

# Sumitomo Mitsui Banking Corporation

**Type of Engagement:** Annual Review

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**Engagement Team:**

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## Introduction

In April 2021, Sumitomo Mitsui Banking Corporation (“SMBC” or the “Bank”) launched green deposit products (the “Green Deposit”) to facilitate lending towards environmental projects. The Green Deposits required the Bank to hold an equivalent amount of proceeds raised to effectively finance eligible loans (the “Eligible Loans”) that are expected to create positive environmental impact. SMBC has raised USD 589 million under the Green Deposits. In April 2025, SMBC engaged Sustainalytics to review a portfolio of the Eligible Loans funded through the proceeds raised from the Green Deposits (“the Eligible Portfolio”) and assess whether the Eligible Portfolio met the eligibility criteria outlined in the Sumitomo Mitsui Banking Corporation Green Deposit Framework (the “Framework”).<sup>1</sup> The Framework, as a standalone document was reviewed by Sustainalytics in June 2024 to verify the alignment with market practice.

## Evaluation Criteria

Sustainalytics evaluated the Eligible Portfolio based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework.

**Table 1: Use of Proceeds Categories and Eligibility Criteria**

Use of Proceeds Category	Eligibility Criteria	Exclusion Criteria
<p><b>Renewable Energy</b></p>	<p>Acquisition, development, construction, operation, or maintenance of projects/assets generating electricity from:</p> <ul style="list-style-type: none"> <li>i) Solar</li> <li>ii) Solar thermal energy, with less than 15% fossil fuel back-up</li> <li>iii) Wind (on and offshore)</li> <li>iv) Geothermal, with the direct emissions intensity of less than 100 gCO<sub>2</sub>/kwh</li> <li>v) Hydropower, which meets one of the following criteria:                             <ul style="list-style-type: none"> <li>- Run-of-river without artificial reservoir or with low storage capacity</li> <li>- Facilities that became operational before 2019 with life cycle GHG emissions intensity of 100 gCO<sub>2</sub>e/kwh, or power density of greater than 5 W/m<sup>2</sup>, or</li> <li>- Facilities that became operational after 2020 with life cycle GHG emissions intensity of 50 gCO<sub>2</sub>e/kwh, or power density of greater than 10 W/m<sup>2</sup></li> </ul> </li> </ul> <p>For refurbishment, the project that meets the above hydropower criteria. If the project</p>	<p>Projects which have not undertaken an environmental and social impact assessment that ensures no significant controversy surrounding the project</p>

<sup>1</sup> SMBC, “Green Deposit Framework, SMBC”, (2024), at: [https://www.smbc.co.jp/global/greendeposit/resources/pdf/index\\_pdf\\_01.pdf](https://www.smbc.co.jp/global/greendeposit/resources/pdf/index_pdf_01.pdf).

	<p>increases the size of the dam or reservoir, a new environmental and social impact assessment needs to be undertaken</p> <p>vi) Waste biomass energy, with feedstock limited to a) residues from forestry and agriculture, b) residues from fisheries certified with MSC<sup>2</sup>, ASC<sup>3</sup> or MEL<sup>4</sup>, c) waste from palm oil operations certified with RSPO<sup>5</sup> or RSB<sup>6</sup>, or d) wastewater and sewage sludge</p> <p>vii) Non-waste biomass energy with life cycle GHG emissions intensity of less than 100 gCO<sub>2</sub>e/kWh, using feedstock restricted to a) wood and wood pellets certified with FSC<sup>7</sup> or PEFC<sup>8</sup>, or b) non-wood crops</p>	
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## Issuer's Responsibility

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

## Independence and Quality Control

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

Sustainalytics relied on the information and the facts presented by SMBC. 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 SMBC.

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,<sup>9</sup> nothing has come to Sustainalytics' attention that causes us to believe, in all material respects, that the reviewed Eligible Portfolio does not conform with the Use of Proceeds criteria and reporting commitments in the Framework. SMBC has disclosed to Sustainalytics that the proceeds from the Green Deposits were fully allocated as of 31 December 2024.

<sup>2</sup> Marine Stewardship Council (MSC), at: <https://www.msc.org/>.

<sup>3</sup> Aquaculture Stewardship Council (ASC), at: <https://www.asc-aqua.org/>.

<sup>4</sup> Marine Eco-Label Japan (MEL), at: [https://melj.jp/eng/about\\_us](https://melj.jp/eng/about_us).

<sup>5</sup> The Roundtable on Sustainable Palm Oil (RSPO), at: <https://rspo.org/>.

<sup>6</sup> The Roundtable on Sustainable Biomaterials (RSB), at: <https://rsb.org/>.

<sup>7</sup> Forest Stewardship Council (FSC), at: <https://fsc.org/en>.

<sup>8</sup> Program for the Endorsement of Forest Certification (PEFC), at: <https://www.pefc.org/>.

<sup>9</sup> 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**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Eligible Portfolio to determine if the Eligible Loans aligned with the eligibility criteria outlined in the Framework and above in Table 1.	All Eligible Loans reviewed complied with the eligibility criteria defined in the Framework	None

## Appendix

### Appendix 1: Allocation of Green Deposit Proceeds<sup>10</sup>

SMBC raised USD 589 million from the Green Deposits to finance Eligible Loans, which finance new or existing renewable energy projects, and the proceeds were fully allocated as of 31 December 2024. The loan balance as of 31 December 2024 was USD 614 million.

**Table 3: Loan balance by category**

Use of Proceeds Category	Sub-Category	Loan Balance (USD Million)	Loan Balance %
Renewable Energy	Wind energy	510	83
	Solar energy	104	17
<b>Total</b>		<b>614</b>	<b>100</b>

**Table 4: Loan balance by country**

Use of Proceeds Category	Sub-Category	Country	Loan Balance (USD Million)	Loan Balance %
Renewable Energy	Wind energy	Canada	83	13
	Solar and Wind energy	France	60	10
	Wind energy	Japan	99	16
	Solar energy	Malaysia	23	4
	Wind energy	Netherlands	53	9
	Wind energy	Taiwan	84	14
	Wind energy	United Kingdom	172	28
	Solar energy	United States of America	40	6
<b>Total</b>			<b>614</b>	<b>100</b>

<sup>10</sup> SMBC provided a confidential summary of deposits and allocations to Sustainalytics and confirmed that all deposits were allocated to the Eligible Loans.

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