-specific Protocol, adapted to the purpose of the Social Finance, as described above and in Schedule-1 and Schedule-2 to this Assessment.
- Assessment of documentary evidence provided by the Fundraiser on the Social Finance and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standard methodology.
- Discussions with the Fundraiser, and review of relevant documentation.
- Documentation of findings against each element of the criteria.

ii. Post-fundraising Assessment (**not included in this report*)

- Assessment of documentary evidence provided by the Fundraiser after the social finance procurement, supplemented by a comprehensive desk review.
- Interview with the Fundraiser, and review of relevant documentation.
- Field research and inspections (if necessary).
- Review of eligible projects and assets at the time of post-fundraising (update to the content described in Schedule-1 and Schedule-2).
- Document creation of post-fundraising verification results.

VI. Findings and DNV's Opinion

DNV's findings and opinions are for the four elements outlined in SBP etc. in (1) through (4) below.



(1) Use of Proceeds




DNV has confirmed that the Social Financing Instruments proceeds will be allocated to finance and/or refinance existing or new Eligible Social Projects and/or Eligible Digital Inclusion Social Projects that fall into one of the following eight business categories as identified in SBP etc. Representative examples of Eligible Social Projects and Eligible Digital Inclusion Social Projects are shown in Table-3 and Table-4, respectively. Please refer to Schedule-1 and Schedule-2 for beneficiaries from Eligible Social Projects or Eligible Digital Inclusion Social Projects.

- (1) Affordable basic infrastructure/Access to basic infrastructure^{*1}
- (2) Access to essential services (Healthcare)^{*1}
- (3) Access to essential services (Education/Training)^{*1}
- (4) Access to essential services (Public health emergency/pandemic response)
- (5) Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)^{*1}
- (6) Affordable Housing
- (7) Employment generation and programmes
- (8) Food security and sustainable food systems

^{*1} Access to basic infrastructure in (1) above and (2), (3), and (5) may also fall under Eligible Digital Inclusion Social Projects.

Table-3: Representative Examples of Eligible Social Projects

No.	Project Category	Typical Use of Proceeds	Relevant SDGs
1	Affordable basic infrastructure	<p>Transportation</p> <ul style="list-style-type: none"> Public transportation infrastructure such as roads/bridges that enhance connectivity in underdeveloped rural areas or where road connectivity does not exist or is substantially inadequate. Development of sidewalks for public use, including accessibility improvements for people with disabilities. <p>Water & Sanitation</p> <ul style="list-style-type: none"> Development of infrastructure/services that improve free-of-cost access to drinking water in rural and sub-urban areas. Development of infrastructure/services that improve sewage treatment and sanitation in rural and sub-urban areas. 	 

No.	Project Category	Typical Use of Proceeds	Relevant SDGs
		Electricity <ul style="list-style-type: none"> Development of transmission and distribution infrastructure that improves access to electricity in those regions where there is no access or access is substantially inadequate. 	
2	Access to essential services (Healthcare)	<ul style="list-style-type: none"> Construction, development or maintenance of public/free/subsidized healthcare facilities (such as hospitals, clinics, health care centers, pharmacies, etc.) and eldercare/childcare facilities. Development of critical medical equipment or provision of diagnostic services (including magnetic resonance imaging (MRI) machines, respirators or services that support diagnostics such as laboratory testing) that is offered free or at subsidized cost to all. Research, development and production of affordably priced or subsidized medicines on the World Health Organization (WHO) Model Lists of Essential Medicines to underserved populations or in underserved areas. 	
3	Access to essential services (Education/Training)	<ul style="list-style-type: none"> Development of public/free/subsidized education and childcare facilities and programs from kindergarten, elementary to tertiary. Construction of campuses and student housing for public/free/subsidized schools and universities. Development of public/free/subsidized vocational, technical training facilities and institutions. Education loans to low- and moderate-income (LMI) and/or marginalized individuals and/or communities. Supply of teachers, teacher training and materials. 	
4	Access to essential services (Public health emergency/pandemic response)	<ul style="list-style-type: none"> Research, development, operation and production of supplies to combat disease outbreak and negative consequences of such events. Research, development and logistical deployment of tests, vaccines, and/or other medications to prevent and/or alleviate disease outbreak. Loans to micro, small, and medium enterprises (MSMEs) negatively impacted by economic slowdown as a result of disease outbreak. 	




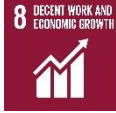








No.	Project Category	Typical Use of Proceeds	Relevant SDGs
5	Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)	<ul style="list-style-type: none"> Loans to MSMEs, LMI individuals and startups and financing to microfinance institutions. 	 
6	Affordable Housing	<ul style="list-style-type: none"> Development of affordable houses, shelters, halfway homes for LMI and/or marginalized individuals and/or communities. Housing loans to LMI and/or marginalized individuals and/or communities. 	
7	Employment generation and programmes	<ul style="list-style-type: none"> Employment creation projects/programs for the LMI and/or marginalized individuals and/or communities. 	 
8	Food security and sustainable food systems	<ul style="list-style-type: none"> Projects or programs (including goods which are Fairtrade certified) for smallholder farmers as defined by Food and Agriculture Organization (FAO) that enhance agriculture productivity and nutritional value of agriculture or prevent of food loss. Developing access to nutrition programs that address malnutrition for target populations in areas with an explicit need to tackle food security as defined by FAO. Investments or projects related to infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses as defined by FAO. 	

Table-4 Representative Examples of Eligible Digital Inclusion Social Projects

No.	Project Category	Typical Use of Proceeds	Relevant SDGs
1	Access to essential services/Socioeconomic advancement and	<ul style="list-style-type: none"> Loans to MSMEs, LMI individuals and startups provided online through websites and mobile apps.(Digital Loan) 	

No.	Project Category	Typical Use of Proceeds	Relevant SDGs
	empowerment (Financial Inclusion)	<ul style="list-style-type: none"> Develop digital tools to enable access or increase access to financing and financial services. Projects or activities that promote MSMEs/microfinance institutions participation of activities in the digital economy, e-commerce and their digital transformation. Build and launch financial digital literacy education programmes. 	 
2	Access to basic infrastructure	<ul style="list-style-type: none"> Construction or upgrade of telecommunication towers. Development of new telecommunication network including transmission lines, data transmission in low penetration areas, data centers in low density regions, specifically designed to reach previously underserved communities, such as rural communities or purposed to provide services related to access to government services, healthcare information, education and other social services. Increase MSMEs' participation in the digital economy. R&D facilities for telecommunications, mobility, and advanced industrial technologies. Development of fiber optic network. 	
3	Access to essential services (Healthcare)	<ul style="list-style-type: none"> Provision or development of digital tools for delivering telehealth services. Train personnel at hospital and nursing homes to provide telehealth services. 	
4	Access to essential services (Education/Training)	<ul style="list-style-type: none"> Provide technological devices that facilitate learning, such as tablets, laptops or computers. Train teachers, professors and administrative staff at schools and universities to provide digital teaching and improve remote learning. 	

Typical Target Population

Under this Framework, the eligible target population includes individuals and communities who face socioeconomic disadvantages or lack of access to essential services and infrastructure. A summary of the target population is provided below.

- Low-to-Moderate income and Vulnerable Populations
 - Individuals or households below the national/regional poverty line or defined as low to moderate income by relevant governmental or multilateral criteria
 - Vulnerable groups such as the elderly, persons with disabilities, marginalized ethnic groups, and displaced populations
- Underserved and remote Communities
 - Communities located in rural, peri-urban, or geographically isolated areas lacking basic infrastructure or services
 - Areas with limited access to affordable transportation, water and sanitation, reliable electricity or digital connectivity including broadband internet
- People with Limited Access to Essential Services
 - Individuals or communities without adequate access to quality healthcare, including preventive care, maternal and child health services, and public health emergency support such as pandemic response
 - Populations with limited or no access to formal education or vocational training, particularly children, youth and female in underserved regions
 - Individuals or microentrepreneurs who have difficulties to obtain financing with traditional credit process
- Housing insecure and Food insecure populations
 - Individuals and families living in inadequate, unsafe or unaffordable housing or those who are homeless or at risk of homeless
 - Communities experiencing food security or lack of access to nutritious, affordable, and sustainable sourced food
- Digital loans: MSMEs, LMI individuals and startups

Note: wherever appropriate, applicable local, regional or global guidelines and standards will be applied and disclosed in the relevant transactional documentation associated with each financing

***1 Supplemental on the social nature of the data center**

DNV took sufficient time in the assessment to confirm the social nature of "data centers," which are included in Table-4 Eligible Digital Inclusion Social Project No.2 Access to basic infrastructure.

Data centers are considered to be basic infrastructure integrated with the construction of telecommunication towers, the development of transmission lines, etc. From the perspective of building basic infrastructure to promote Digital Inclusion, data centers with sufficient capacity and capability are necessary in the realization of the provision of services contributing to the planned Digital Inclusion.

Due to the nature of data centers, it may be difficult to limit the users and forms of use of data centers, making it difficult to demonstrate their intended social nature. However, as a result of the assessment, DNV concluded that a data center can meet the requirements in the SBP etc. (identification of social issues that can be evaluated as a social project, beneficiaries, project need, and presentation of specific anticipated social benefits), and may present eligibility as an Eligible Digital Inclusion Social Project if it meets the following a) Items related to social benefits generated by data centers.

a) Items related to social benefits generated by data centers

- A data center with sufficient capacity and capability is required to facilitate the envisaged provision of services contributing to Digital Inclusion (in other words, the data center should be considered as a basic infrastructure integrated with the construction of telecommunication towers, the development of transmission lines, etc.).
- The benefits to the intended beneficiaries from the construction of the basic infrastructure, including the data center, is clear (e.g., the dissemination of services such as telehealth services, digital learning, digital loans, etc.).
- * Other than the above items, considerations of the intended use of the data center and national/regional/industrial characteristics, and cases when the social nature is fully explained in a timely manner may be included.

In the future, if SMFG and SMBC allocate the proceeds to finance and/or refinance the development, construction, operation, or acquisition of a data center, it is important that SMFG and SMBC clearly communicate to investors and other stakeholders that the said data center meets the above requirements in SBP etc.

In addition, for data centers to which Social Financing Instruments proceeds are to be allocated, it is expected that conditions related to the location and environmental sustainability of the data center, as indicated in b) below, will be taken into consideration.

b) Items related to the location and environmental sustainability of the data center

- The construction of a data center within the jurisdiction of the eligible country to realize the protection of privacy data enables the maintenance of data security and creates benefits for the intended beneficiaries of Eligible Social Projects (e.g., guaranteeing access to reliable digital services to a wide range of populations, including digitally and socially vulnerable populations).

- It contributes to issues such as improving energy efficiency in the region and reducing greenhouse gas emissions (mitigating climate change) by building a data center that is more energy efficient than existing data centers or suitable/intended for use of renewable energy etc., and contributes to the sustainable digital use by local residents and/or small- and medium-sized businesses operating in the region.

Use of Proceeds as classified in SBP etc.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation and programmes |
| <input checked="" type="checkbox"/> Food security and sustainable food systems | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Areas that would fit into the SBP/SLP classification or are not listed in SBP/SLP but are eligible | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Digital inclusion (addressing social issues arising from the digital divide etc.) |

(2) Process for Project Evaluation and Selection

DNV has confirmed that SMBC Group has set the following five new priority issues (materiality): "Environment," "DE&I/Human Rights," "Poverty and Inequality," "Declining Birthrate and Aging Population," and "Japan's Regrowth," and 10 goals to be achieved by resolving these priority issues. DNV has also confirmed that the projects to which Social Financing Instruments proceeds are to be allocated are those included in these priority issues, and that each of these projects will contribute to solving social issues.

SMBC Group has set "Poverty and Inequality" as one of the material issues that it needs to address, and is tackling this issue across emerging markets. SMBC Group recognizes that many people, particularly in emerging countries, lack internet access due to insufficient telecommunication infrastructure and limited access to digital devices, and that the significant digital divide is a major driver of structural inequality. SMBC Group, as a financial institution rooted in Asia, including emerging economies, believes that efforts and financing to realize "Digital Inclusion" contributes to solving social issues and has included Eligible Digital Inclusion Social Projects in Eligible Social Projects. For more information on Eligible Digital Inclusion Social Projects, please see Schedule-2.

DNV has confirmed that SMFG and SMBC will conduct evaluation and selection of Eligible Social Projects through the following process. Specifically, SMBC's Asia Structured Finance Department and other relevant departments (such as asset holding departments) selects Eligible Social Projects and/or Eligible Digital Inclusion Social Projects. SMFG's Investor Relations (IR) Department and SMBC's Treasury Department discuss the Eligible Projects for the Social Financing Instruments. The final decision and approval will be made by the General Manager of Corporate Planning Department of SMFG. The evaluation and selection of Eligible Social Projects will be conducted by a group with experience in planning and executing social finance and sufficient knowledge of the latest trends on a

global level. If necessary, SMFG and SMBC will engage external consultants to help identify the social eligibility and social benefits of the selected projects.

Furthermore, the Framework clearly stipulates that SMFG's IR Department, SMFG's Sustainability Planning Department, SMBC's Treasury Department and SMBC's Asia Structured Finance Department and other relevant departments will at least on an annual basis,

- i) review and validate the pool of Eligible Projects,
- ii) update the allocation to each Social Financing Instruments as necessary,
- iii) validate the annual allocation report and impact report for investors, and
- iv) monitor and incorporate any on-going evolution related to on social financing including Social Bond and Loan market practices, where relevant and feasible, into the operation and implementation of this Framework.

Evaluation and Selection

- | | |
|---|---|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The project is aligned with the achievement of the Fundraiser's social contribution goals. <input checked="" type="checkbox"/> The project is an eligible use of Social Financing Instruments proceeds with ensured transparency. <input checked="" type="checkbox"/> The project is evaluated and selected based on a published summary of criteria. | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The project is evaluated and selected through a documented process that demonstrates that it meets the defined eligibility categories. <input checked="" type="checkbox"/> The project is evaluated and selected through a documented process that identifies and manages potential ESG risks associated with project implementation. <input type="checkbox"/> Other (<i>please specify</i>): |
|---|---|

Responsibility information and accountability

- | | |
|---|---|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Evaluation/selection criteria as advised or verified by an external organization <input type="checkbox"/> Other (<i>please specify</i>): | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Internal evaluation |
|---|---|

(3) Management of Proceeds

DNV has confirmed how SMFG and SMBC track and manage the proceeds during the implementation period of Social Finance. The departments in charge of each asset of SMFG and/or group subsidiaries and SMFG's Sustainability Planning Department will confirm that the Social Financing Instruments proceeds have been allocated to eligible projects. SMFG's Sustainability Planning Department will record on an annual basis, track, and manage the proceeds until the maturity of the Social Financing Instruments.

SMFG and SMBC plan to complete the full allocation of proceeds to the Eligible Projects within three years after the issuance of the Social Financing Instruments, and the unallocated proceeds are planned to be kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments until the allocation to Eligible Projects. Any of the Social Financing Instruments proceeds allocated to projects that have been sold, prepaid, amortized or have otherwise become ineligible will be reallocated to other Eligible Projects as soon as practically possible.

DNV has confirmed that the allocation status of proceeds is managed by SMFG's Sustainability Planning Department using an internal management system etc. and is sufficiently trackable.

Tracking and management of proceeds:

- ☒ A part or all of the Social Financing Instruments proceeds that are planned to be allocated is systematically distinguished or tracked by the Fundraiser.
- ☒ The type and plan of temporary investment of unallocated proceeds have been disclosed.
- ☐ Other (*please specify*):

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocated to new investments only | <input checked="" type="checkbox"/> Allocated to both existing and new investments |
| <input checked="" type="checkbox"/> Allocated to individual (project) expenditures | <input type="checkbox"/> Allocated to portfolio expenditures |
| <input type="checkbox"/> Disclose portfolio of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |





(4) Reporting

DNV has confirmed that SMFG and SMBC plan to disclose and report on the allocation status of the Social Financing Instruments' proceeds on an annual basis on a dedicated page on SMFG's website, including the following information:

- i) Detailing the Eligible Projects funded, current funded amounts, and unallocated amount,
- ii) Assertions by management that the net proceeds of the Social Financing Instruments are invested either in qualifying Eligible Projects or kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments, and
- iii) Project case studies, where available.

The social benefits provided by the allocated Eligible Projects will be calculated for the project as a whole or for individual projects and will be disclosed, to the extent practicable, on a dedicated page on SMFG's website. Please refer to Table-5 and Table-6 for examples of social benefit reporting indicators that are planned to be disclosed.

Table-5 Reporting Indicators of Eligible Social Projects

No.	Category	Examples of Impact Reporting Indicators	Related SDGs
1	Affordable basic infrastructure	<p>Transportation</p> <ul style="list-style-type: none"> Number of people benefiting from the transportation infrastructure <p>Water & Sanitation</p> <ul style="list-style-type: none"> Number of people benefiting from the water and sanitation infrastructure <p>Electricity</p> <ul style="list-style-type: none"> Number of people benefiting from the electricity transmission and distribution infrastructure 	 
2	Access to essential services (Healthcare)	<ul style="list-style-type: none"> Number of hospital beds provided Number of people benefiting from the healthcare, eldercare, or childcare facilities, equipment, or services 	
3	Access to essential services (Education/Training)	<ul style="list-style-type: none"> Number of people benefiting from the education and vocational training facilities Number of people benefiting from the education loans 	





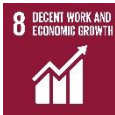








No.	Category	Examples of Impact Reporting Indicators	Related SDGs
4	Access to essential services (Public health emergency/pandemic response)	<ul style="list-style-type: none"> Number of R&D programs funded for tests, vaccines, and/or other medications to prevent and/or alleviate disease outbreak Number of MSMEs benefiting from the financing 	
5	Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)	<ul style="list-style-type: none"> Number of loans provided to MSMEs, small business owner, startups, microfinance institutions, and LMI individuals 	 
6	Affordable Housing	<ul style="list-style-type: none"> Number of people benefiting from the affordable houses, shelters, and halfway homes Number of people benefiting from the housing loans 	
7	Employment generation and programs	<ul style="list-style-type: none"> Number of MSMEs benefiting from the financing Number of jobs created, supported, or retained 	 
8	Food security and sustainable food systems	<ul style="list-style-type: none"> Number of smallholder farmers benefiting from the agricultural projects Number of people benefiting from the malnutrition projects Tons of food loss reduced 	

Table-6 Reporting Indicators of Eligible Digital Inclusion Social Projects

No.	Category	Examples of Impact Reporting Indicators	Related SDGs
1	Access to essential services/ Socioeconomic advancement and empowerment (Financial Inclusion)	<ul style="list-style-type: none"> • Number of previously unbanked borrowers benefiting from the digital platform and distribution • Number of borrowers of digital loan • Number of digital banking services active user • Number of Eligible Digital Inclusion Social Projects implemented to facilitate financial inclusion • Number of MSMEs and microfinance institutions benefiting from the Eligible Digital Inclusion Social Projects 	  
2	Access to basic infrastructure	<ul style="list-style-type: none"> • Number of telecommunications infrastructures, networks or R&D facilities built • Number of people benefiting from the telecommunication infrastructures, networks or R&D facilities • Number of MSMEs benefiting from the Eligible Digital Inclusion Social Projects 	
3	Access to essential services (Healthcare)	<ul style="list-style-type: none"> • Number of people benefiting from the telehealth services • Number of people trained to provide telehealth services 	
4	Access to essential services (Education/Training)	<ul style="list-style-type: none"> • Number of technological devices provided to facilitate digital learning • Number of people benefiting from the digital learning • Number of people trained to provide digital teaching and improve remote learning 	

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual finance | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Social finance share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual (until allocations are completed) | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact Reporting (Social Benefits):

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual finance | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input type="checkbox"/> Number of people who continue to use the product | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>):
Performance data related to Eligible Social Projects |
|---|---|

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report (Integrated Report) | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): On website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

VII. Assessment Conclusion

On the basis of the information provided by SMFG and SMBC and the work undertaken, it is DNV's opinion that the SMFG/SMBC Social Finance Framework meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of social finance within the SBP etc., which is to "enable capital-raising and investment for new and existing projects with social benefits."

DNV Business Assurance Japan K.K.

16 July 2025



Akira Tsukasaki

Technical Reviewer

DNV Business Assurance Japan K.K.



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.



Disclaimer


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Schedule-1 SMFG/SMBC Social Finance Eligible Social Projects


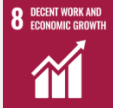

The eligible projects listed in the table are projects eligible for Social Finance allocation that have been assessed for eligibility as of the Social Finance Framework evaluation (as of July 2025). The project category of Eligible Social Projects is a classification that is shown as a representative example in SBP etc. The following Eligible Social Projects will be selected as eligible projects for future social financing under the Framework, and if additional social projects are included, they will be assessed for eligibility in advance by SMFG and SMBC and, if necessary, evaluated by DNV in a timely manner.


No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
1	Affordable basic infrastructure  	<p>Transportation</p> <ul style="list-style-type: none"> Public transportation infrastructure such as roads/bridges that enhance connectivity in underdeveloped rural areas or where road connectivity does not exist or is substantially inadequate. Development of sidewalks for public use, including accessibility improvements for people with disabilities. <p>Water & Sanitation</p> <ul style="list-style-type: none"> Development of infrastructure/services that improve free-of-cost access to drinking water in rural and sub-urban areas. Development of infrastructure/services that improve sewage treatment and sanitation in rural and sub-urban areas. <p>Electricity</p> <ul style="list-style-type: none"> Development of transmission and distribution infrastructure that improves access to electricity in those regions where there is no access or access is substantially inadequate. 	<p>The eligible target populations include individuals and communities who face socioeconomic disadvantages or lack of access to essential service and infrastructure. A summary of the target population is provided below.</p> <ul style="list-style-type: none"> Low-to-Moderate income and Vulnerable Populations <ul style="list-style-type: none"> Individuals or households below the national/regional poverty line or defined as low to moderate income by relevant governmental or multilateral criteria Vulnerable groups such as the elderly, persons with disabilities, marginalized ethnic groups, and displaced populations Underserved and remote Communities <ul style="list-style-type: none"> Communities located in rural, peri-urban, or geographically isolated areas lacking basic infrastructure or services Areas with limited access to affordable transportation, water and sanitation, reliable electricity or digital connectivity including broadband internet People with Limited Access to Essential Services 	<p>Transportation</p> <ul style="list-style-type: none"> Number of people benefiting from the transportation infrastructure <p>Water & Sanitation</p> <ul style="list-style-type: none"> Number of people benefiting from the water and sanitation infrastructure <p>Electricity</p> <ul style="list-style-type: none"> Number of people benefiting from the electricity transmission and distribution infrastructure

No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
2	Access to essential services (Healthcare) 	<ul style="list-style-type: none"> • Construction, development or maintenance of public/free/subsidized healthcare facilities (such as hospitals, clinics, health care centers, pharmacies, etc.) and eldercare/childcare facilities. • Development of critical medical equipment or provision of diagnostic services (including magnetic resonance imaging (MRI) machines, respirators or services that support diagnostics such as laboratory testing) that is offered free or at subsidized cost to all. • Research, development and production of affordably priced or subsidized medicines on the World Health Organization (WHO) Model Lists of Essential Medicines to underserved populations or in underserved areas. 	<ul style="list-style-type: none"> - Individuals or communities without adequate access to quality healthcare, including preventive care, maternal and child health services, and public health emergency support such as pandemic response - Populations with limited or no access to formal education or vocational training, particularly children, youth and female in underserved regions - Individuals or microentrepreneurs who have difficulties to obtain financing with traditional credit process • Housing insecure and Food insecure populations <ul style="list-style-type: none"> - Individuals and families living in inadequate, unsafe or unaffordable housing or those who are homeless or at risk of homeless 	<ul style="list-style-type: none"> • Number of hospital beds provided • Number of people benefiting from the healthcare, eldercare, or childcare facilities, equipment, or services

No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
3	Access to essential services (Education/Training) 	<ul style="list-style-type: none"> • Development of public/free/subsidized education and childcare facilities and programs from kindergarten, elementary to tertiary. • Construction of campuses and student housing for public/free/subsidized schools and universities. • Development of public/free/subsidized vocational, technical training facilities and institutions. • Education loans to low- and moderate-income (LMI) and/or marginalized individuals and/or communities. • Supply of teachers, teacher training and materials. 	<ul style="list-style-type: none"> - Communities experiencing food security or lack of access to nutritious, affordable, and sustainable sourced food <p>Note: wherever appropriate, applicable local, regional or global guidelines and standards will be applied and disclosed in the relevant transactional documentation associated with each financing</p>	<ul style="list-style-type: none"> • Number of people benefiting from the education and vocational training facilities • Number of people benefiting from the education loans




No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
4	Access to essential services (Public health emergency/pandemic response) 	<ul style="list-style-type: none"> • Research, development, operation and production of supplies to combat disease outbreak and negative consequences of such events. • Research, development and logistical deployment of tests, vaccines, and/or other medications to prevent and/or alleviate disease outbreak. • Loans to micro, small, and medium enterprises (MSMEs) negatively impacted by economic slowdown as a result of disease outbreak. 		<ul style="list-style-type: none"> • Number of R&D programs funded for tests, vaccines, and/or other medications to prevent and/or alleviate disease outbreak • Number of MSMEs benefiting from the financing
5	Access to essential services/ Socioeconomic advancement and empowerment (Financial inclusion)  	<ul style="list-style-type: none"> • Loans to MSMEs, LMI individuals and startups and financing to microfinance institutions. 		<ul style="list-style-type: none"> • Number of loans provided to MSMEs, small business owner, startups, microfinance institutions, and LMI individuals



No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
6	Affordable Housing 	<ul style="list-style-type: none"> Development of affordable houses, shelters, halfway homes for LMI and/or marginalized individuals and/or communities. Housing loans to LMI and/or marginalized individuals and/or communities. 		<ul style="list-style-type: none"> Number of people benefiting from the affordable houses, shelters, and halfway homes Number of people benefiting from the housing loans
7	Employment generation and programmes  	<ul style="list-style-type: none"> Employment creation projects/programs for the LMI and/or marginalized individuals and/or communities. 		<ul style="list-style-type: none"> Number of MSMEs benefiting from the financing Number of jobs created, supported, or retained


No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
8	Food security and sustainable food systems 	<ul style="list-style-type: none"> Projects or programs (including goods which are Fairtrade certified) for smallholder farmers as defined by Food and Agriculture Organization (FAO) that enhance agriculture productivity and nutritional value of agriculture or prevent of food loss. Developing access to nutrition programs that address malnutrition for target populations in areas with an explicit need to tackle food security as defined by FAO. Investments or projects related to infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses as defined by FAO. 		<ul style="list-style-type: none"> Number of smallholder farmers benefiting from the agricultural projects Number of people benefiting from the malnutrition projects Tons of food loss reduced

Schedule-2 SMFG/SMBC Eligible Digital Inclusion Social Projects

The eligible projects listed in the table are projects eligible for Social Finance allocation that have been assessed for eligibility as of the Social Finance Framework evaluation (as of July 2025). The project category of Eligible Social Projects is a classification that is shown as a representative example in SBP etc. The following Eligible Social Projects will be selected as eligible projects for future social financing under the Framework, and if additional social projects are included, they will be assessed for eligibility in advance by SMFG and SMBC and, if necessary, evaluated by DNV in a timely manner.

No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
1	<p>Access to essential services/ Socioeconomic advancement and empowerment (Financial Inclusion)</p>   	<ul style="list-style-type: none"> Loans to MSMEs, LMI individuals and startups provided online through websites and mobile apps. (Digital Loan) Develop digital tools to enable access or increase access to financing and financial services. Projects or activities that promote MSMEs/microfinance institutions participation of activities in the digital economy, e-commerce and their digital transformation. Build and launch financial digital literacy education programmes. 	<p>The eligible target populations include individuals and communities who face socioeconomic disadvantages or lack of access to essential service and infrastructure. A summary of the target population is provided below.</p> <ul style="list-style-type: none"> Low-to-Moderate income and Vulnerable Populations <ul style="list-style-type: none"> Individuals or households below the national/regional poverty line or defined as low to moderate income by relevant governmental or multilateral criteria Vulnerable groups such as the elderly, persons with disabilities, marginalized ethnic groups, and displaced populations Underserved and remote Communities <ul style="list-style-type: none"> Communities located in rural, peri-urban, or geographically isolated areas lacking basic infrastructure or services 	<ul style="list-style-type: none"> Number of previously unbanked borrowers benefiting from the digital platform and distribution Number of borrowers of digital loan Number of digital banking services active user Number of Eligible Digital Inclusion Social Projects implemented to facilitate financial inclusion Number of MSMEs and microfinance institutions benefiting from the Eligible Digital Inclusion Social Projects

No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
2	Access to basic infrastructure 	<ul style="list-style-type: none"> Construction or upgrade of telecommunication towers. Development of new telecommunication network including transmission lines, data transmission in low penetration areas, data centers in low density regions, specifically designed to reach previously underserved communities, such as rural communities or purposed to provide services related to access to government services, healthcare information, education and other social services. Increase MSMEs' participation in the digital economy. R&D facilities for telecommunications, mobility, and advanced industrial technologies. Development of fiber optic network. 	<ul style="list-style-type: none"> Areas with limited access to affordable transportation, water and sanitation, reliable electricity or digital connectivity including broadband internet People with Limited Access to Essential Services <ul style="list-style-type: none"> Individuals or communities without adequate access to quality healthcare, including preventive care, maternal and child health services, and public health emergency support such as pandemic response Populations with limited or no access to formal education or vocational training, particularly children, youth and female in underserved regions Individuals or microentrepreneurs who have difficulties to obtain financing with traditional credit process Housing insecure and Food insecure populations <ul style="list-style-type: none"> Individuals and families living in inadequate, unsafe or unaffordable housing or those who are homeless or at risk of homeless Communities experiencing food security or lack of access to nutritious, affordable, and sustainable sourced food Digital loans: MSMEs, LMI individuals and startups 	<ul style="list-style-type: none"> Number of telecommunications infrastructures, networks or R&D facilities built Number of people benefiting from the telecommunication infrastructures, networks or R&D facilities Number of MSMEs benefiting from the Eligible Digital Inclusion Social Projects
3	Access to essential services (Healthcare) 	<ul style="list-style-type: none"> Provision or development of digital tools for delivering telehealth services. Train personnel at hospital and nursing homes to provide telehealth services. 	<ul style="list-style-type: none"> Individuals and families living in inadequate, unsafe or unaffordable housing or those who are homeless or at risk of homeless Communities experiencing food security or lack of access to nutritious, affordable, and sustainable sourced food Digital loans: MSMEs, LMI individuals and startups 	<ul style="list-style-type: none"> Number of people benefiting from the telehealth services Number of people trained to provide telehealth services

No.	Category and Related SDGs	Typical Use of Proceeds	Typical Target Population	Examples of Impact Reporting Indicators
4	Access to essential services (Education/Training) 	<ul style="list-style-type: none"> • Provide technological devices that facilitate learning, such as tablets, laptops or computers. • Train teachers, professors and administrative staff at schools and universities to provide digital teaching and improve remote learning. 	Note: wherever appropriate, applicable local, regional or global guidelines and standards will be applied and disclosed in the relevant transactional documentation associated with each financing	<ul style="list-style-type: none"> • Number of technological devices provided to facilitate digital learning • Number of people benefiting from the digital learning • Number of people trained to provide digital teaching and improve remote learning

Schedule-3 Social Finance Eligibility Assessment Protocol

The following checklist (SBP-1 to SBP-4) is DNV's Framework Eligibility Assessment Protocol based on Social Bond Principles 2025, Social Loan Principles 2025, and Social Bond Guidelines 2021. The "Confirmed documents" in the Work Undertaken include internal documents etc. of the issuer and are provided by the issuer as evidence of eligibility judgment for DNV.

The word "Social Bond" mentioned in the following checklist may be read as "Social Finance" and assessed as necessary.

SBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The social bond must fall in one of the following categories defined in SBP:</p> <ul style="list-style-type: none"> • (Standard) Social Bond • Social Revenue Bond • Social Project Bond • Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>Through the evaluation work, DNV has confirmed that the Social Finance falls under the following categories:</p> <p>(Standard) Social Finance</p> <p>Specifically, the Social Financing Instruments proceeds procured by SMFG and SMBC are allocated to finance and/or refinance Eligible Social Projects and/or Eligible Digital Inclusion Social Projects that SMFG or its subsidiaries is working on and that meet the following criteria:</p> <p>(a) Initiatives within two years retroactively from the date of the implementation of Social Finance; or</p> <p>(b) Projects to which SMFG and SMBC agreed to finance or allocate after the date of the implementation of Social Finance and prior to the maturity date.</p>
1b	Social Project Categories	<p>The cornerstone of a Social Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>The Social Financing Instruments proceeds will be allocated to Eligible Social Projects and/or Eligible Digital Inclusion Social Projects in one of the following target categories, and this is planned to be stated in the legal documents or contracts, etc. for the social bond issuance or the social loan implementation:</p> <p>(1) Affordable basic infrastructure/Access to basic infrastructure</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>(2) Access to essential services (Healthcare)</p> <p>(3) Access to essential services (Education/Training)</p> <p>(4) Access to essential services (Public health emergency/pandemic response)</p> <p>(5) Access to essential services/Socioeconomic advancement and empowerment (Financial inclusion)</p> <p>(6) Affordable Housing</p> <p>(7) Employment generation and programmes</p> <p>(8) Food security and sustainable food systems</p> <p>Details of Eligible Social Projects, including digital inclusion, are shown in Schedule-1 and Schedule-2.</p>
1c	Social benefits	All designated Social Project categories should provide clear socially sustainable benefits, which will be assessed by the issuer and, where feasible, will be quantified.	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed in the Framework that SMFG and SMBC have clearly identified that the Eligible Social Projects to which the proceeds will be allocated are related to objective social issues and that the beneficiaries and expected social contribution (outcome) from the execution of the Eligible Projects are clear. Some of the social issues identified include issues arising from digital divide. DNV has also confirmed that SMFG and SMBC plan to disclose, to the extent practicable, the social benefits (quantitative and qualitative effects) that will be brought about by Eligible Social Projects and/or Eligible Digital Inclusion Social Projects. Examples of representative impact indicators are presented in Schedule-1 and Schedule-2.</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that fundraisers provide an estimate of the share of financing vs. refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that SMFG and SMBC plan to allocate all of the Social Financing Instruments proceeds as new financing and/or refinancing for Eligible Social Projects, including digital inclusion, listed in Schedule-1 and/or Schedule-2. DNV has also confirmed that SMFG and SMBC plan to disclose the allocation status, including the amount allocated as new financing or refinancing, through its annual reporting.</p>

SBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Social Bond should outline the decision-making process it follows to determine the eligibility of projects using Social Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process of the issuer to determine the target projects fit within the eligible Social Projects categories; • The criteria making the projects eligible for using the Social Bond proceeds; • The social sustainability objectives. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that SMFG and SMBC will conduct evaluation and selection of Eligible Social Projects and/or Eligible Digital Inclusion Social Projects through the following process. Specifically, SMBC's Asia Structured Finance Department and other relevant departments (such as asset holding departments) selects Eligible Social Projects and/or Eligible Digital Inclusion Social Projects. SMFG's Investor Relations (IR) Department and SMBC's Treasury Department discuss the Eligible Projects for the Social Financing Instruments. The final decision and approval will be made by the General Manager of Corporate Planning Department of SMFG. If necessary, SMFG and SMBC will engage external consultants to help identify the social eligibility and social benefits of the selected projects.</p> <p>Furthermore, the Framework clearly stipulates that SMFG's IR Department, SMFG's Sustainability Planning Department, SMBC's Treasury Department and SMBC's Asia Structured Finance Department and other relevant departments will at least on an annual basis,</p> <ol style="list-style-type: none"> review and validate the pool of Eligible Projects, update the allocation to each Social Financing Instruments as necessary, validate the annual allocation report and impact report for investors, and monitor and incorporate any on-going evolution related to on social financing including Social Bond and Loan market practices, where relevant and feasible, into the operation and implementation of the Framework. <p>In the assessment, DNV has also confirmed that SMFG and SMBC plan to incorporate these operational procedures into the administrative operating procedures and organize them as organizational procedures.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Issuer's environment and social governance framework	In addition to information disclosed by the issuer on its Social Bond process, criteria and assurances, Social Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	Confirmed documents: • Framework Interviews with stakeholders	DNV has confirmed that the selection criteria for Eligible Social Projects and Eligible Digital Inclusion Social Projects include the following: <ul style="list-style-type: none"> • Projects target people who need social supports and fall within the "target population" as defined by principles such as the international principles of SBP etc. • The criteria for the social benefits to be brought about are clear. DNV has also confirmed that the evaluation and selection of Eligible Social Projects will be conducted by a group with experience in planning and executing social finance and sufficient knowledge of the latest trends on a global level, and that SMFG and SMBC may engage external consultants to help identify the social eligibility and social benefits of the selected projects.

SBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds of Social Bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Social Projects.	Confirmed documents: <ul style="list-style-type: none"> • Framework • Credit Management System • Flowchart of Digital Inclusion Bond issuance and term management Interviews with stakeholders	DNV has confirmed that how SMFG and SMBC track and manage the proceeds during the implementation period of Social Finance. The departments in charge of each asset of SMFG and/or group subsidiaries and SMFG's Sustainability Planning Department will confirm that the Social Financing Instruments proceeds have been allocated to eligible projects. SMFG's Sustainability Planning Department will record on an annual basis, track, and manage until the maturity of the Social Financing Instruments. DNV has also confirmed that SMFG and SMBC plan to incorporate these operational procedures into the administrative operating procedures and organize them as organizational procedures.
3b	Tracking procedure-2	So long as the Social Bonds are outstanding, the balance of the tracked proceeds should be periodically adjusted to match allocated amounts to eligible projects implemented during that period.	Confirmed documents: <ul style="list-style-type: none"> • Framework Interviews with stakeholders	DNV has confirmed that SMFG's IR Department, SMFG's Sustainability Planning Department, SMBC's Treasury Department and SMBC's Asia Structured Finance Department and other relevant departments will at least on an annual basis, <ol style="list-style-type: none"> review and validate the pool of Eligible Projects, update the allocation to each Social Financing Instruments as necessary, validate the annual allocation report and impact report for investors, and monitor and incorporate any on-going evolution related to on social financing including Social Bond and Loan market practices, where relevant and feasible, into the operation and implementation of the Framework.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed documents: <ul style="list-style-type: none"> • Framework Interviews with stakeholders	DNV has confirmed that SMFG and SMBC plan to complete the full allocation of proceeds to the Eligible Projects within three years after the issuance of the Social Financing Instruments, and that the unallocated proceeds are planned to be kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments until the allocation to Eligible Projects.

SBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer should provide at least annually a list of projects to which Social Bond proceeds have been allocated, considering</p> <ul style="list-style-type: none"> - Confidentiality and/or competitive considerations - A brief description of the projects and the expected environmentally/socially sustainable impact 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> • Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that SMFG and SMBC plan to disclose and report on the allocation status of the Social Financing Instruments proceeds on an annual basis on a dedicated page on the SMFG website, including the following information:</p> <ul style="list-style-type: none"> i) Detailing the Eligible Projects funded, current funded amounts, and unallocated amount, ii) Assertions by management that the net proceeds of the Social Financing Instruments are invested either in qualifying Eligible Projects or kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments, and iii) Project case studies, where available. <p>DNV has also confirmed that SMFG and SMBC plan to disclose information on the social benefits of the Eligible Projects to which the proceeds are allocated, in addition to the allocation status of proceeds. The environmental and social benefit indicators that will be disclosed are shown in Schedule-1 and Schedule-2 Examples of Impact Reporting Indicators.</p>

Schedule-4 Guidebook to Digital Inclusion Bond Financing Checklist

The following checklist (DIFG-A to F) has been created in accordance with the Guidebook to Digital Inclusion Bond Financing published by the World Economic Forum (WEF) in September 2021.

The numbers listed in the "Work Undertaken" column (e.g., /01/, /02/-/07/) correspond to the names of the documents confirmed as evidence. For details, please refer to the Reference Materials (Annex) at the end of this document.

The evaluation work may include information obtained through discussions with SMFG and SMBC or other relevant parties, in addition to the documents confirmed as evidence.

DIFG-A. An issuer/borrower's approach to digital inclusion

No.	Requirements	Check	Work Undertaken	DNV Findings
Issuers and borrowers can share their unique perspectives on digital inclusion and their strategy to address it.				
1	For corporate issuers/borrowers ; <ul style="list-style-type: none"> - Their priorities, their business strategies, and their long-term goals related to digital inclusion. - They can also identify the communities that they wish to benefit or empower through digital inclusion initiatives. - Businesses might also use this section to describe the connection between their business strategy and the SDGs or other initiatives and commitments they have. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /03/, /06/ Interviews with stakeholders	Through the assessment, DNV has confirmed the following: <ul style="list-style-type: none"> - SMBC Group has positioned "creation of social value" as one of the pillars of management, and has identified five priority issues to be proactively addressed: "Environment," "DE&I/Human Rights," "Poverty and Inequality," "Declining Birthrate and Aging Population," and "Japan's Regrowth." - SMBC Group advocates a multi-franchise strategy to create a "second or third SMBC Group" with a focus on Southeast Asia, and aims to develop full banking services covering all segments of individuals and corporations. With this strategy, SMFG Group aim to improve "poverty and inequality" by supporting the social independence of the poor through a wide range of financial inclusion activities, such as microfinance in urban and rural areas with limited financial access, mobile banking services for low-income people

No.	Requirements	Check	Work Undertaken	DNV Findings
Issuers and borrowers can share their unique perspectives on digital inclusion and their strategy to address it.				
				<p>without bank accounts through investments and alliances with partners who have strengths in local networks, and financial literacy programs for women.</p> <ul style="list-style-type: none"> - One of the factors contributing to and fixing poverty and inequality in emerging countries is the serious digital divide. As a financial institution rooted in Asia, including emerging economies, the initiatives and funding for the realization of digital inclusion are closely related to creating social value pursued by SMBC Group.
2	<p>For sovereign, quasi-governmental, nongovernmental, and public issuers/borrowers ;</p> <ul style="list-style-type: none"> - The section of the Framework generally includes a description of their mission, their structure, their responsibilities, and their long-term goals. - They can also describe how the new initiatives relate to previous initiatives and their duties or mission. Importantly, sovereigns can outline how their digital inclusion initiatives relate to the SDGs, or other international and national responsibilities they have. 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	<p>SMFG and SMBC are not a sovereign, quasi-governmental, nongovernmental, or public agency.</p>

DIFG-B. Use of Proceeds and/or KPIs

No.	Requirements	Check	Work Undertaken	DNV Findings
<p>In this section of the Framework, issuers and borrowers outline their intended use of proceeds or KPIs. Issuers/borrowers can outline multiple financing structures, use of proceeds and KPIs within the same document, to be used in a variety of future financings.</p> <p>Issuers/borrowers should take the following considerations into account when choosing and outlining their use of proceeds and/or KPIs:</p>				
1	Use of proceeds/KPIs should be consistent with the goals and capabilities of the issuer/borrower.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/, /03/, /06/</p> <p>Interviews with stakeholders</p>	<p>Through the assessment, DNV has confirmed the following:</p> <ul style="list-style-type: none"> - SMFG is the holding company of SMBC Group, which is one of the three largest banking groups in Japan. SMBC is the main operating bank within SMFG. SMFG is designated a "global systemically important bank (G-SIB)" in recognition of its broad range of financial services in both domestic and overseas markets. Taking into consideration the nature and size of the business of SMFG and SMBC, the Eligible Social Projects and the Eligible Digital Inclusion Social Projects shown in Schedule-1 and Schedule-2 and examples of their impact reporting indicators are fully consistent with the organization's goals and capabilities.
2	Use of proceeds/KPIs should be ambitious and impactful.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	<p>Through the assessment, DNV has confirmed that the representative examples of use of proceeds and KPIs of the Digital Inclusions Social Finance defined in the Framework are sufficiently ambitious and impactful.</p> <ul style="list-style-type: none"> - According to "The International Telecommunication Union (2024)," today, roughly 32% of the global population (approximately 2.6 billion people) lack internet access, due to insufficient telecommunications infrastructure and limited access to digital

No.	Requirements	Check	Work Undertaken	DNV Findings
<p>In this section of the Framework, issuers and borrowers outline their intended use of proceeds or KPIs. Issuers/borrowers can outline multiple financing structures, use of proceeds and KPIs within the same document, to be used in a variety of future financings.</p> <p>Issuers/borrowers should take the following considerations into account when choosing and outlining their use of proceeds and/or KPIs:</p>				
				devices. This significant digital divide is a major driver of structural inequality. The Eligible Digital Inclusion Social Projects stipulated in the Framework approaches this barrier of digital divide.
3	<ul style="list-style-type: none"> - Use of proceeds/KPIs should be specific, measurable, achievable, relevant, and time-bound. - They should be quantifiable and trackable, with sufficient specificity to permit verification and reporting. - KPIs that can be measured using established industry methodologies are preferable to ensure objectivity and benchmarking. - If applicable, the targeted beneficiaries of any projects/KPIs should be identified. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	<ul style="list-style-type: none"> - The examples of use of proceeds and KPIs of the Digital Inclusions Social Finance defined in the Framework are specific, measurable, and relevant to the identified social issue (poverty and inequality). - Indicators that are sufficiently trackable and quantifiable by SMFG and SMBC, such as the number of people who have opened accounts using digital platforms and the number of facilities constructed and maintained, have been selected. - The examples of impact reporting indicators (see Schedule-2) can be judged as objective and general indicators. - Project beneficiaries are specifically identified as socially and economically disadvantaged individuals and communities that have difficulty in accessing essential services and infrastructure.
4	Sovereign issuers should make sure that the projects are within their governmental responsibilities and powers.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Confirmed documents: /01/	SMFG and SMBC are not a sovereign issuer.

No.	Requirements	Check	Work Undertaken	DNV Findings
<p>In this section of the Framework, issuers and borrowers outline their intended use of proceeds or KPIs. Issuers/borrowers can outline multiple financing structures, use of proceeds and KPIs within the same document, to be used in a variety of future financings.</p> <p>Issuers/borrowers should take the following considerations into account when choosing and outlining their use of proceeds and/or KPIs:</p>				
			Interviews with stakeholders	
5	Corporate issuers should make sure that projects/KPIs align with their business strategy – projects that are perceived to be "charity for charity's sake" may not be deemed eligible for digital inclusion financing arrangements by lenders or second party opinion providers.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /03/, /06/ Interviews with stakeholders	DNV has confirmed that the example projects/KPIs specified in the Framework are consistent with the business strategy of SMBC Group (see DIFG-A. No. 1). Specifically, they are to address one of SMBC Group's materialities, "poverty and inequality," through digital inclusion.
6	The process of selecting use of proceeds and KPIs should involve all levels of an entity's management or government. For corporate issuers/borrowers, this may include the board of directors and upper management; for sovereign issuers/borrowers, this may include top officials and all entities responsible for the implementation of the projects.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	DNV has confirmed that decisions and approvals for Eligible Digital Inclusion Social Projects are made by General Manager of Corporate Planning Department of SMFG, and that SMBC Group has established the Sustainability Committee within the Board of Directors to oversee sustainability and promote sustainability management under an adequate governance structure.

DIFG-C. Evaluating and selecting digital inclusion projects

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers outline their internal processes for the identification, evaluation, and selection of digital inclusion projects. As part of this section, issuers/borrowers should highlight:				
1	<ul style="list-style-type: none"> - The supervisory entity (if any) that has overall responsibility for the procedures outlined in the Framework. - Sovereign and public entities should consider appointing a supervisory entity that can coordinate effectively with various governmental agencies and ministries. - Corporate issuers/borrowers should consider appointing a supervisory committee that can coordinate effectively across departments. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	The Framework clearly states the following: <ul style="list-style-type: none"> - SMBC Group's sustainability management operates under a strong governance structure, with oversight from the board of directors. The same system also oversees and promotes initiatives creating social value and the visualization of their results. - SMFG and SMBC do not fall under a sovereign or a public agency. - SMBC Group has established the Sustainability Committee, an internal committee of the board of directors, as a supervisory function for sustainability, and the Sustainability Promotion Committee as an executive function, and the system is designed to ensure sufficient and effective coordination.
2	<ul style="list-style-type: none"> - The specialist teams responsible for identifying and proposing eligible digital inclusion projects, screening proposals, evaluating whether they constitute eligible digital inclusion investments under the Framework, allocating funding to eligible projects, and maintaining a portfolio of active projects. - Sovereigns and public entities may consider including relevant international organizations (such as the UNDP) in an observer capacity on such teams. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	Through the assessment, DNV has confirmed the following: <ul style="list-style-type: none"> - The evaluation and selection of Eligible Social Projects will be conducted by a group with experience in planning and executing social finance and sufficient knowledge of the latest trends on a global level. - SMFG and SMBC plan to engage external consultants in case of need to help identify the

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers outline their internal processes for the identification, evaluation, and selection of digital inclusion projects. As part of this section, issuers/borrowers should highlight:				
				social eligibility and social benefits of the selected projects.
3	Whether and how often digital inclusion projects will be reevaluated to ensure they remain eligible under the Framework.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	The Framework clearly states the following: SMFG's IR Department, SMFG's Sustainability Planning Department, SMBC's Treasury Department and SMBC's Asia Structured Finance Department and other relevant departments will at least on an annual basis, i) review and validate the pool of Eligible Projects, ii) update the allocation to each Social Financing Instruments as necessary, iii) validate the annual allocation report and impact report for investors, and iv) monitor and incorporate any on-going evolution related to on social financing including Social Bond and Loan market practices, where relevant and feasible, into the operation and implementation of the Framework.
4	The internal processes for final review and approval.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	The Framework clearly states the following: SMBC's Asia Structured Finance Department and other relevant departments (such as asset holding departments) selects the projects aligned with the above. SMFG's Investor Relations (IR) Department and SMBC's Treasury Department discuss the Eligible Projects for the Social Financing Instruments. The final decision and approval will be made by the General Manager of Corporate Planning Department of SMFG.

DIFG-D. Management of proceeds

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers outline their internal processes for how allocations of amounts equal to the net proceeds will be tracked for use-of-proceeds financings. Issuers/borrowers should take the following considerations into account when choosing and outlining their management of proceeds:				
1	<ul style="list-style-type: none"> - The total sum of expenditures on eligible digital inclusion projects should be greater than or equal to the net proceeds under the bond or bank financing. - If the total sum of expenditures on eligible projects is less than the net proceeds under the outstanding financings, the Framework should identify how the balance will be held until allocated to eligible projects. - Corporate issuers/borrowers may choose to hold this balance in cash, cash equivalents or government securities. - Sovereigns or public entities may choose to hold this balance in cash or cash equivalents or identify alternative qualifying expenditures. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/, /02/</p> <p>Interviews with stakeholders</p>	<p>Through the assessment, DNV has confirmed the following:</p> <ul style="list-style-type: none"> - Based on the interim management flow etc., SMFG's Sustainability Planning Department manages the allocation status to ensure that the amount allocated to Eligible Digital Inclusion Social Projects does not exceed the balance of the eligible assets. - SMFG and SMBC plan to complete the full allocation of proceeds to the Eligible Projects within three years after the issuance of the Social Financing Instruments, and that the unallocated proceeds are planned to be kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments until the allocation to Eligible Projects. - SMFG and SMBC do not fall under a sovereign or a public agency.
2	The Framework should outline the protocol to be followed for divestment and reallocation if a previously eligible digital inclusion project is found to no longer meet the eligibility criteria or is no longer able to be pursued.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	The Framework clearly states that any of Social Financing Instruments proceeds allocated to projects that have been sold, prepaid, amortized or have otherwise become ineligible will be reallocated to other Eligible Projects as soon as practically possible.

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers outline their internal processes for how allocations of amounts equal to the net proceeds will be tracked for use-of-proceeds financings. Issuers/borrowers should take the following considerations into account when choosing and outlining their management of proceeds:				
3	Payment of principal and interest on digital inclusion financings should be made from the issuer/borrower's general funds and should not be linked to the performance of any eligible project unless the financing is specifically tied to that project.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Interviews with stakeholders	The Framework clearly states that principal repayments and interest payments for Social Finance are made from the general financial resources of SMFG and SMBC and are not directly linked to the performance of any Eligible Project.

DIFG-E. Reporting obligations

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers describe in detail their reporting obligations under the digital inclusion financing arrangement. Issuers/borrowers should consider the following when outlining their reporting obligations:				
1	Include how frequently reporting will occur (e.g. on an annual or bi-annual basis, and on a timely basis in the case of material developments).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /07/ Interviews with stakeholders	The Framework stipulates that information on the allocation status of proceeds and social benefits of Eligible Projects shall be published on the SMFG website and updated once a year.
2	Mention where the disclosure will be made available (e.g. on the issuer/borrower's website).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /07/ Interviews with stakeholders	The Framework clearly states that the information will be published on the SMFG website.
3	Include all relevant metrics to assess disclosure (e.g. compliance with use of proceeds and/or KPIs), and not cherry-pick metrics based on performance.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /07/ Interviews with stakeholders	The Framework clearly states that the following information will be disclosed: Information on proceeds allocation, including i) Detailing the Eligible Projects funded, current funded amounts, and unallocated amount, ii) Assertions by management that the net proceeds of the Social Financing Instruments are invested either in qualifying Eligible Projects or kept in cash or invested in cash equivalent, money market instruments, or other equivalent short-term and liquid instruments, and iii) Project case studies, where available See Schedule-2 for examples of indicators

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers describe in detail their reporting obligations under the digital inclusion financing arrangement. Issuers/borrowers should consider the following when outlining their reporting obligations:				
				planned to be disclosed on social benefits of Eligible Projects allocated.
4	Identify the operations or projects being covered by the disclosure.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /07/ Interviews with stakeholders	The Framework clearly states the examples of Eligible Digital Inclusion Social Projects that are subject to disclosure (see Schedule-2).
5	Consider the adequacy of internal management systems and internal controls, ensuring that there are internal capabilities for timely reporting and disclosure.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /02/ Interviews with stakeholders	Through the assessment, DNV has confirmed the following: Information to be disclosed is compiled using existing management systems etc., such as credit management of SMFG and SMBC, and SMFG's Sustainability Planning Department is responsible for compiling and managing balances and reporting information. The final decision and approval will be made by the General Manager of Corporate Planning Department of SMFG, and the information will be operated and managed under an appropriate internal control system.
6	Generally, issuers/borrowers include two types of reporting: allocation reporting and impact reporting. Allocation reporting focuses on the allocation of funds among different projects, whereas impact reporting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/, /07/ Interviews with stakeholders	The Framework clearly states that reporting will include allocation status of proceeds and impact reporting (indicators related to social benefits). Social benefits are planned to be calculated for the project as a whole or for individual projects.

No.	Requirements	Check	Work Undertaken	DNV Findings
In this section of the Framework, issuers and borrowers describe in detail their reporting obligations under the digital inclusion financing arrangement. Issuers/borrowers should consider the following when outlining their reporting obligations:				
	focuses on the estimated impact of the digital inclusion projects on the target areas or communities.			

DIFG-F. External review

No.	Requirements	Check	Work Undertaken	DNV Findings
<p>In this section of the Framework, issuers and borrowers discuss the external reviews (if any) that are expected to be obtained. While an external review is optional, and issuers/borrowers are permitted to self-report and evaluate, they should consider gaining an independent external review to increase transparency, build trustworthiness in the Framework, and benefit from consistency with similarly situated companies. Moreover, lenders, underwriters, investors and ratings agencies may require an external review as a condition to any digital inclusion financing being contemplated. In addition to other forms of external review, issuers/borrowers should consider incorporating the following into their Framework:</p>				
1	<ul style="list-style-type: none"> - Prior to the first issuance or borrowing, the issuer/borrower should seek a review of the Framework and its alignment with the applicable market frameworks and UN SDGs by a recognized, independent second-party opinion provider. - Sovereigns and public entities may also ask a relevant international organization (such as the UNDP) to review the Framework for alignment with the UN SDGs. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	<p>Prior to the implementation of the first financing, SMFG and SMBC obtained a second party opinion on the Framework from an independent external reviewer (DNV). The second party opinion will be made publicly available on the SMFG website.</p>
2	<p>The issuer/borrower should regularly seek external reviews and verification of their eligible digital inclusion projects, internal tracking method and allocation of funds, and their reporting on any applicable KPIs from a recognized independent auditor with the necessary expertise.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01/</p> <p>Interviews with stakeholders</p>	<p>The Framework clearly states that SMFG and SMBC also plan to obtain reviews from an independent external reviewer on the allocation status of proceeds etc. (Use of proceeds reporting, Impact Reporting).</p>