SMBC Green Deposit Framework

July 2025

SMBC
三井住友銀行
SUMITOMO MITSUI BANKING CORPORATION

1. Introduction

1.1 About the Bank

Sumitomo Mitsui Financial Group, Inc. (“SMFG” or “SMBC Group”) is the holding company of SMBC Group, which is one of the three largest banking groups in Japan. Sumitomo Mitsui Banking Corporation (“SMBC” or the “Bank”) 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.

1.2 SMBC Group’s Efforts to “Create Social Value”

SMBC Group identifies efforts to realize sustainability as the foundation of the group’s business strategies, defining sustainability as “creating a society in which today’s generation can enjoy economic prosperity and well-being and pass it on to future generations”.

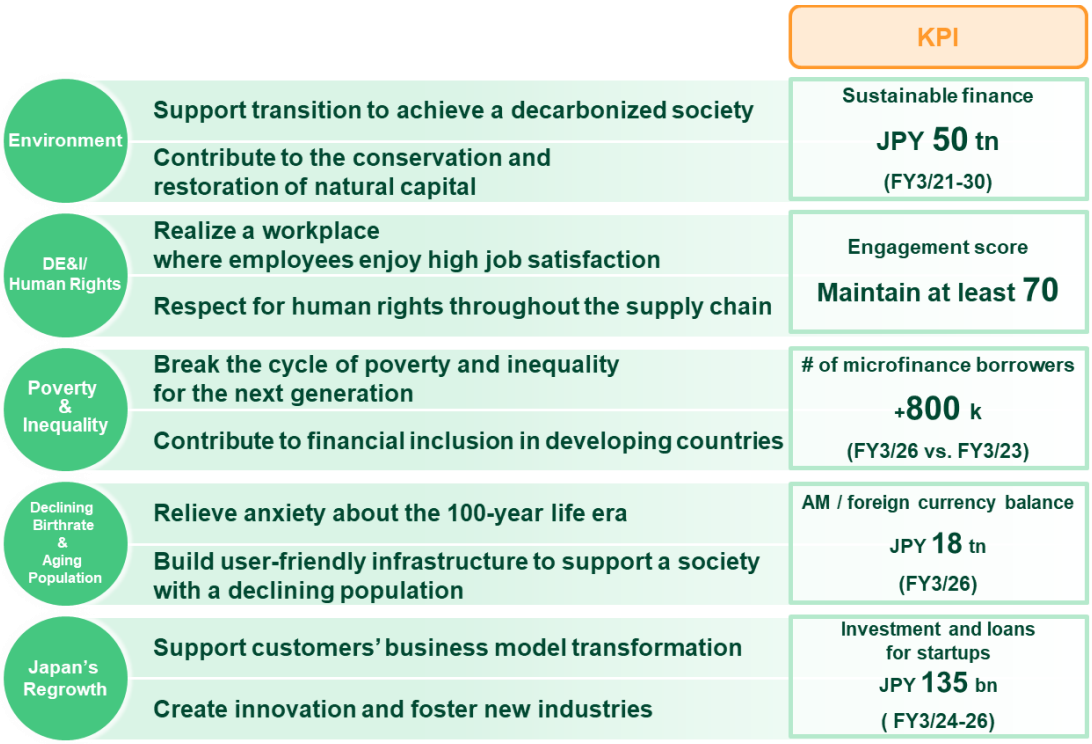
In recent years, the economic and financial status quo is undergoing significant transformation, including some reversal of social and economic globalization, as well as rising inflation and interest rates, especially in Europe and the United States. Moreover, digital transformation is accelerating in all fields, while corporate activities and individual consumer behavior are undergoing major changes, and the issues facing the planet are becoming more diverse and serious. As a consequence, the values of investors, customers, and employees are steadily changing, and expectations are growing for companies to make concrete efforts to help solve social issues.

In response to this shifting landscape, SMBC Group positions “create social value” as one of the key pillars of our management. We identified five new priority issues (materiality): “Environment”, “DE&I/Human Rights”, “Poverty and Inequality”, “Declining Birthrate and Aging Population”, and “Japan’s Regrowth”, and we are advancing initiatives aligned with ten clearly defined goals to address these critical societal issues.

Guided by the spirit of “Sanpo-Yoshi (three-way satisfaction),” wishing for the happiness of customers and society and conducting business with the aim of developing alongside our customers and society, inherited from both Mitsui and Sumitomo, SMBC Group is committed to expanding its initiatives to create and deliver social value. By helping to address social issues and returning value

to society, we aim not only to drive economic growth, but also to realize “Fulfilled Growth”, where people feel fulfilled as economic growth accompanies the resolution of social issues.

Figure 1. Five Priority Issues and 10 Goals towards Resolution



1.3 SMBC Group’s Efforts Addressing Climate Change

While the average global temperature continues to rise and disasters caused by abnormal weather become more frequent and severe, there is a growing awareness of the link of climate change with industrial policy, and as a result, each country and region is strongly asserting its stance, and decoupling is accelerating. Under this situation, we believe that it is necessary to take a detailed approach tailored to the circumstances of each country and region, while aligning the broad direction globally.

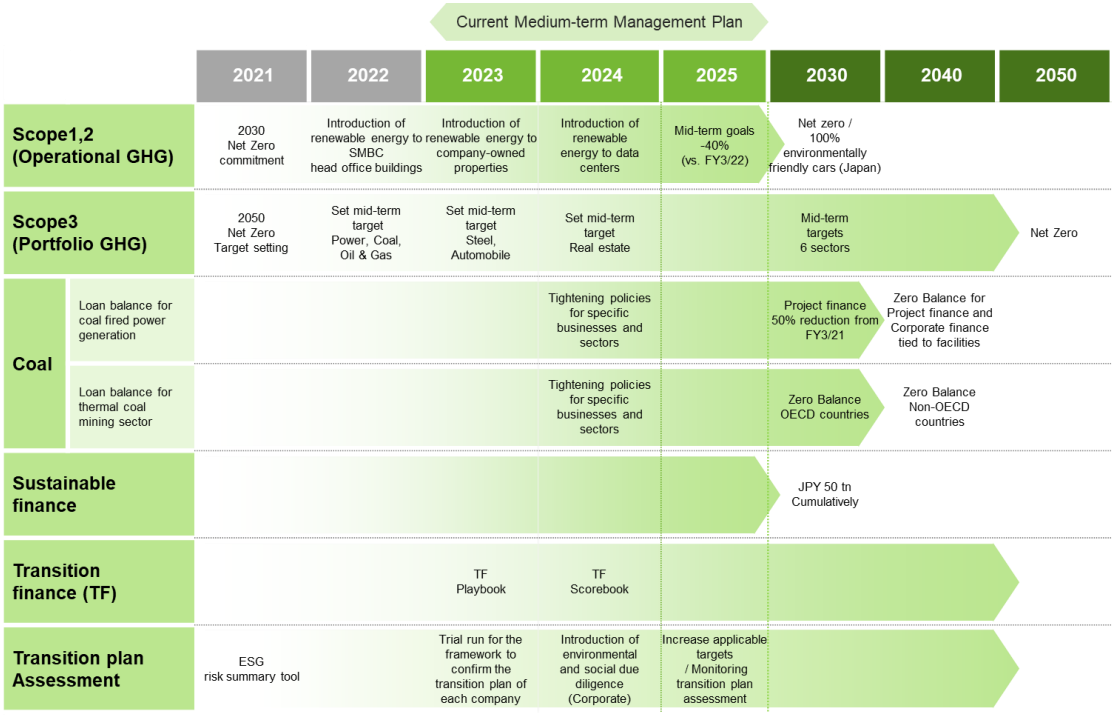
SMBC Group’s direction to address climate change is to make the greatest possible contribution to the decarbonization of the real economy, and appropriately manage our own climate-related risks.

In order to achieve a decarbonized society, for example, within the timeframe of 2030, it is said that new technologies are not necessarily required; rather, scaling existing technologies is crucial. However, new energies and technologies are considered indispensable for achieving net zero by

2050. Hence, although there is almost no track record of finance to these areas even from a global perspective, SMBC Group is dedicated to boldly take risks and provide such finance to realize social implementation of those energy sources and technologies, analyzing and organizing risks in detail with certain time and effort.

Also, to accelerate the global decarbonization, it is essential to finance the transition of hard-to-abate sectors facing challenges to leapfrog to a low-carbon economy. SMBC Group is providing transition finance, which is a financing method aimed at supporting companies that are considering measures against climate change and are undertaking greenhouse gas reduction efforts in line with long-term strategies to achieve a decarbonized society.

Figure 2. Key targets and actions for addressing climate change



1.4 Intent of the Framework

Sumitomo Mitsui Banking Corporation Green Deposit Framework ("Framework") is to establish and develop a green deposit product ("Green Deposit") for SMBC and its affiliates globally, while setting out underlying eligible qualifying environmental themes and activities. SMBC and its affiliate will use the Framework to guide the development of Green Deposit and ensure that all transactions categorized as the Green Deposit will adhere to the Framework. Based on the green eligibility guide under this Framework, the proceeds from the Green Deposit will be allocated to

assets held by SMBC and its affiliates and will be managed and tracked through a portfolio approach. The Framework has been published on its website.

1.5 Internal and External Review Process

SMBC contracted Sustainalytics, a Morningstar Company, a leading provider of ESG research and ratings for investors, financial institutions and corporate clients, to support the development of the Framework and to support the annual review and update of the Framework. [1]

Sustainability Advisory Department of SMBC is responsible for developing and maintaining the Framework, including ensuring that the underlying themes and activities align with market practice and expectation. The Framework will be annually reviewed and updated with the support from Sustainalytics. Sustainalytics will also provide limited assurance on annual basis to ensure that SMBC allocates the proceeds of Green Deposit to the Eligible Green Projects appropriately in compliance with this Framework.

[1] Sustainalytics primarily assessed the alignment of the green activities (noted in Table 2.1 Eligible Green Projects) with the current environmental performance standards. Sustainalytics notes that the other aspects of the Framework, including the qualifying sustainable financing instruments/mechanisms have not been recommended or reviewed by Sustainalytics.

2. Green Eligibility Guide

SMBC defines criteria for eligible green projects ("Eligible Green Projects") and uses the proceeds of Green Deposit to finance new or existing Eligible Green Projects.

2.1 Eligible Green Projects

Categories	Eligible Green Projects	Exclusion Criteria
Renewable Energy	Acquisition, development, construction, operation, or maintenance of projects/assets generating electricity from: i) Solar photovoltaic. ii) Solar thermal energy, with less than 15% fossil fuel back-up iii) Wind (on and offshore) iv) Geothermal, with the direct emissions intensity of less than 100 gCO_2/kWh v) Hydropower, which meets one of the following criteria: - Run-of-river without artificial reservoir or with low storage capacity, - Facilities that became operational before 2019 with life cycle GHG emissions intensity of 100 gCO_2e/kWh, or power density of greater than 5 W/m^2, or - Facilities that became operational after 2020 with life cycle GHG emissions intensity of 50 gCO_2e/kWh, or power density of greater than 10 W/m^2 For refurbishment, the project that meets the above hydropower	- Projects which have not undertaken an environmental and social impact assessment that ensures no significant controversy or negative impact surrounding the project. - Plastics, rubber, tire derived fuel (TDF) to energy, or fuel conversion from waste materials

	criteria. If the project increases the size of the dam or reservoir, a new environmental and social impact assessment needs to be undertaken	
	vi) Waste biomass energy, with feedstock limited to: a) residues from forestry and agriculture, b) residues from fisheries certified with MSC[2], ASC[3] or MEL[4], c) waste from palm oil operations certified with RSPO[5] or RSB[6], or d) wastewater and sewage sludge	- Feedstock that: a) is produced on land with high biodiversity within the last 10-15 years, b) is produced on land with a high amount of carbon has been converted for feedstock production, or c) competes with food production
	vii) Non-waste biomass energy with life cycle GHG emissions intensity of less than 100 gCO_2e/kWh, using feedstock restricted to a) wood and wood pellets certified with FSC[7] or PEFC[8], or b) non-food crops	- Feedstock from palm oil, wood pulp or waste from peat - 10% or more of feedstock is noncertified oil, energy crops, including corn, soy, sugarcane, and wood pellets without sustainable sourcing and GHG emissions reduction commitments - Sludge generated from fossil fuel operations.

[2] Marine Stewardship Council (MSC), at: https://www.msc.org/
[3] Aquaculture Stewardship Council (ASC), at: https://www.asc-aqua.org/
[4] Marine Eco-Label Japan (MEL), at: https://melj.jp/eng/about_us
[5] The Roundtable on Sustainable Palm Oil (RSPO), at: https://rspo.org/
[6] The Roundtable on Sustainable Biomaterials (RSB), at: https://rsb.org/
[7] Forest Stewardship Council (FSC), at: https://fsc.org/en
[8] Program for the Endorsement of Forest Certification (PEFC), at: https://www.pefc.org/

Energy Efficiency	i) Development, manufacture, installation, maintenance of or upgrades to: - End-user energy efficient technologies, products or equipment that are nonmotorized or powered by electricity, or - Energy efficient technologies, products or hardware systems that are non-motorized or powered by electricity ii) Installment of energy conservation equipment, including, but not limited to, LED lighting, efficient HVAC (heating, ventilating, and air conditioning), building insulation and energy demand control systems which improve energy efficiency. iii) Acquisition, development, construction, or retrofit of data center that design for the power usage effectiveness (PUE) of 1.5 or below.	

Resource efficiency & Pollution Prevention and Control	i) Development, construction and/or operation of recycling facilities for municipal and industrial waste ii) Development, construction and/or operation of mixed residual waste to energy power plants[9]	- Chemical recycling of plastic - E-waste or Waste from Electrical and Electronic Equipment (WEEE), without robust waste management processes to mitigate associated risks - Plastics, rubber, tire derived fuels (TDF), gas capture from operational landfills, and landfill gas flaring - For waste to energy plants, majority of recyclables are not segregated before incineration takes place.
Clean Transportation	i) Development, manufacture, or purchase of non-fossil fuel-based vehicles such as: - Electric vehicles, - Fuel cell vehicles, or - Non-motorized transport ii) Development, manufacture, purchase, or upgrades of public land transport such as: - Buses, trucks and rails with zero direct emissions, or iii) Acquisition, development, operation, maintenance of supporting infrastructure for above mentioned transport	- Fossil fuel-based transportation or infrastructure and transportation with the main objective of transporting fossil fuels.

[9] Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends SMBC to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.

Green Buildings	i) Acquisition, development, construction, or retrofit of green building that receives regionally, nationally or internationally recognized, third-party verified green building certifications, which are: - Leadership in Energy and Environmental Design (LEED): Gold or above - Building Research Establishment Environmental Assessment Methodology (BREEAM): Excellent or above, or - Comprehensive Assessment System for Built Environment Efficiency (CASBEE): A or above, or - DBJ Green Building Certification: 4 Stars or above, or - Building-Housing Energy-efficiency Labeling system (BELS): 4 Stars or above ii) Refurbishment/retrofit of building to achieve a 30% improvement in energy efficiency and/or 30% reduction in GHG emissions	- Industrial facilities - Facilities/buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels

2.2 General Exclusionary Criteria

The followings are excluded from the Eligible Green Projects: i) fossil fuel-based assets, ii) defense and security, iii) nuclear power generation, iv) coal-fired power generation, v) all mining, and
vi) tobacco sectors

2.3 Alignment with/contribution to SDGs

Categories	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, increase substantially the share of renewable energy in the global energy mix

Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Pollution Prevention and Control	3. Ensure healthy lives and promote wellbeing for all at all ages	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Disclaimer

This document contains selected information regarding our approach to certain environmental, social, and governance ("ESG") matters as of the date referenced. The information is not comprehensive or necessarily representative of all of the Company's activities relating to such matters. The information is subject to change without notice, and we do not undertake to update such information. The information may be derived from sources whose quality and methodologies cannot be independently verified. Sustainability, social value, and similar terms used herein refer to our internal definitions therefor, and not to any criteria defined in the laws or regulations of any jurisdiction. The information is provided on a voluntary basis, and is not prepared for the purpose of compliance with any mandatory financial or regulatory reporting standard herein. Any reference herein to a significant or material event does not necessarily mean that the event rises to the level of materiality requiring mandatory disclosures under law, including under U.S. federal securities law. Our ability to attain any aspirations, goals, and targets discussed herein is subject to various conditions which may be outside our control. This document is not intended to create, and may not be relied upon as the basis of, any legal relationship, rights, or obligations between the Company and any person.

Our investment decisions, including those that may involve sustainability considerations, pursuant to its independently determined policies and practices that seek to promote and be responsive to its risk management and other investment objectives. Any and all engagement by the company with other entities or organizations on sustainability or related issues is pursuant to, and consistent with, those independently determined policies and practices. Each decision will be made subject to local legal requirements.

It does not constitute or solicit an offer or commitment by any member of SMBC Group to underwrite or extend any credit, subscribe for or place any securities, buy or sell any security or financial instrument or to provide any other services nor (save to the extent explicitly contracted for outside of this Framework) is it intended as investment or other advice or as a recommendation that you, or any other person, participate in any transaction. Prior to participating in any transaction you should (a) make your own independent judgement if such transaction is suitable for you (without reliance upon any information contained in this Framework or provided by any member of SMBC Group or any other advisers); (b) consult your own independent, competent, legal, financial, accounting, regulatory and/or other professional advisers; (c) take full responsibility for the economic risks and merits as well as the legal, financial, corporate, tax, and accounting characteristics and consequences of the proposed transaction. This Framework is not intended to form the basis of any investment decision. There may be, among others, tax, corporate, financial accounting, legal or regulatory consequences to the proposed transaction and no member of SMBC Group nor any of their advisers express any opinion on these matters; you should consult with experienced advisers on tax, accounting, legal financial and regulatory matters.
SMBC makes no representation or warranty as to, and does not take any responsibility for, the accuracy or completeness of the information contained or opinion expressed herein. The information contained in this Framework may be amended from time to time without prior notice.
This Framework should not be quoted, copied, forwarded or distributed to any other party by using electronic or mechanical methods without our consent.

3. Contact

For inquiries, please contact the following:

Sumitomo Mitsui Banking Corporation, Sustainability Advisory Department
1-1-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

END