



## **SECOND PARTY OPINION**

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# **SUMITOMO MITSUI BANKING CORPORATION TRANSITION FINANCE PLAYBOOK PERIODIC REVIEW (2ND)**

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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## Table of Contents

I. Scope and Objectives	3
II . Project Overview	5
III . Responsibilities of SMBC and DNV	5
IV . Basis of DNV's Opinion	5
V . Work Undertaken	7
VI . Findings and DNV's Opinion	8
Schedule-1 Eligibility Assessment Protocol for Transition Finance in the Format of Use of Proceeds Instruments as the Enabler	12

### Revision History

Date of Issue	Remarks
11 April 2024	Sumitomo Mitsui Banking Corporation Transition Finance Playbook Periodic Review (1st)
19 June 2025	Sumitomo Mitsui Banking Corporation Transition Finance Playbook Periodic Review (2nd)

### 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 Conduct<sup>1</sup> 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.

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<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.DNV.com](http://www.DNV.com))

## I. Scope and Objectives

Sumitomo Mitsui Banking Corporation (hereinafter, “SMBC”) has commissioned DNV Business Assurance Japan K.K. (hereinafter, “DNV”) to conduct a transition finance post-implementation periodic review as an Enabler based on the Transition Finance Playbook (hereinafter, the “Playbook”). The objective of the periodic review of DNV is to conduct an assessment to confirm that SMBC, as an Enabler, meets the criteria such as GLP, GLGL, and other relevant standards or guidelines (see the table below) required for the implementation and management of individual finance based on the eligibility assessment process (decision-making process) with reference to the CTFH, CTFBG, and CTFWP or ATFG to be carried out against the borrower, and to provide a second party opinion on the eligibility of the transition finance based on this Playbook.

SMBC established the Playbook in April 2023, has continuously updated it, and issued the latest ver.2.0 in May 2024. DNV issued the Transition Finance Playbook Second Party Opinion on 15 May 2023 and 11 April 2024, and has conducted a periodic review (1st) on 11 April 2024. This time, DNV conducted a periodic review (2nd).

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 SMBC.

In this paper, no assurance is provided regarding the financial performance of the transition finance, the value of any investment or loan, or the long-term environmental benefits of the transaction.

### (1) Standards/guidelines to be applied

No.	Standards/Guidelines	Scheme owner	Application level <sup>*4*5</sup>
1.	Climate Transition Finance Handbook (CTFH) <sup>*1</sup>	International Capital Market Association (ICMA), 2020	Refer
2.	Basic Guidelines on Climate Transition Finance (CTFBG) <sup>*1</sup>	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021	Refer
3.	NZBA Transition Finance Guide (NZBA-TFG)	United Nations Environment Programme - Finance Initiative (UNEP-FI), 2022	Refer
4.	Financing Credible Transitions (White Paper) (CTFWP) <sup>*2</sup>	Climate Bonds Initiative, 2020	Refer
5.	Green Loan Principles (GLP) <sup>*3</sup>	Loan Market Association (LMA) et al, 2021	Apply
6.	Green Loan Guidelines (GLGL) <sup>*3</sup>	Ministry of the Environment, 2022	Apply
7.	Asia Transition Finance Guidelines (ATFG)	ATF Study Group, 2022	Refer

<sup>\*1</sup> Climate transition: The concept of climate transition focuses principally on the credibility of an issuer’s climate change-related commitments and practices (quoted from CTFH and CTFBG).

<sup>\*2</sup> An internationally and widely recognized white paper that comprehensively describes several industry-specific examples and the concept of transition finance at the organizational and project level.



- \*3 It confirms compliance with the four core elements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) that must be met when implementing as a bond/loan that meets the four elements of transition and has a specific use of proceeds (quoted and edited from CTFBG).
- \*4 Refer: Assessment of whether SMBC has an adequate eligibility assessment process for some of the applicable requirements of each principle and guideline element necessary when assessing the borrower's transition finance initiatives as an Enabler.
- \*5 Apply: Assessment of whether SMBC is eligible or has an eligibility assessment process to determine eligibility for all elements of each principle and guideline necessary when implementing transition finance as an Enabler.



## II. Project Overview

Between March 2024 and January 2025, SMBC evaluated and selected 22 transition finance projects based on the Playbook.

The eligible projects are in the gas and power sectors and are not restricted to specific regions. They are classified in the Playbook as Project Finance (PF), General Corporate Finance (GCP)<sup>\*1</sup>, and Use of Proceeds Finance (UoP). DNV selected 22 representative projects and conducted an assessment of whether SMBC, as an Enabler, properly evaluated and selected them based on the Playbook.

<sup>\*1</sup>: SMBC considers the execution of a transition strategy based on the borrower's business activities as a "project."

## III. Responsibilities of SMBC and DNV

SMBC has provided the information and data used by DNV during the delivery of this review. Our Second Party Opinion represents an independent opinion and is intended to inform SMBC and other interested stakeholders 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 SMBC.

DNV is not responsible for any aspect of the assets 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 SMBC's management and used as a basis for this assessment were not correct or complete.

## IV. Basis of DNV's Opinion

To provide as much flexibility as possible for SMBC, DNV has adapted our transition finance assessment methodology, which incorporates the requirements of CTFH, CTFBG, GLP, and GLGL as well as the concepts presented in CTFWP and ATFG to create SMBC specific Transition Finance Eligibility Assessment Protocol (hereinafter, "DNV's Protocol") as an Enabler. Please refer to Schedule-1 for details. The Protocol is applicable to transition finance transactions implemented by SMBC as an Enabler under CTFH, CTFBG, GLP, and GLGL and with reference to CTFWP and ATFG.

DNV, as an independent external reviewer, provides second party opinion according to the Protocol.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle of the Climate Transition Finance behind the criteria is as follows:



“provide investment opportunities necessary for climate transition finance to be executed with transparency and credibility”

As per our Protocol, the criteria against which the transition finance has been reviewed are grouped under the below Principles, respectively, as indicated by CTFH, CTFBG, GLP, and GLGL.

Note that (1) below will be reviewed as part of (2), as it is assessed by the Enabler in Principle 2 of (2).

**(1) Transition finance eligibility assessment of the borrower as an Enabler  
(Four common elements of CTFH and CTFBG)**

DNV will conduct a review of the execution status of the appropriate eligibility assessment process for the following elements when SMBC, as an Enabler, assesses the borrower’s transition finance initiatives.

**Principle One: Issuer’s climate transition strategy and governance**

The fundraising purpose should be shown to enable the realization of the borrower’s climate change strategy.

**Principle Two: Business model environmental materiality**

The planned climate transition pathway should be relevant to the environmental materiality of the borrower’s business model.

**Principle Three: Climate transition strategy to be ‘science-based’ including targets and pathways**

The borrower’s climate transition strategy should reference scientific evidence.

**Principle Four: Implementation transparency**

Market communication in connection with the offer of a financing instrument which has the aim of funding the borrower’s climate transition strategy should also provide transparency of the underlying investment program.

**(2) Eligibility assessment as use of proceeds transition finance  
(Four common elements of GLP and GLGL)**

**Principle One: Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that the proceeds from transition finance must be used for eligible projects through an Enabler and/or a borrower of a use of proceeds transition finance. The eligible projects should produce clear environmental benefits.

**Principle Two: Process for Project Evaluation and Selection**

The Process for Project Evaluation and Selection criteria are guided by the requirement that an Enabler and/or a borrower of a transition finance should outline the process it follows when determining eligibility of an investment using transition finance proceeds, and outline how the project considers impact on the objective.

**Principle Three: Management of Proceeds**

The Management of Proceeds criteria are guided by the requirements that a transition finance should be tracked by the Enabler and/or the borrower, that separate portfolios should be created when necessary, and that a declaration of how unallocated proceeds will be handled should be made.

**Principle Four: Reporting**

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting should be issued by the borrower to the Enabler on the allocation status of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## **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 the Enabler 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. Transition finance pre-implementation assessment**

- Creation of the Enabler-specific Protocol, adapted to the purpose of the Enabler's Transition Finance, as described above and in Schedule-1 to this assessment;
- Assessment of documents provided by the Enabler related to transition finance transactions and supplemental assessment by a comprehensive desktop research. These checks refer to current assessment best practice and standard methodologies;
- Discussions with the Enabler and review of relevant documentation;
- Documentation of findings against each element of the criteria;
- Where necessary, documentation of an eligibility assessment against the assessment results of the borrower's transition finance executed by the Enabler.

### **ii. Transition finance post-implementation assessment (*content of this report*)**

- Interviews with the Enabler and review of the relevant documentation;
- On-site visits and inspections (if necessary);
- Documentation of post-implementation assessment results.



## VI. Findings and DNV's Opinion

DNV's findings and opinions are as described below.

DNV reviewed the execution status of the eligibility assessment process for which SMBC, as an Enabler, was assessed as eligible for the following elements when assessing the borrower's transition finance initiatives.

### **(1) Findings and DNV's opinion against four elements required for the management of use of proceeds transition finance (TF) (see GLP and GLGL)**

#### **TF-1. Use of Proceeds:**

DNV has confirmed that 22 projects were selected and labelled as transition finance between March 2024 and January 2025 based on the Playbook established by SMBC.

DNV has also confirmed that the funds provided fall under PF, GCP, or UoP for the gas and power sectors.

#### **TF-2. Process for Project Evaluation and Selection:**

DNV has confirmed through the review that the projects for which the proceeds to execute the borrowers' transitions were selected by SMBC in accordance with the Playbook and with the involvement of the Sustainability Division for Fulfilled Growth and relevant departments.

In addition, DNV has confirmed that SMBC followed a predetermined process and criteria for the assessment and selection of such projects, including implementation of reviews of asset criteria, transition strategy criteria, compliance with the "SMBC Group Environmental and Social Framework," credit assessment, reputational risk, financed emissions etc.

However, as some of the selected projects did not have sufficient information to ensure that the transition finance eligibility required by the Playbook and related documents was clear in the decision-making process, DNV judges that a continuous evaluation and monitoring is necessary to ensure the eligibility to transition finance of the above-mentioned projects.

The following (Reference) outlines the process for evaluation and selection predetermined in the Playbook.

(Reference)

#### **Process 1: Asset criteria** \*PF and UoP

Label asset eligibility based on Internal Taxonomy  
"Green," "Yellow," "Red," etc.

#### **Process 2: Transition strategy criteria** \*All types of finance including the above and GCP (general corporate purpose)





Assess Enabler CTF-1 to CTF-4 for the borrowers' eligibility for transition finance based on a checklist (in addition, "other criteria" are set for each of the three target categories, which take exceptions into consideration and conduct more detailed process assessment).

**Process 3:** Confirm the compliance with the "SMBC Group Environmental and Social Framework" \*All types of finance



**Complete transition finance eligibility assessment** \*All types of finance

(As necessary, the labelling of Process 1 may be changed or "Other" may be used if it is not included in any of these.)



**Process 4:** Implement the credit assessment and reviews regarding reputational risk, financed emissions, etc. \*All types of finance

### **TF-3. Management of Proceeds:**

DNV has conducted a review of how SMBC confirms on borrowers' cash management.

DNV has confirmed that SMBC confirmed through reports from the borrower (either through written submissions or interviews) prior to the loan that there are procedures in place to ensure that the proceeds raised by the borrower through transition finance are managed in accordance with the borrower's internal processes.

DNV has confirmed that the total amount of eligible transition projects will be managed using the borrower's systems and forms to ensure that it is not less than the transition finance proceeds and will be reported to SMBC on an annual basis. DNV has also confirmed that SMBC confirmed or will confirm that the proceeds raised by the borrower are managed in cash or cash equivalents until the proceeds are allocated.

### **TF-4. Reporting:**

DNV has conducted a review of how SMBC confirms the borrower's reporting on an annual basis.

In such reporting, DNV has confirmed that the borrower will be required to report to SMBC on the allocation status of proceeds and environmental benefits, and that SMBC conduct or will require to conduct monitoring of changes in, and implementation of, the transition strategy of the main sponsor and the borrower at least once a year during the loan period.

DNV has also confirmed that SMBC has reported and plans to report annually on the status of its sustainable finance and other initiatives, including transition finance, in a Sustainability Reporting.



## Assessment Conclusion

On the basis of the Playbook and other relevant documentation and information provided by SMBC, DNV has confirmed that SMBC is proceeding with the evaluation and selection of projects and the implementation of finance in accordance with the requirements of the Playbook established to implement transition finance as an Enabler. However, as some of the selected projects did not have sufficient information to ensure that the transition finance eligibility required by the Playbook and related documents was clear in the decision-making process, DNV judges that a continuous evaluation and monitoring is necessary to ensure the eligibility to transition finance of the above-mentioned projects.

Based on the above, it is DNV's opinion that the transition finance transactions implemented by SMBC as an Enabler is aligned with the definition and purpose of transition finance that is to "provide investment opportunities necessary for climate transition finance to be executed with transparency and credibility," even though there are some cases where ongoing monitoring and evaluation are deemed necessary.

DNV Business Assurance Japan K.K.

19 June 2025

A handwritten signature in black ink, appearing to read "Akira Tsukasaki".

**Akira Tsukasaki**

Technical Reviewer

DNV Business Assurance Japan K.K.

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**Naoki Maeda**

Representative Director /

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DNV Business Assurance Japan K.K.

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**Masato Kanedome**

Project Leader

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A handwritten signature in black ink, appearing to read "Yasuaki Miyamoto".

**Yasuaki Miyamoto**

Assessor

DNV Business Assurance Japan K.K.



#### 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

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV : The management of Issuer has 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 the Issuer management and other interested stakeholders in the Bond 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 the Issuer. DNV is not responsible for any aspect of the nominated assets 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 the Issuer's management and used as a basis for this assessment were not correct or complete

## Schedule-1 Eligibility Assessment Protocol for Transition Finance in the Format of Use of Proceeds Instruments as the Enabler

- The following checklists (GLP-1 through GLP-4) are the DNV assessment protocol created for the eligibility assessment of the Playbook of SMBC as the Enabler based on the requirements of the GLP and GLGL. The “Confirmed documents” in the “Work Undertaken” column include the Enabler’s internal documents and are provided by SMBC to DNV as evidence for determining the eligibility.
- Please note that, although the term GLP is used in Schedule-1 in accordance with the practice, this schedule includes the criteria and requirements to be referred to in the case of financing that specifies the use of proceeds, such as transition projects in the case of transition finance that specifies the use of proceeds (PF and UoP) based on CTFH and CTFBG. Therefore, the following checklists should be read in the context of transition finance as appropriate.
- Transition finance executed by SMBC as the Enabler also includes GCP. In the assessment of GCP, the implementation of the transition strategy based on the borrower's business activities is considered as a "project." Therefore, the term “project” in the checklists should be read as “business activity.” The GCP does not require management of the five elements required for transition-linked finance categorised as the CTF, and no setting of finance characteristics or verification will be conducted using the trigger event(s) determination based on the setting or achievement of SPTs.

### GLP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of transition loan are classified into one of the following types defined by GLP.</p> <ul style="list-style-type: none"> <li>• (Standard) Transition Loan</li> <li>• Transition Revenue Loan</li> <li>• Transition Project Loan</li> <li>• Other</li> </ul>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Checklists</li> <li>- List of TF-approved projects</li> </ul> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that 22 transition finance projects (period: March 2024 - January 2025) implemented by SMBC as an Enabler in the list of TF-approved projects were classified in the following categories:</p> <ul style="list-style-type: none"> <li>• (Standard) Transition Loan (UoP)</li> <li>• Transition Project Loan (PF)</li> <li>• Other:</li> </ul> <p>GCP is included as “other.”</p>
1b	Green/transition Project Classification	<p>The key to a transition loan is that the proceeds will be used for a transition</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> </ul>	<p>DNV has confirmed through the projects in the list of TF-approved projects that the transition finance is intended to be used to</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		project, which should be properly stated in the legal documents relating to the security/loan.	<ul style="list-style-type: none"> <li>List of TF-approved projects</li> </ul> Interviews with stakeholders	<p>finance a wide range of transition projects or GCP that focus on the realization of the environmental goals and transition strategies of borrowers whose eligibility is assessed by SMBC as an Enabler, as described in the Playbook.</p> <p>DNV has confirmed about transition finance (PF, GCP, and UoP) described in the list of TF-approved projects that the funds provided through transition finance will be fully allocated to one or more transition projects.</p> <p>DNV has confirmed through the assessment that the projects assessed for eligibility are truly environmentally beneficial as transition-eligible projects, however, if it has been confirmed that some of the selected projects have identified uncertain elements in the transition strategy and target setting of the borrower as required by the Playbook and relevant documentation, SMBC is committed to ongoing engagement and monitoring of these elements. As some of the selected projects did not have sufficient information to ensure that the transition finance eligibility required by the Playbook and related documents was clear in the decision-making process, DNV judges that a continuous evaluation and monitoring is necessary to ensure the eligibility to transition finance of the above-mentioned projects.</p>
1c	Environmental benefits	All transition projects to which the funds are used should have clear environmental benefits, the effects of which should be	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>Playbook</li> <li>Internal Taxonomy</li> </ul>	Transition projects described in the list of TF-approved projects are those which are judged to contribute to the goals based on the borrower's transition strategy and contribute to decarbonization

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		assessed by the borrower and, where possible, quantitatively demonstrated.	<ul style="list-style-type: none"> <li>- Checklists</li> <li>- List of TF-approved projects</li> </ul> <p>Interviews with stakeholders</p>	<p>that have been evaluated by SMBC's eligibility assessment described in 1b as projects. DNV has confirmed that GCP is expected to contribute to the decarbonization of society as a whole through the borrower's transition initiatives on an appropriate timeline. DNV has also confirmed that the environmental benefits of both the transition projects and GCP are GHG emission reductions, which will be assessed either quantitatively or qualitatively by SMBC or the borrower.</p> <p>However, if it has been confirmed that some of the selected projects have identified uncertain elements in the transition strategy and target setting of the borrower as required by the Playbook and relevant documentation, SMBC is committed to ongoing engagement and monitoring of these elements.</p> <p>Furthermore, as some of the selected projects did not have sufficient information to ensure that the transition finance eligibility required by the Playbook and related documents was clear in the decision-making process, DNV judges that a continuous evaluation and monitoring is necessary to ensure the eligibility to transition finance of the above-mentioned projects.</p>
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the borrower will indicate the estimated ratio of the initial investment to the refinancing and, if necessary. Therefore, it is recommended to clarify which investment or project portfolio is subject to refinancing.	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> <li>- List of TF-approved projects</li> </ul> <p>Interviews with stakeholders</p>	<p>SMBC has confirmed that the borrower has indicated plans to use the proceeds for either new investment or refinancing, or both, for one or more of the selected project candidates.</p> <p>If it is undecided, SMBC has confirmed that the borrower plans to clarify the amount of the portion of the proceeds that has been allocated to refinancing through annual reporting.</p>

## GLP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	<p>Green/transition finance borrowers should provide an overview of the process of qualifying projects for which green/transition finance funding will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> <li>• The process by which the borrower determines that the project in question is included in the business category of a qualified green/transition project.</li> <li>• Creation of criteria for eligibility of projects for which green/transition finance funding will be used</li> <li>• Environmental sustainability goals</li> </ul>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Checklists</li> <li>- Internal Taxonomy</li> </ul> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that SMBC has selected projects based on a process document (the outline is clearly stated in the Playbook and relevant documentation) for determining the eligibility of projects for which the transition finance proceeds will be used.</p> <p>DNV has also confirmed that SMBC and/or the borrower considers negative impacts associated with project implementation in accordance with the relevant process document, that national and local laws and ordinances are complied with, and that assessments based on the "SMBC Group Environmental and Social Framework," screening in the operation of the Playbook and Internal Taxonomy is conducted. It has been confirmed that if some of the selected projects have identified uncertain elements in the transition strategy and target setting of the borrower as required by the Playbook and relevant documentation, SMBC is committed to ongoing engagement and monitoring of these elements.</p> <p>Furthermore, as some of the selected projects did not have sufficient information to ensure that the transition finance eligibility required by the Playbook and related documents was clear in the decision-making process, DNV judges that a continuous evaluation and monitoring is necessary to ensure the eligibility to transition finance of the above-mentioned projects.</p>
2b	Borrowers' Environmental and	In addition to criteria and certifications, the information published by borrowers	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> </ul>	<p>DNV has confirmed that SMBC, when selecting transition projects, takes into consideration that, in addition to the borrower's</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
	Social Governance Framework	regarding the green/transition finance process also considers the quality of performance of the borrower's framework and environmental sustainability.	<ul style="list-style-type: none"> <li>- Checklists</li> <li>- List of TF-approved projects</li> <li>- Bank project settlement documents</li> </ul> <p>Interviews with stakeholders</p>	<p>transition plans being aligned with CTF, the borrower complies with environmental laws, ordinances, and regulations regarding the projects for which the proceeds are actually used, and that environmental benefits such as GHG emission reductions are clear either throughout the projects' life cycle or in each process. DNV has confirmed through the assessment of the Enabler the transition projects implemented by the borrower are consistent with the borrower's transition strategies, objectives, and pathways. For those projects where the borrower's framework was not clear, DNV has confirmed through interviews that SMBC had confirmed the borrower's framework and environment-related performance and concluded to continue following up.</p>



### GLP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from of green/transition finance should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked. It should also be certified by the borrower in a formal internal process related to the borrower's investment and financing operations for the Transition Project.	Confirmed documents: <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Operations manuals</li> </ul> Interviews with stakeholders	Through its assessment of SMBC, DNV has confirmed that SMBC plans to confirm that the proceeds from transition finance can be tracked by the borrower's internal system and forms, and verify the actual system and related documents in use. DNV has confirmed that SMBC confirmed or plans to confirm that the management status of the proceeds can be proven on this basis.
3b	Tracking procedure-2	During the green/transition finance redemption period, the balance of funds raised that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Confirmed documents: <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Operations manuals</li> </ul> Interviews with stakeholders	DNV has confirmed that SMBC and the borrower reviewed or plan to review the balance of the proceeds at least once a year during the period from the implementation of the transition finance to repayment, using internal system and forms described in 3a.
3c	Temporary holding	If no investment or payment has been made in a qualified green/transition project, the borrower should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Confirmed documents: <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Operations manuals</li> </ul> Interviews with stakeholders	DNV has confirmed through the explanatory materials from the borrower that SMBC manages the balance of unallocated proceeds in cash or cash equivalents. DNV has also confirmed that SMBC confirmed or plans to confirm the balance of unallocated proceeds through the reporting from the borrower on the allocation status of the proceeds.

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 will consider each project at least once a year for projects to which the Green/transition bond proceeds have been allocated, taking into account the following: A list of each project should be provided.</p> <ul style="list-style-type: none"> <li>- Confidentiality and competitive considerations</li> <li>- Outline of each project, expected</li> <li>- sustainable environmental and social effects</li> </ul>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> <li>- Playbook</li> <li>- Operations manuals</li> </ul> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that from the time of fundraising until the proceeds are fully allocated, the borrower conducted or plans to conduct an annual reporting on transition finance to SMBC or to the public and disclose the allocation status, the projects to which the proceeds have been allocated, or information on environmental benefits.</p>