

Sumitomo Mitsui Financial Group, Inc. (2022 Green Bond)

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In 2022, Sumitomo Mitsui Financial Group, Inc. (“SMFG”) issued a green bond aimed at financing projects related to Renewable Energy (USD 500 million 7-Year Green Bond, hereinafter the “2022 Green Bond”). As of 31 December 2024, the proceeds were fully allocated to renewable projects. In February 2025, SMFG engaged Sustainalytics to review the projects funded through the 2022 Green Bond and assess whether the projects (the “Nominated Projects”) met the Use of Proceeds criteria and the Reporting commitments outlined in the Sumitomo Mitsui Financial Group, Inc. / Sumitomo Mitsui Banking Corporation’s Green Bond Framework, updated in December 2021 (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in December 2021.² This is Sustainalytics’ fourth annual review of SMFG’s 2022 Green Bond, following the previous reviews in December 2022, May 2023 and March 2024.^{3,4,5}

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and associated impact indicators

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>The development, construction and operation of facilities that generate renewable energy, including:</p> <ol style="list-style-type: none"> i. Solar Energy ii. Wind Energy iii. Geothermal energy (restricted to those with direct CO₂ emissions of less than 100g CO₂/kWh) iv. Biomass energy power generation fueled by waste-derived materials or non-waste materials. <ol style="list-style-type: none"> a. Waste materials will be limited to residues from forestry and agriculture, residues of fishery resources (restricted to those from fishery and aquaculture companies that 	<ol style="list-style-type: none"> i. Annual production capacity (MW) ii. Tonnes of CO₂ emissions equivalent avoided

¹ SMFG, “Sumitomo Mitsui Financial Group, Inc. / Sumitomo Mitsui Banking Corporation’s Green Bond Framework”, (2021), at:

https://www.smfg.co.jp/english/sustainability/materiality/environment/procurement/pdf/green_bond_framework.pdf

² Sustainalytics, “Sumitomo Mitsui Financial Group, Inc. / Sumitomo Mitsui Banking Corporation’s Green Bond Framework SPO”, (2021), at:

https://www.smfg.co.jp/english/sustainability/materiality/environment/procurement/pdf/GREEN_BOND.pdf

³ Sustainalytics, “Annual Review”, (2022), at:

https://www.smfg.co.jp/english/sustainability/materiality/environment/procurement/pdf/SustainalyticsReview_SMFG_2022e.pdf

⁴ Sustainalytics, “Annual Review”, (2023), at:

https://www.smfg.co.jp/english/sustainability/materiality/environment/procurement/pdf/202303_SustainalyticsReview_SMFG_2022e.pdf

⁵ Sustainalytics, “Annual Review”, (2024), at:

https://www.smfg.co.jp/sustainability/materiality/environment/procurement/pdf/Bond_202312_Sustainalytics_Review_SMFG_2022j.pdf

	<p>have obtained MSC (Marine Stewardship Council) or ASC (Aquaculture Stewardship Council) certification), waste from palm oil operations (limited to waste from palm oil suppliers that are certified by RSPO (Roundtable on Sustainable Palm Oil) or RSB (The Roundtable on Sustainable Biomaterials)), wastewater and sewage sludge (excluding those derived from fossil fuel mining and processing processes).</p> <p>b. Non-waste materials are restricted to sustainable feedstock not competing with food production with lifecycle GHG emissions of less than 100g CO₂e/kWh. For the projects that use wood and wood pellets, the feedstock will be limited to those provided by wood suppliers or power generators certified by the Forest Stewardship Council (FSC) or PEFC (Programme for the Endorsement of Forest Certification). Non-waste materials exclude palm oil, peat, uncertified materials, or materials sourced from unknown suppliers.</p> <p>v. Small run-of-river hydro facilities (generation capacity of 25 megawatts or less). In a new development/construction project, SMBC Group will confirm that there is no significant negative impact on the environment and society by conduction environmental and social impact assessments.</p>	
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Issuer’s Responsibility

SMFG is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2022 Green Bond. The work undertaken as part of this engagement included collection of documentation from SMFG and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by SMFG. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by SMFG.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. SMFG has disclosed to Sustainalytics that the proceeds from the 2022 Green Bond were fully allocated as of day 31 December 2024.

⁶ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation and Reported Impact

Project Category	Sub-category	Number of Projects	Reported Impact		Loan Balance (USD million) ⁷
			CO ₂ emission reduction amount (t-CO ₂ e)	CO ₂ emission reduction amount (SMFG's contribution) (t-CO ₂ e)	
Renewable Energy	Solar Energy	4	504,333	137,964	
	Wind Energy	4	2,876,693	148,517	
	Wind and Solar Energy	1	1,455,818	209,087	
Total		9	4,836,844	495,568	502.20
Total Net Proceeds Raised from the 2022 Green Bond					500.00
Total Net Proceeds Unallocated					0.00

⁷ The loan balance is rounded to the nearest million. Converted to USD with the FX rate of 30 December 2024.

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