



SECOND PARTY OPINION

SUMITOMO MITSUI BANKING CORPORATION TRANSITION FINANCE PLAYBOOK (UPDATED ON JUNE 2025)

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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Revision History

Revision Number	Date of Issue	Remarks
0	15 May 2023	First Edition
1	11 April 2024	Upon annual revision of the Transition Finance Playbook, reassessed eligibility against relevant principles, guidelines, etc., mainly with regard to: - Update (addition) of assessment labels: Clarification of criteria for the "Green" label and addition of the "Bright Yellow" label; - Addition of sectors to be assessed: Steel sector, automotive sector.
2	19 June 2025	Upon annual revision of the Transition Finance Playbook, reassessed eligibility against relevant principles, guidelines, etc., mainly with regard to: - Revision of transition support certification criteria; - Revision of carbon lock-in risk assessment measures; - Establishment of low-emission finance labels for the steel and automotive sectors etc.

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser 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.

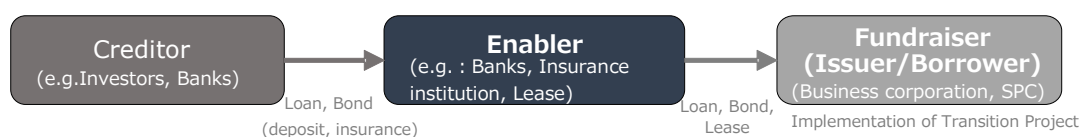
¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

Sumitomo Mitsui Banking Corporation (hereinafter referred to as “SMBC” or “**Enabler**”^{*1}) is a commercial bank under Sumitomo Mitsui Financial Group Inc. (“SMBC Group”), which provides financial services in Japan and abroad.

SMBC Group is aiming to achieve net zero GHG emissions across its entire investment and loan portfolio by 2050, in addition to achieving net zero greenhouse gas (GHG) emissions from its operations by 2030. Specifically, SMBC Group announced the “Roadmap Addressing Climate Change” and the “Action Plan” in 2021 as action plans to address climate change to achieve carbon neutrality in 2050, and is taking progressive actions towards building a decarbonised society.

In this context, SMBC believes that, in addition to the financing of green activities such as renewable energy that it has provided to date, it is necessary to support customers' business transitions and GHG reductions from a financing perspective in order to make the transition to decarbonization (“transition”). In order to promote transition finance as the Enabler so that fundraisers can contribute to the environment through their business, SMBC has formulated the first edition of the “Transition Finance Playbook” in April 2023 as a document equivalent to a framework based on international frameworks. It was revised in April 2024 to add and expand the automotive and steel sectors to the existing target sectors (power and oil & gas) and to clarify green criteria for the target sectors. Furthermore, it was revised in June 2025 to introduce a transition support certification process and enhanced engagement. The Playbook is structured as a comprehensive playbook that includes the elements required for the execution of the following three types of finance by SMBC as the Enabler.

- Project Finance (hereinafter referred to as “PF”)
- Finance in the format of General Corporate Purpose instruments (hereinafter referred to as “GCP”) *Finance with general corporate purpose
- Finance in the format of Use of Proceeds instruments (hereinafter referred to as “UoP”)



*Edited extract from a METI material

^{*1} Enabler: In this report, the Enabler is defined as the transition finance body (the entity that procures the funds, including investments and loans) underlined below, as described in the relevant questions in the “Climate Transition Finance Handbook” (ICMA)^{*1} and the “Basic Guidelines on Climate Transition Finance” (Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment)^{*2}.

“Financial institutions that finance (transition) projects”^{*1}

“Entities that plan to take initiatives that enable others to implement transition strategies through their own products and services. In such cases of financial institutions, a financier should articulate how the underlying projects or activities themselves fit into the fundraiser’s strategy”^{*2}

This report is to evaluate the eligibility of financial institutions’ plans and structures as Enablers to evaluate that targeted transition projects and activities contribute to the realization of appropriate transition strategies of the fundraiser.



DNV Business Assurance Japan K.K. (hereinafter referred to as “DNV”), as an external reviewer, assessed the eligibility of the Playbook. Specifically, DNV applied and referred to frameworks (principles, guidelines, etc.) including the following and assessed the eligibility of SMBC's plans and structures to appropriately evaluate and determine as the Enabler if the borrower's projects and business activities eligible for the Climate Transition Finance (hereinafter referred to as “CTF”) would contribute to the realization of its transition strategies.

- Climate Transition Finance Handbook (CTFH), International Capital Market Association (ICMA), 2023
- Basic Guidelines on Climate Transition Finance (CTFBG), Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2025
- Financing Credible Transitions (White Paper) (CTFWP), Climate Bonds Initiative, 2020
- Green Loan Principles (GLP), Loan Market Association (LMA) et al., 2025
- Green Loan Guidelines (GLGL), Ministry of the Environment, 2024
- Asia Transition Finance Guidelines (ATFG), ATF Study Group, 2022

The following is a summary of the assessment results for each common element set out in the above frameworks.

<Assessment Results of the Enabler's CTF Eligibility Assessment Process for Borrowers>

Based on the related documents and information provided by SMBC, DNV has confirmed that SMBC, as Enabler, has established the CTF Eligibility Assessment Process (the "Eligibility Assessment Process") as the Playbook for borrowers and that the Playbook is eligible.

The Eligibility Assessment Process based on the Playbook determines the eligibility of the initiatives of transition finance borrowers according to the level of disclosure and efforts set by SMBC for each element of the various CTF guidelines, etc. and has been prepared as SMBC's internal standard document and as "Checklists." It has been developed as an internal process for SMBC to ultimately determine the eligibility of target project of transition finance. DNV assessed that the Playbook, which refers to globally benchmarked guidelines, is effective from the perspective of SMBC's providing transition finance based on a consistent process as a global financial institution. The Playbook also stipulates that it should be updated at least once a year, so it is expected to function as a valid and up-to-date version at all times.

Furthermore, it is a feature of the Playbook that SMBC has developed detailed assessment procedures and definitions in its "Internal Taxonomy" along with hundreds of categories of target assets, such as technology level classification, minimum standards, national and regional standards, etc. This Internal Taxonomy has been explained in detail to DNV. DNV confirmed that the Internal Taxonomy reflects the latest technologies and trends and that the assessment procedures and definitions are appropriate for assessing transition projects.

In addition, the Playbook considers the following four key principles in executing transition finance:

- Do No Significant Harm
- Avoid Carbon Lock-in
- Best Available Technology
- Just Transition

Enabler CTF-1 to CTF-4 below outline the Eligibility Assessment Process for the four common elements of the CTFH and CTFBG. Through its assessments for SMBC, DNV confirmed that the Eligibility Assessment Process (Playbook) is not only aligned with the CTFH and CTFBG but also refers to the CTFWP and ATFG, and that the assessment procedures cover a wide range of guidelines etc. related to transition finance.

Enabler CTF-1. Borrower's Climate Transition Strategy and Governance:

Climate transition strategy: Through the Playbook, SMBC confirms that the borrower's transition strategy is aligned with the goals of the Paris Agreement, taking into account country/regional/industry specific roadmaps and that the borrower has specific plans which are transparent with highly reliable and feasible targets. SMBC also considers the non-climate environmental and social impacts of the borrower's implementation of the transition strategy, as well as its contribution to the SDGs.

SMBC has established eligibility criteria and decision-making processes for transition finance within the Playbook, categorized by PF (Project Finance), UoP (Use of Proceeds), and GCP (General Corporate Purpose). The suitability of each type of financing is assessed and labeled based on asset related criteria, strategy related criteria, and other factors, using the categories: **"Green," "Bright Yellow," "Yellow," "Amber," and "Red."** As a result of the evaluation, assets are labelled as low-emission finance if they are classified as **"Green,"** emission reduction finance if they are classified as **"Bright Yellow,"** transition finance if they are classified as **"Yellow,"** and transition support if they are classified as **"Amber."**

Table-1: Definition of labels based on the Playbook

No.	Label	Description
1	Green	Assets with zero or near zero greenhouse gas emissions → Low-emission finance
2	Bright Yellow	Assets with zero or near zero greenhouse gas emissions attached to O&G upstream assets → Emission reduction finance
3	Yellow	Assets aligned with 1.5°C target based on the consideration of industry and timeline → Transition finance
4	Amber	Assets aligned with 2050 net zero target based on the consideration of industry and timeline → Transition support
5	Red	Assets that are not classified as either of the above Green, Bright Yellow, Yellow, or Amber (assets that are not aligned with the goals of the Paris Agreement)

Governance structure for achieving carbon neutrality: SMBC confirms how the borrower's transition strategy is managed and implemented. If the borrower's originally planned transition strategy is updated, whether due to external or internal factors, SMBC and the borrower explain the changes and the reasons for them to stakeholders.

Enabler CTF-2. Business Model Environmental Materiality:

Environmental materiality: SMBC confirms that the borrower's climate change initiatives contribute to the transformation of core business activities that are environmentally material in terms of business characteristics, now and in the future of the borrower.

Climate change-related scenarios: SMBC confirms which climate change scenario the borrower's transition strategy is based on and, in the case of PF and UoP, confirms that they are closely linked to the nominated projects and operations.

Enabler CTF-3. Climate Transition Strategy to be “Science-based” including Targets and Pathways:

Scientific rationale: SMBC confirms that the targets and pathways quantified as absolute or relative values set by the borrower are set by reference to the scientifically based trajectories required to achieve the goals of the Paris Agreement. Individual assessments may be carried out taking into consideration the strategy of the country or region in which the project is implemented.

Consideration of key emissions scopes: SMBC confirms that the borrower's GHG emissions reduction targets cover the GHG Protocol and are set by other appropriate indicators, targets, etc., depending on country and region, business characteristics, and timelines for technology development and reduction progress.

Enabler CTF-4. Implementation Transparency:

Investment plan: SMBC confirms the overall investment plan for the realization of the borrower's transition strategy. If the timeline for realising the strategy is long or if the overall investment plan is difficult to set due to external factors such as common technology development, SMBC confirms the short-term investment plan, including the said project, to the extent practicable.

Outcomes and impact: SMBC confirms that the climate-related and other outcomes and impacts envisaged by the nominated projects for allocation or through the borrower's entire business activities are clearly demonstrated by the borrower (whether direct or indirect, quantitative or qualitative).

Finance execution and management: When providing PF and UoP financing, SMBC assesses in advance that the borrower has an appropriate process for managing and reporting its plans for allocating proceeds for transition projects and monitoring the post-financing implementation status (e.g. allocation status and GHG reduction benefits) from the time of financing to the completion of allocation. It is also stipulated that SMBC confirms the status of transition initiatives at least once a year during the loan period. In addition, in the case of GCP, SMBC monitors the achievement status of the borrower's transition strategy.

<Eligibility Assessment Results of Transition Finance in the Format of Use of Proceeds Instruments>

Based on the related documents and information provided by SMBC, DNV has identified the following: TF-1 to TF-4 below are the findings and opinions of DNV against the four elements (see GLP/GLGL) required for the management of PF and UoP.

TF-1. Use of Proceeds:

Project finance (PF): SMBC has established a PF decision-making process (evaluation flow) which evaluates the nominated assets for PF and the status of transition initiatives of the main sponsor^{*1} based on the Playbook and Internal Taxonomy.

Finance in the format of General Corporate Purpose instruments (GCP): SMBC has established a GCP decision-making process (evaluation flow) which, based on the Playbook, evaluates the status of the borrower's transition initiatives and then sets one or more KPIs to measure progress towards zero GHG emissions. 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. The implementation of the transition strategy based on the borrower's business activities is considered as a "project" and the achievement status of targets based on the implementation of the transition strategy is monitored.

Therefore, while the process for GCP is not the same process for Use of Proceeds instruments used in standard transition finance, DNV's overall assessment is that there is a certain degree of effectiveness in the way that the GCP supports the progress of the borrower's transition through financing and that it promotes the transition of the borrower and the society as a whole by targeting a wide range of borrowers and projects.

Finance in the format of Use of Proceeds instruments (UoP): SMBC has established a UoP decision-making process (evaluation flow), which evaluates the status of the borrower's transition initiatives based on the Playbook and Internal Taxonomy.

Common: SMBC confirms that the decision-making process of each financing ultimately complies with the "SMBC Group Environmental and Social Framework."^{*2}

*1 Main Sponsor: It is stipulated in the Playbook that the "main sponsor" refers to the sponsor or group of sponsors, either individually or collectively, with decision-making authority over the transition strategy, or is defined on a consultation basis.

*2 SMBC Group Environmental and Social Framework
https://www.smfg.co.jp/english/sustainability/group_sustainability/esframework/

TF-2. Process for Project Evaluation and Selection:

- SMBC has classified the transition finance to which it provides funds as the Enabler into three categories: (i) PF, (ii) GCP, and (iii) UoP.
- SMBC has established a decision-making process (evaluation flow) to ensure that the target to be financed meets CTF-1 to 4 and TF-1 to 4, respectively. This decision-making process consists of three main common processes, and detailed processes are set individually for each target. An overview of the three common processes is described below.
- Each of the three main common processes stipulates the involvement of SMBC's Social Value Creation Division and relevant departments to ensure that appropriate decisions and assessment are made.
- In addition, if an eligibility assessment has already been conducted by a third-party organization, SMBC may, after careful assessment of the third-party assessment, use the results of such assessment as valid, as long as it does not violate the "SMBC Group Environmental and Social Framework."

Process 1: Asset criteria *PF and UoP

Label asset eligibility based on Internal Taxonomy.

"Green," "Bright Yellow," "Yellow," "Red," etc.

Process 2: Transition strategy criteria *All types of finance including the above and GCPs

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

Confirm the compliance with the "SMBC Group Environmental and Social Framework". *All types of finance

Process 3: Conduct a review of reputation risk, impact on financed emissions, credit risk, etc. in addition to the credit assessment. *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.)

TF-3. Management of Proceeds:

SMBC confirms 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 from SMBC are managed in accordance with the borrower's internal processes.

For example, systems and forms are used to ensure the total amount of nominated transition projects is managed to be not less than the proceeds from transition finance ("allocated amount + cash and cash equivalents" \geq "loan amount (drawn amount in the case of a line of credit agreement)"). SMBC ensures that the amount equals to the unallocated proceeds is maintained in cash or cash equivalents until the proceeds have been allocated. Both are monitored by SMBC at least once a year until all loan amounts have been allocated.

TF-4. Reporting:

Allocation status: SMBC requires borrowers to report to SMBC on the allocation status of the proceeds until the full amount of the transition finance proceeds has been allocated to the Transition Project. This includes the allocated amount, the balance of the unallocated amount and, if refinanced, the amount allocated for refinancing.

Environmental benefits: SMBC requires borrowers to report quantitatively or qualitatively to SMBC on the transition project to which allocation has been started, based on appropriate indicators, on the project's overview, progress, and environmental benefits (e.g., GHG emissions reduction benefits). The specific contents of the reporting will be determined in consultation with the borrower for each individual financing.

Monitoring: During the financing period, SMBC monitors changes in, and implementation of, the transition strategy of the main sponsor and the borrower may cancel the status of transition finance (e.g., by removing the display) if necessary. Such monitoring is conducted once a year during the loan period and corrective actions may be considered even after the end of the loan period.

Reporting: SMBC will report annually on the status of sustainable finance including transition finance and other initiatives in the sustainability report.

Through the assessment based on the Playbook revised in June 2025 and other related documents and information provided by SMBC, DNV confirmed that the assessment procedures refer to the CTFWP and ATFG in addition to the standards required by the relevant frameworks such as CTFH, CTFBG, and GLP/GLGL, and cover a wide range of guidelines related to transition finance, and that the Playbook for SMBC to execute transition finance as the Enabler is eligible.

I. Introduction

i. About SMBC

SMBC is a commercial bank under Sumitomo Mitsui Financial Group, Inc. (hereinafter referred to as "SMBC Group"), which provides financial services in Japan and abroad.

SMBC conducts its business activities under the corporate philosophy that consists of Mission, Vision, and Five Values.

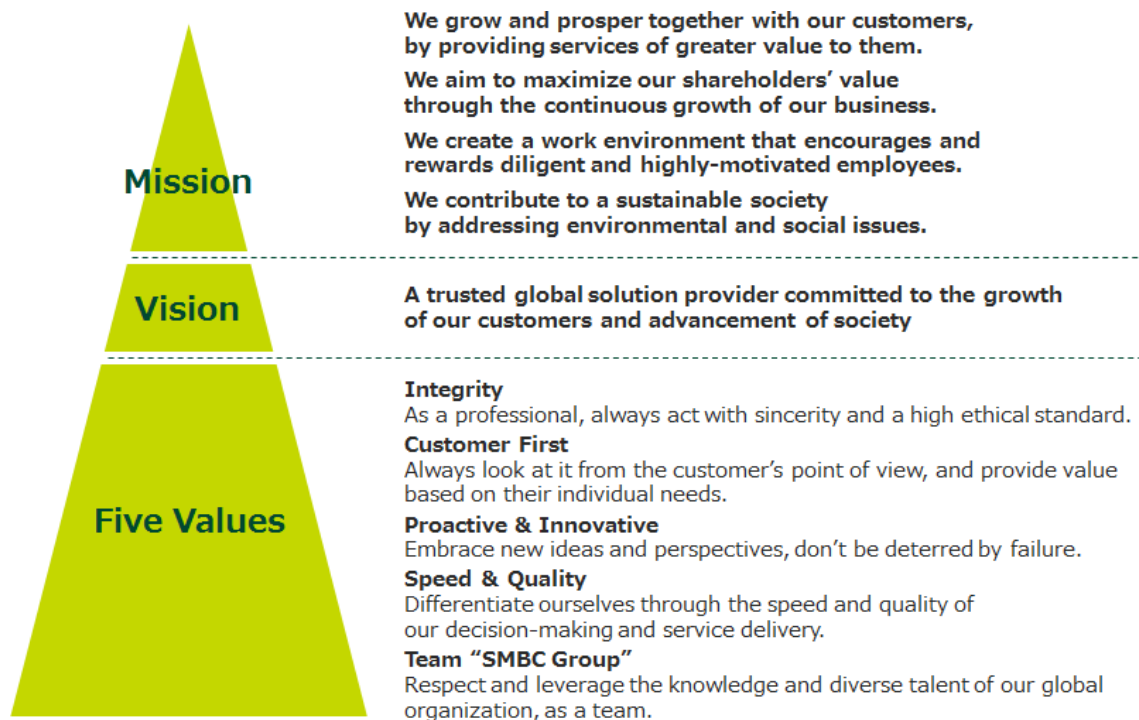


Figure-1: SMBC's Corporate Philosophy (Mission, Vision and Five Values)

ii. SMBC's Sustainability Initiatives

SMBC Group has identified five priority issues (materiality): "Environment," "DE&I/Human rights," "Poverty & Inequality," "Declining Birthrate & Aging Population," and "Japan's Regrowth." In addition, SMBC Group has set 10 goals and key performance indicators (KPIs) for addressing these issues and are promoting initiatives to create social value.



Figure-2: Priority issues (materiality) to be addressed by SMBC Group

SMBC Group established the Sustainability Committee to strengthen the Board of Directors' oversight of sustainability initiatives, including responses to climate change.

The Playbook formulated by SMBC as the Enabler to be used for transition finance has been reviewed by the Sustainability Committee, an internal committee of the Board of Directors, and approved by the Group Chief Sustainability Officer (CSuO) who is responsible for planning and managing sustainability-related measures.



Figure-3: SMBC Group's Sustainability Management Structure

The Playbook is governed by governance processes including those shown above to ensure consistency with industry practice and the latest science and technology. In addition, the Playbook supplements existing lending policies and process. For example, activities related to the construction of new coal-fired power plants, which SMBC prohibited itself from financing, are not eligible for financing in all cases, not just transition finance.

iii. SMBC's Climate Change Initiatives

SMBC has integrated its climate change initiatives, previously published as the “SMBC Group TCFD Report,” into the “SMBC Group TNFD Report” and the “SMBC Group Human Rights Report” since 2024, and has added initiatives related to human capital to publish the “SMBC Group Sustainability Report 2024.” This report outlines the strategic direction of the Group in accordance with the four key components recommended by international sustainability disclosure standards: governance, strategy, risk management, and metrics & targets. Within this framework, the report clearly states the Group's aim to supporting customers' efforts toward decarbonization and the transition to new energy and technologies, with the ultimate goal of achieving a decarbonized society worldwide.

For more information, please see SMBC’s website and news releases.

Publication of the “SMBC Group Sustainability Report 2024”

https://www.smbc.co.jp/news_e/pdf/e20240730_01.pdf

Sustainability Report 2024

https://www.smfg.co.jp/english/sustainability/report/pdf/sustainability_report_e_2024.pdf



iv. SMBC's Transition Plan

SMBC Group has developed the transition plan towards achieving net zero emissions. SMBC Group formulated the “Roadmap Addressing Climate Change” and the “Action Plan” in 2021 and has been accelerating efforts to secure resilience to climate change and capture growth opportunities. Furthermore, in August 2022, SMBC Group updated the “Roadmap Addressing Climate Change” as the “Transition Plan” and systematised a series of goals and actions for SMBC Group to achieve net zero emissions.

In addition to achieving net zero greenhouse gas (GHG) emissions from SMBC Group’s operations by 2030, SMBC Group is aimed to achieving net zero GHG emissions for its entire investment and loan portfolio by 2050.

As the Enabler, SMBC will support the business transformation and GHG emission reductions of its borrowers through initiatives using transition finance, aiming for net-zero emissions and encouraging their transition.

Main targets and action plans		2021	2022	2023	2024	2025	2030	2040	2050
Sustainable Finance					Cumulative total JPY 24 trillion (FY2020–23)		JPY 50 trillion Cumulatively		
Transition Finance (TF)				TF Playbook Power, Energy	TF Playbook Steel, Automobile		To be continuously revised every year		
Scope1,2 (Operational GHG)		2030 Net Zero Commitment	SMBC Head office building renewable energy introduction	Company-owned properties renewable energy introduction	Introduction of renewable energy to data centers	Mid-term target: ~40% (vs. FY2021) Make net zero a reality	Net Zero		
Scope3 (Portfolio GHG)		2050 Net Zero Commitment	Set mid-term target Power, Coal, Oil & Gas	Set mid-term target Steel, Automobile	Set mid-term target Real estate	Facilitated Emissions Consider goals	Achieve mid-term targets 6 sectors		Net Zero
Coal	Loan balance for coal-fired power generation		Established phase-out strategy		Updated policies for specific businesses and sectors		Project finance 50% reduction from FY2020	Zero Balance for Project finance and Corporate finance tied to facilities	
	Loan balance for thermal coal mining sector			Established phase-out strategy	Updated policies for specific businesses and sectors		Zero Balance OECD countries	Zero Balance non-OECD countries	
Environmental and social due diligence		ESG risk summary tool		Trial run for the framework to confirm the transition plan of each company	Introduction of environmental and social due diligence		Continuous updates		

Figure-4: SMBC Group Major targets and action plans for addressing climate change

v. SMBC's Initiatives for SDGs

As indicated in ii. SMBC's Sustainability Initiatives, SMBC Group has selected SDGs items to focus on that correspond to five priority issues and 10 goals: "Environment," "DE&I/Human rights," "Poverty & Inequality," "Declining Birthrate & Aging Population," and "Japan's Regrowth."

With the strong involvement of top management, SMBC Group aims to solve social issues and realize the SDGs through its business operations in order to fulfil its mission as a global financial group in addressing various social issues around the world.

Priority Issues (Materiality)	SMBC's Approach	10 Goals	Relevant SDGs items
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. 	<ol style="list-style-type: none"> Support transition to achieve a decarbonized society 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. 	<ol style="list-style-type: none"> Realize a workplace where employees enjoy high job satisfaction 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. 	<ol style="list-style-type: none"> Break the cycle of poverty and inequality for the next generation 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. 	<ol style="list-style-type: none"> Relieve anxiety about the 100-year life era 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. 	<ol style="list-style-type: none"> Support customers' business model transformation Create innovation and foster new industries 	  

Figure-5: SMBC's approach to priority issues (materiality) and "10 goals"

- * The relevance to the SDGs is complementary to the execution of transition finance with reference to "Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals," published by ICMA which sets out the Green Bond Principles and is not directly related to funding objectives.

SMBC Group is actively working to solve environmental and social issues through its business.

Examples of SMBC's main sustainability-related products and services are listed below.

- Green Loan
 - Social Loan
 - Sustainability Loan
 - Sustainability Linked Loan
 - Environmental Promotion & Analysis Loan
 - Human Capital Management Promotion & Analysis Loan
 - Positive Impact Finance
 - ESG/SDGs Promotion & Analysis Loans / Syndicated Loan
- * Examples of products and services are examples at the time of the assessment.

vi. About the Transition Finance Playbook

In order to promote transition finance as the Enabler so that fundraisers can contribute to the environment through their business, SMBC has formulated the first edition of the “Transition Finance Playbook” in April 2023 as a document equivalent to a framework based on international frameworks. It was revised in April 2024 to add and expand the automotive and steel sectors to the existing target sectors (power and oil & gas) and to clarify green criteria for the target sectors. Furthermore, it was revised in June 2025 to introduce a transition support certification process and enhanced engagement.

With the introduction of the Playbook, SMBC intends to contribute to the achievement of the following three things.

1. Improve the management of SMBC Financed Emissions*
2. Increase investment in and financing of transition activities
3. Support customer transitions and decarbonization strategies through interaction (engagement) with customers and advisory services

The Playbook is structured as a comprehensive document containing the elements necessary for SMBC as the Enabler to execute transition finance and accompanied by the Internal Taxonomy and Checklists as relevant materials.

The frameworks specifically referred to or applied by this Playbook is described in the “Standards/Guidelines to be Applied or Referenced” shown in Section II below.

* Financed Emissions (FE): SMBC recognizes that transition finance and FE are closely related, and is considering a FE reduction pathway that involves an initial short-term increase in FE, followed by a medium- to long-term decline as transition finance progresses. SMBC has introduced an evaluation process using internal taxonomy, including a playbook, as guidance for optimal management of FE and portfolio.

Name of Enabler: Sumitomo Mitsui Banking Corporation

Name of Framework: SMBC Transition Finance Playbook

Name of External Reviewer: DNV Business Assurance Japan K.K.

Date of Report: 19 June 2025



II. Scope and Objectives

DNV has been commissioned by SMBC to provide an eligibility assessment on the Playbook. Our objective has been to implement an assessment on the adequacy of the eligibility assessment process (decision-making process) with reference to CTFH/CTFBG, CTFWP, and ATFG for borrowers by SMBC as the Enabler and whether it is aligned with the GLP/GLGL and other relevant criteria or guidelines (see the table below) necessary for the execution and management of individual finance, and to provide a second party opinion on the eligibility of the Playbook.

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 individual transition finance, the value of any investments and loans, or the long-term environmental benefits of the transaction.

(1) Scope of Review

The review assessed the following elements and confirmed their alignment with the gist of the four core elements of GLP/GLGL.

- | | |
|--|--|
| <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 |

- * The scope of review is to be applied as a part of the evaluation of the transition finance with use of proceeds.
- * The adequacy of the Enabler's eligibility assessment process to assess the borrower's alignment with CTFH and CTFBG is included in the scope of review.

(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 or Referenced

No.	Standards/guidelines	Scheme owner	Application level ^{*4*5}
1.	Climate Transition Finance Handbook (CTFH) ^{*1}	International Capital Market Association (ICMA), 2023	Refer
2.	Basic Guidelines on Climate Transition Finance (CTFBG) ^{*1}	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2025	Refer
3.	Financing Credible Transitions (White Paper) (CTFWP) ^{*2}	Climate Bonds Initiative, 2020	Refer
4.	Green Loan Principles (GLP) ^{*3}	Loan Market Association (LMA) et al., 2025	Apply
5.	Green Loan Guidelines (GLGL) ^{*3}	Ministry of the Environment, 2024	Apply
6.	Asia Transition Finance Guidelines (ATFG)	ATF Study Group, 2022	Refer

*1 Climate transition: The concept of climate transition focuses principally on the credibility of an issuer(borrower)'s climate change-related commitments and practices (quoted from CTFH and CTFBG).

*2 An internationally and widely recognised 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 (edited quote from CTFBG).

*4 Refer: Assessment of whether SMBC, as the Enabler, has an appropriate eligibility assessment process for some of the applicable requirements of each principle and guideline element necessary when assessing a borrower's initiatives for transition finance.

*5 Apply: Assessment of whether SMBC, as the Enabler, has eligibility or an eligibility assessment process for all elements of each principle and guideline necessary when implementing transition finance.



III. Responsibilities of SMBC and DNV

SMBC has provided the information and data used by DNV during the delivery of this review. DNV's second party opinion represents an independent opinion and is intended to inform SMBC and other interested stakeholders in the 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 SMBC. 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 SMBC's management and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's Opinion

To provide a protocol as flexible as possible for SMBC, the Enabler, DNV has developed the SMBC Transition Finance Eligibility Assessment Protocol (hereinafter referred to as "Protocol") which incorporates the requirements of the CTFH/CTFBG and GLP/GLGL as well as the concepts presented in CTFWP and ATFG. Please refer to Schedule-2. The Protocol is applicable to transition finance executed by SMBC as the Enabler based on CTFH/CTFBG and GLP/GLGL and with reference to CTFWP and ATFG.

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

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle of 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 into common elements below, represented by CTFH/CTFBG and GLP/GLGL.

(1) Borrower's Transition Finance Eligibility Assessment as the Enabler (Four common elements of CTFH and CTFBG)

DNV reviews whether SMBC, as the Enabler, has an appropriate eligibility assessment process for the following elements when assessing the borrower's transition finance initiatives.

Principle One: Borrower's Climate Transition Strategy and Governance

The financing purpose should be for enabling a borrower's climate change strategy.

Principle Two: Business Model Environmental Materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the borrower's business model.



Principle Three: Climate Transition Strategy to be 'Science-based' including Targets and Pathways

Borrower's climate strategy should reference science-based targets and transition pathways.

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 for Transition Finance in the format of Use of Proceeds Instrument (Four common elements of GLP and GLGL)

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that the enabler and/or a borrower should use the proceeds from transition finance in the format of Use of Proceeds instruments to finance eligible projects. The eligible projects are those that provide clear environmental benefits.

Principle Two: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that the enabler and/or a borrower of transition finance should outline the process it follows when determining eligibility of an investment for which proceeds from transition finance will be used and outline how it takes into consideration the impact the project will make on its objectives.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a transition finance should be tracked within the Enabler and/or the borrower, 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 the borrower should report to the Enabler at least on how the proceeds have been allocated and provide a sustainability report using quantitative or qualitative and appropriate performance indicators, where feasible.

V. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by 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. Transition Finance Pre-funding Assessment

- Creation of the Enabler-specific Protocol, adapted to the purpose of the SMBC Transition Finance, as described above and in Schedule-2 to this assessment;
- Assessment of documentary evidence provided by SMBC on the transition finance and supplemental assessment by a comprehensive desktop research. These checks refer to current assessment best practice and standard methodologies;
- Discussions with SMBC 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 SMBC.

ii. Transition Finance Post-funding Assessment (**not included in this report*)

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

VI. Findings and DNV's Opinion

DNV's findings and opinions are as described below.

DNV reviewed whether SMBC, as the Enabler, has an appropriate eligibility assessment process for the following elements when assessing the borrower's transition finance initiatives.

The eligibility assessment process is established in the Playbook and is used to determine the eligibility of the initiatives of the transition finance borrower according to the level required for disclosures and initiatives, set by SMBC for each element of various CTF guidelines and other frameworks. This process translates into SMBC's internal standard documents, the "Checklists," which are the basis to ultimately determine eligibility for transition finance.

DNV assessed that the Playbook, which refers to globally benchmarked guidelines, is effective from the perspective of SMBC's making a transition based on a consistent process as a global financial institution. The Playbook also stipulates that it should be updated at least once a year, so it is expected to function as a valid and up-to-date version at all times.

Furthermore, it is a feature of the Playbook that SMBC has developed detailed assessment procedures and definitions in its "Internal Taxonomy" along with hundreds of categories of target assets, such as technology level classification, minimum standards, national and regional standards, etc.

In addition, the Playbook considers the following four key principles in executing transition finance:

- Do No Significant Harm
- Avoid Carbon Lock-in
- Best Available Technology
- Just Transition

The Enabler CTF-1 to CTF-4 below outline the Eligibility Assessment Process for the four common elements of the CTFH and CTFBG. The Eligibility Assessment Process incorporates the procedures presented in the CTFWP and ATFG.

Through its assessments for SMBC, DNV confirmed that the Eligibility Assessment Process (Playbook) is not only aligned with the CTFH and CTFBG but also refers to the CTFWP and ATFG, and that the assessment procedures cover a wide range of guidelines, etc. related to transition finance.

An overview of the Eligibility Assessment Process for CTF and the transition finance in the format of Use of Proceeds instruments is provided in TF-2 in VI (2).

(1) Adequacy of Assessment Process as the Enabler and DNV's Opinion against Four Common Elements of CTFH and CTFBG

Enabler CTF-1. Borrower's Climate Transition Strategy and Governance:

- **Climate transition strategy:**

Through the Playbook, SMBC confirms that the borrower's transition strategy is aligned with the goals of the Paris Agreement, taking into account country/regional/industry specific roadmaps and that the borrower has specific plans which are transparent with highly reliable and feasible targets. SMBC also considers the non-climate environmental and social impacts of the borrower's implementation of the transition strategy, as well as its contribution to the SDGs.

- SMBC has established eligibility criteria and decision-making processes for transition finance within the Playbook, categorized by PF (Project Finance), UoP (Use of Proceeds), and GCP (General Corporate Purpose). The suitability of each type of financing is assessed and labeled based on asset related criteria, strategy related criteria, and other factors, using the categories: **"Green," "Bright Yellow," "Yellow," "Amber," and "Red."** As a result of the evaluation, assets are labelled as low-emission finance if they are classified as **"Green,"** emission reduction finance if they are classified as **"Bright Yellow,"** transition finance if they are classified as **"Yellow,"** and transition support if they are classified as **"Amber."**

-

- **Governance structure for achieving carbon neutrality:** SMBC confirms how the borrower's transition strategy is managed and implemented. If the borrower's originally planned transition strategy is updated, whether due to external or internal factors, SMBC and the borrower will explain the changes and the reasons for them to stakeholders.

Table-1 (reposted): Definition of labels based on the Playbook

No.	Label	Description
1	Green	Assets with zero or near zero greenhouse gas emissions → Low-emission finance
2	Bright Yellow	Assets with zero or near zero greenhouse gas emissions attached to O&G upstream assets → Emission reduction finance
3	Yellow	Assets aligned with 1.5°C target based on the consideration of industry and timeline → Transition finance
4	Amber	Assets aligned with 2050 net zero target based on the consideration of industry and timeline → Transition support
5	Red	Assets that are not classified as either of the above Green, Bright Yellow, Yellow, or Amber (assets that are not aligned with the goals of the Paris Agreement)

Enabler CTF-2. Business Model Environmental Materiality:

- **Environmental materiality:** SMBC confirms that the borrower's climate change initiatives contribute to the transformation of core business activities that are environmentally material in terms of business characteristics, now and in the future of the borrower.
- **Climate change-related scenarios:** SMBC confirms which climate change scenario the borrower's transition strategy is based on and, in the case of PF and UoP, confirms that they are closely linked to the nominated projects and operations.

Enabler CTF-3. Climate Transition Strategy to be 'Science-based' including Targets and Pathways:

- **Scientific rationale:** SMBC confirms that the targets and pathways quantified as absolute or relative values set by the borrower are set by reference to the scientifically based trajectories required to achieve the goals of the Paris Agreement. Individual assessments may be carried out taking into consideration the strategy of the country or region in which the project is implemented.
- **Consideration of key emissions scopes:** SMBC confirms that the borrower's GHG emissions reduction targets cover the GHG Protocol and are set by other appropriate indicators, targets, etc., depending on country and region, business characteristics, and timelines for technology development and reduction progress.

Enabler CTF-4. Implementation Transparency:

- **Investment plan:** SMBC confirms the overall investment plan for the realization of the borrower's transition strategy. If the timeline for realising the strategy is long or if the overall investment plan is difficult to set due to external factors such as technology progress, SMBC confirms the short-term investment plan, including the said project, to the extent practicable.
- **Outcomes and impact:** SMBC confirms that the climate-related and other outcomes and impacts envisaged by the nominated projects for allocation or through the borrower's entire business activities are clearly demonstrated by the borrower (whether direct or indirect, quantitative or qualitative).
- **Finance execution and management:** When providing PF and UoP financing, SMBC assesses in advance that the borrower has an appropriate process for managing and reporting its plans for allocating proceeds for transition projects and monitoring the post-financing implementation status (e.g., allocation status and GHG reduction benefits). It is also stipulated that SMBC confirms the execution and management status of the loan at least once a year during the loan period after the funding. In addition, in the case of GCP, SMBC monitors the achievement status of the borrower's transition strategy.

(2) Findings and DNV's Opinion against Four Elements Required for the Management of Transition Finance (TF) in the Format of Use of Proceeds Instruments (see GLP/GLGL)

TF-1. Use of Proceeds:

- **Project finance (PF):** SMBC has established a PF decision-making process (evaluation flow) which evaluates the nominated assets for PF and the status of transition initiatives of the main sponsor^{*1} based on the Playbook.
- **Finance in the format of General Corporate Purpose instruments (GCP):** SMBC has established a GCP decision-making process (evaluation flow) which, based on the Playbook, evaluates the status of the borrower's transition initiatives and then sets one or more KPIs to measure progress towards net zero GHG emissions. 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. The implementation of the transition strategy based on the borrower's business activities is considered as a "project" and the achievement status of targets based on the implementation of the transition strategy is monitored.

Therefore, while the process for GCP is not the same process for Use of Proceeds instruments used in standard transition finance, DNV's overall assessment is that there is a certain degree of effectiveness in the way that the GCP supports the progress of the borrower's transition through financing and that it promotes the transition of the borrower and the society as a whole by targeting a wide range of borrowers and projects.

- **Finance in the format of Use of Proceeds instruments (UoP):** SMBC has established a UoP decision-making process (evaluation flow), which assesses the status of the borrower's transition initiatives based on the Playbook and Internal Taxonomy.
- **Common:** SMBC confirms that the decision-making process of each financing ultimately complies with the "SMBC Group Environmental and Social Framework."^{*2} Furthermore, in addition to the credit assessment, the application for approval is submitted after a review of financed emissions, credit risk, etc.

^{*1} The "main sponsor" refers to the sponsor or group of sponsors, either individually or collectively, with decision-making authority over the transition strategy, or is defined on a consultation basis. Details are described in the Playbook.

^{*2} SMBC Group Environmental and Social Framework
https://www.smfg.co.jp/english/sustainability/group_sustainability/

Table-2: SMBC Transition Finance Overall Requirements

*See Figures 6.1 to 6.4 for details of each type of finance (Product Type in Table-2).

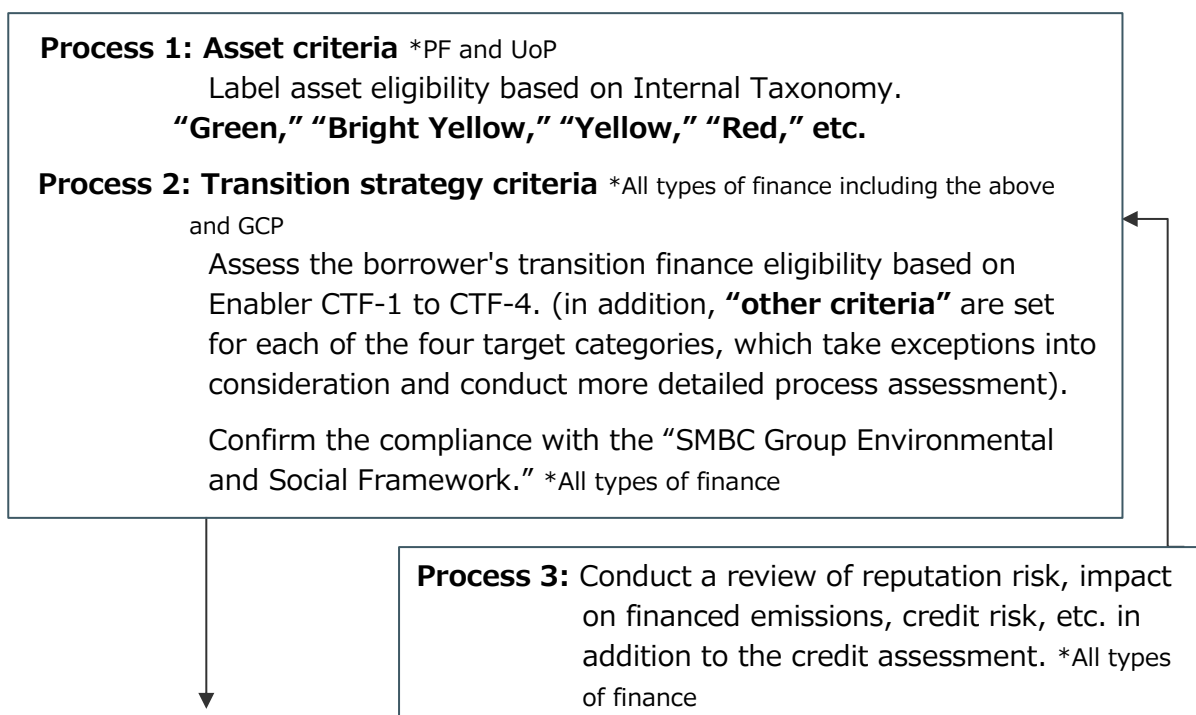
Color	Label	Actions	Product type		
			Project Finance	General Corporate Purpose	Corporate finance with specific use of proceeds
Green	Low emission finance		No GHG emissions or close to no GHG emissions (=Green asset in IT)	No GHG emissions or close to no GHG emissions	No GHG emissions or close to no GHG emissions (=Green asset in IT) Emission reduction targets set
Bright Yellow	Emission reduction finance		No GHG emissions or close to no GHG emissions, attached to O&G upstream asset (=bright yellow asset in IT)		No GHG emissions or close to no GHG emissions, attached to O&G upstream asset (=bright yellow asset in IT) Emission reduction targets set
Yellow	Transition Finance	Continue to usual application process	Asset aligned with 1.5°C from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050	Borrower's transition plan aligned with Paris Agreement 1.5°C pathway	Asset aligned with 1.5°C from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050
Amber	Transition Support (No external label – internal guidance)		Asset aligned with NZ by 2050 from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050	Borrower's transition plan aligned with well below 2°C pathway + NZ targets set for 2050	Asset aligned with NZ by 2050 from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050
Others	No label		Red assets in IT and large emitters complying with SMBC Group Environmental and Social Framework (or origination guideline), SMEs, etc.		
Red	N/A	No new investments	Red assets in IT and large emitters not complying with SMBC Group Environmental and Social Framework (or origination guideline)		

Key

Transition strategy IT: Internal Taxonomy
Asset NZ: Net-zero

TF-2. Process for Project Evaluation and Selection:

- SMBC has classified the transition finance for which it provides funds as the Enabler into three categories: (i) PF, (ii) GCP, and (iii) UoP.
- SMBC has established a decision-making process (evaluation flow) to ensure that the target to be financed meets CTF-1 to 4 and TF-1 to 4, respectively. This decision-making process consists of three main common processes, and detailed processes are set individually for each target. An overview of the three common processes is described below.
- The three common processes stipulate the involvement of SMBC's Sustainability Division and relevant departments for each step to ensure that appropriate decisions and assessment are made.
- In addition, if an eligibility assessment has already been conducted by a third-party organization, SMBC may, after careful assessment of the third party assessment, use the results of such assessment as valid, as long as it does not violate the "SMBC Group Environmental and Social Framework."
- This process will be reviewed as appropriate to ensure the alignment with market needs and the latest standards.





Evaluation and Selection

*"Green" may be read as "Transition" and "borrower" may be read as "Enabler," as appropriate.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Conforms to the borrower's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by green bond and transparency is ensured | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary (green project with referenceable criteria) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

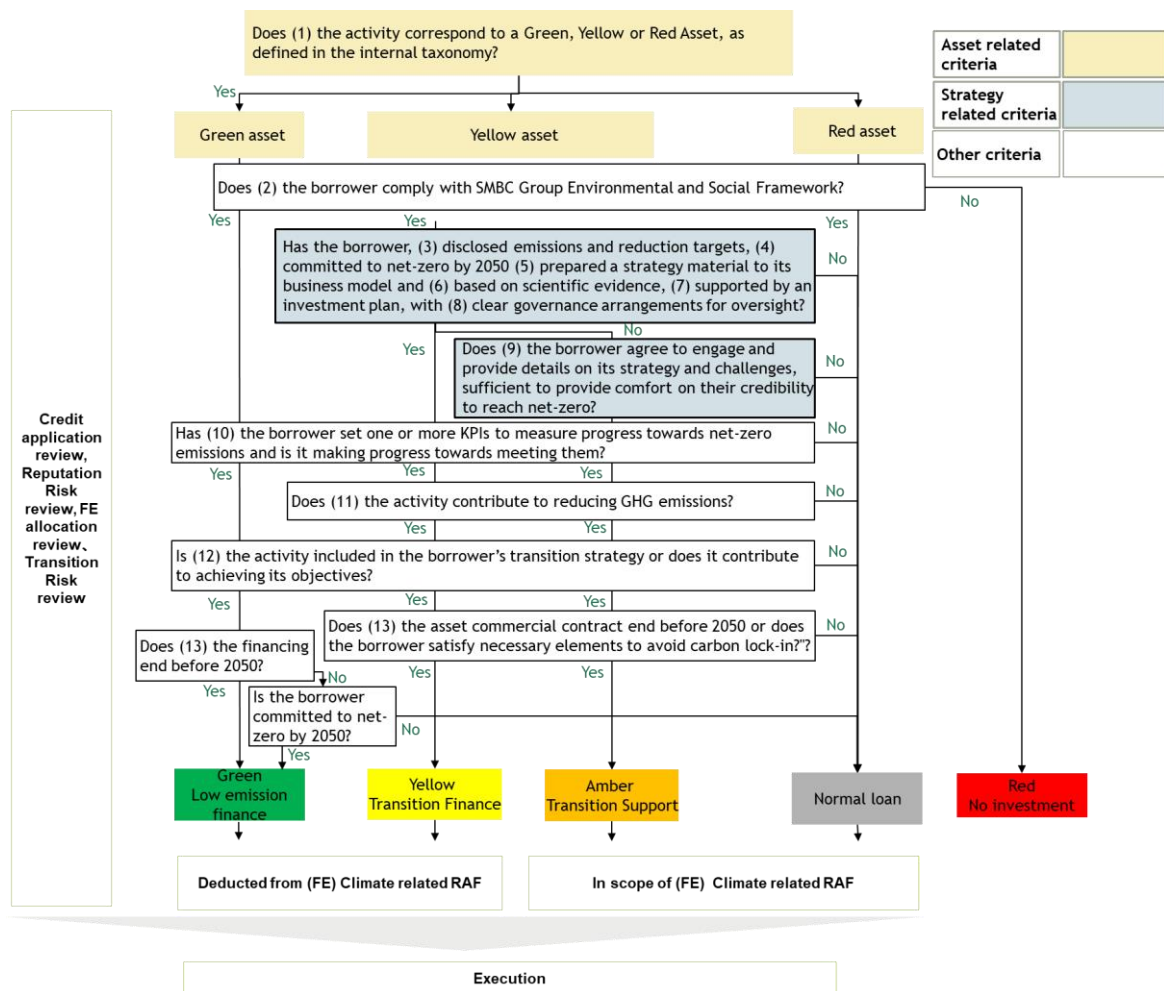


Figure-6.1: SMBC Project Finance (PF) Decision-Making Process Overview
(Flowchart produced based on the Playbook)

*The details of (1) through (11) in the diagram are separately defined in SMBC's internal procedures.

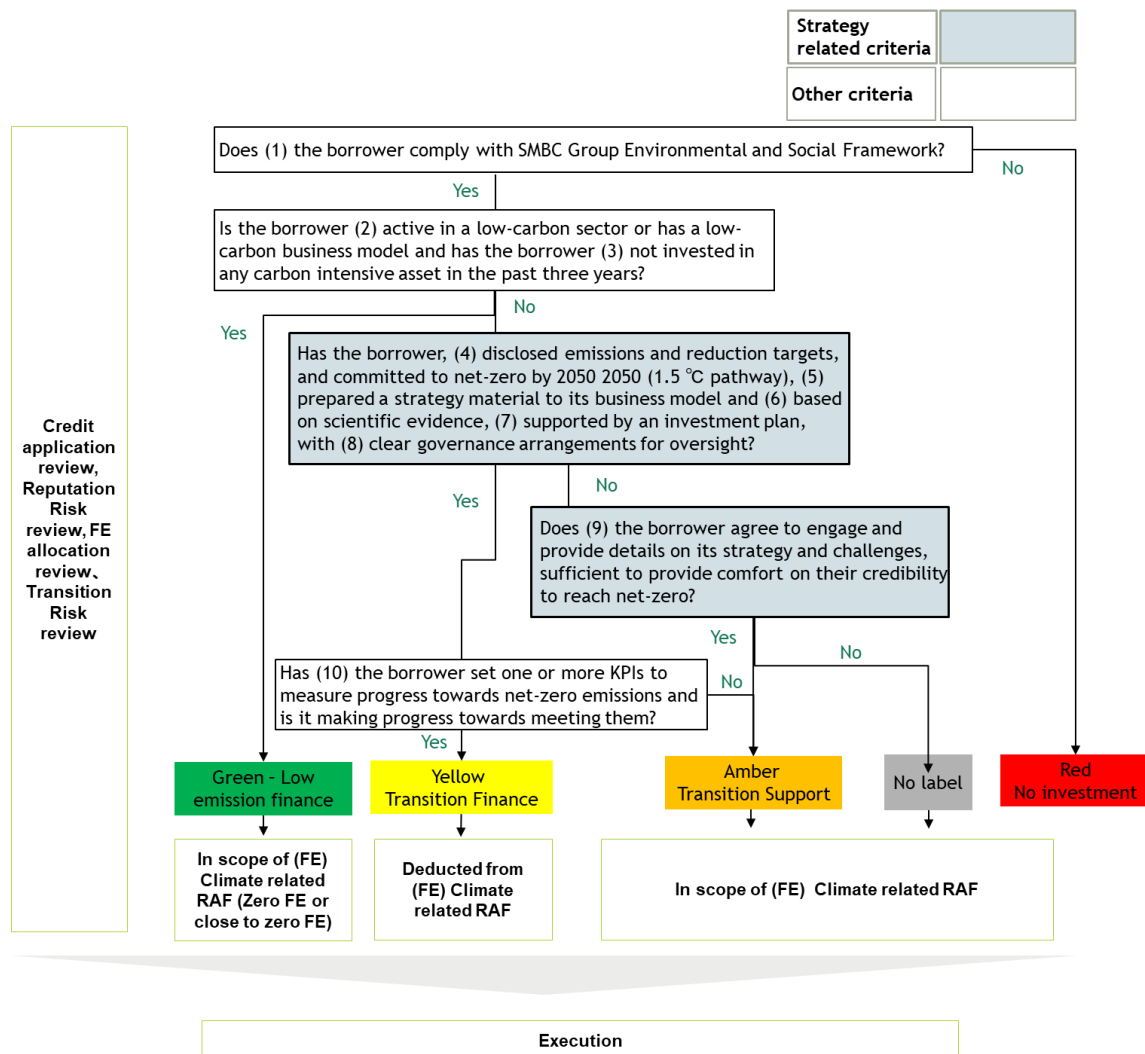


Figure-6.2: SMBC General Corporate Finance (GCP) decision-making process
 (Flowchart produced based on the Playbook)

*The details of (1) through (10) in the diagram are separately defined in SMBC's internal procedures.

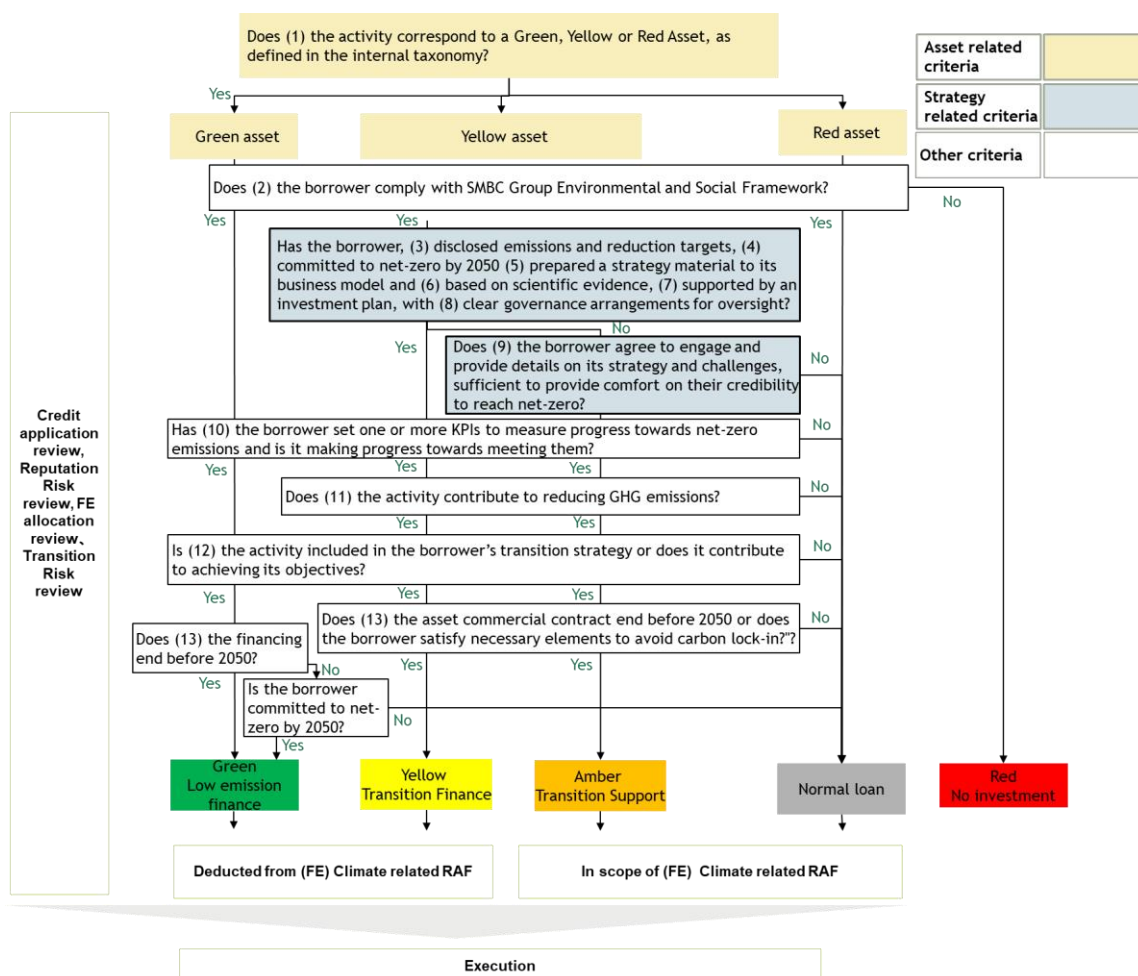


Figure-6.3: SMBC Use-of-Proceeds (UoP) decision-making process (power, steel, and automotive)

*The details of (1) through (13) in the diagram are separately defined in internal SMBC procedures.

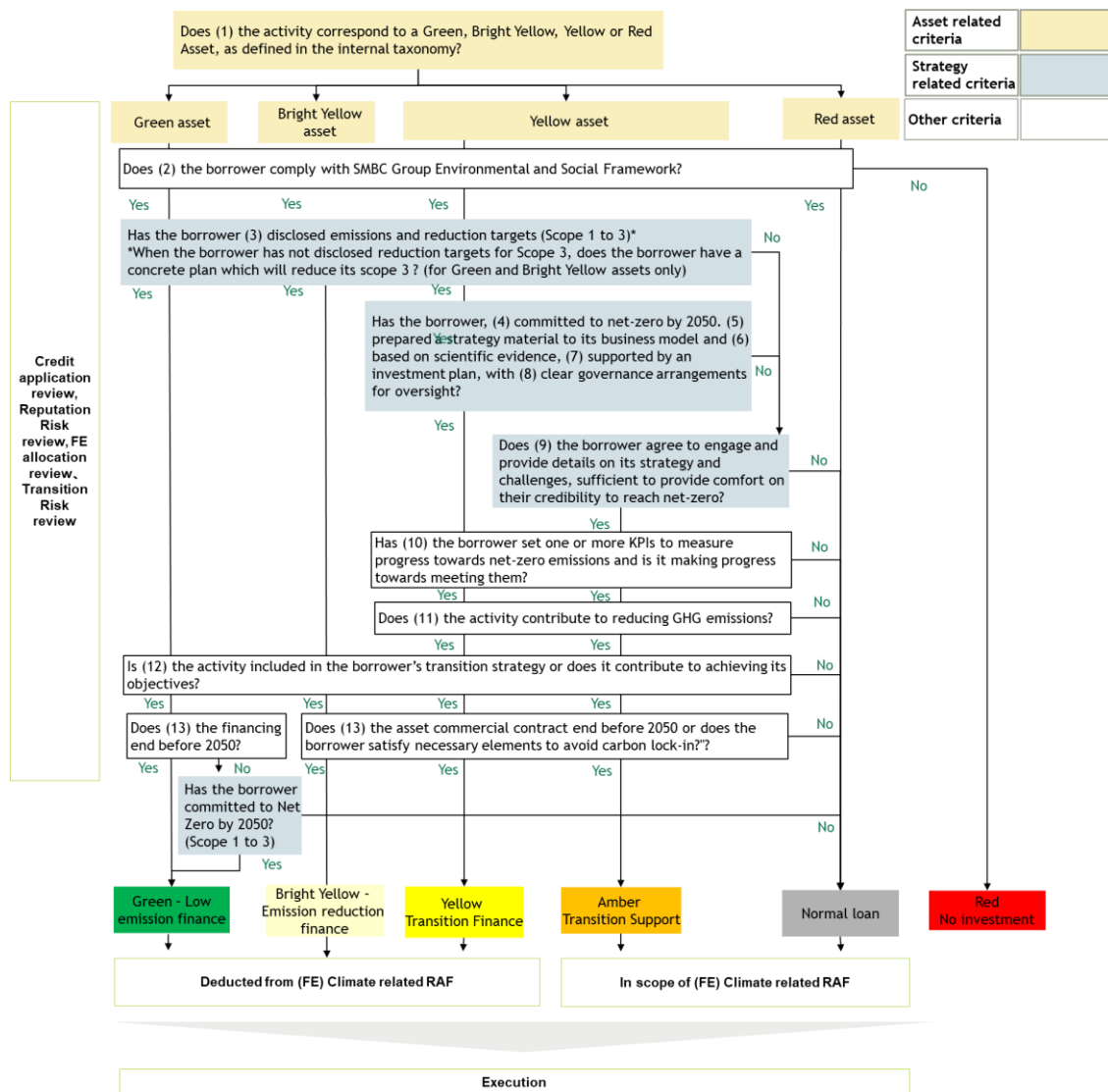


Figure-6.4: SMBC Use-of-Proceeds (UoP) decision-making process
(for oil & gas only)

*The details of (1) through (13) in the diagram are separately defined in internal SMBC procedures.

TF-3. Management of Proceeds:

- SMBC confirms 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 from SMBC are managed in accordance with the borrower's internal processes.
- For example, systems and forms are used to ensure the total amount of nominated transition projects is managed to be not less than the proceeds from transition finance ("allocated amount + cash and cash equivalents" \geq "loan amount (drawn amount in the case of a line of credit agreement)"). SMBC ensures that the amount equal to the unallocated proceeds is maintained in cash or cash equivalents until the proceeds have been allocated.
- Both are monitored by SMBC at least once a year until all loan amounts have been allocated.

Tracking of Proceeds:

*"Green" may be read as "Transition" and "borrower" may be read as "Enabler," as appropriate.

- ☒ Some or all of the proceeds by green finance that are planned to be allocated are systematically distinguished or tracked by the borrower.
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☒ Other (*please specify*): Unallocated proceeds are managed in cash or cash equivalents. The proceeds are managed in the same way by the Enabler or the borrower.

Additional Disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

TF-4. Reporting:

- **Allocation status:** SMBC requires borrowers to report to SMBC on the allocation status of the proceeds until the full amount of the transition finance proceeds has been allocated to the Transition Project. This includes the allocated amount, the balance of the unallocated amount and, if refinanced, the amount allocated for refinancing.
- **Environmental benefits:** SMBC requires borrowers to report quantitatively or qualitatively to SMBC on the transition project to which allocation has been started, based on appropriate indicators, on the project's overview, progress, and environmental benefits (e.g., GHG emissions reduction benefits). The specific contents of the reporting will be determined in consultation with the borrower for each individual financing.
- **Monitoring:** During the financing period, SMBC monitors changes in, and implementation of, the transition strategy of the main sponsor and the borrower and may cancel the status of transition finance (e.g., by removing the display) if necessary. Such monitoring is conducted once a year during the loan period and corrective actions may be considered even after the end of the loan period.
- **Reporting:** SMBC will report annually on the status of sustainable finance including transition finance and other initiatives in the Sustainability Report.

<Allocation Status>

- The allocated amount
- The balance of unallocated proceeds
- Of the allocated amount, the amount or the share allocated for refinancing

<Examples of Environmental Benefits>

- Project overview, progress, etc.
- Annual GHG emission reductions (e.g., t-CO₂e/year)

Reporting on Allocation Status:

*"Green" may be read as "Transition" and "borrower" may be read as "Enabler," as appropriate.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (<i>please specify</i>): To be determined according to the loan |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Share of total investment amount allocated by proceeds from Green 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>): | |

Impact Reporting (Environmental Benefit):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (<i>please specify</i>): To be determined according to the loan |

Frequency:

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

Information reported (expected/Post-funding Impact):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions/Savings | <input type="checkbox"/> Energy savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): | To be determined according to the loan such as project overview and progress |

Means of Disclosure

- | | |
|---|--|
| <input checked="" 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>): Reporting may only be reported by the borrower to SMBC or may be disclosed to the public through the borrower's website and/or Integrated Report. |
| <input type="checkbox"/> Reporting Reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

(3) External Review

If SMBC considers it necessary to ensure the credibility and transparency that the individual transition finance executed on the basis of the results of the Playbook decision-making process (eligibility assessment results) as shown in TF-2 is appropriate transition finance, SMBC may, through an external review, confirm that SMBC's eligibility assessment has been appropriately completed (by obtaining a written statement of eligibility from the external assessment body).



Assessment Conclusion

On the basis of the Playbook and other relevant documentation and information provided by SMBC, DNV has confirmed that the Playbook established by SMBC to implement Transition Finance as the Enabler is an assessment procedure that extensively covers the guidelines and other frameworks related to transition finance with reference to the criteria required by CTFH/CTFBG and GLP/GLGL as well as CTFWP and ATFG. DNV has also confirmed that SMBC has a process in place to ensure that it appropriately manages and reports on the borrower's management of proceeds and reporting. In particular, DNV the Playbook, which refers to globally benchmarked guidelines, is effective from the perspective of SMBC's making a transition based on a consistent process as a global financial institution.

Based on the above, it is DNV's opinion that the transition finance carried out by SMBC as the 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."

DNV Business Assurance Japan K.K.

19 June 2025

Akira Tsukasaki

Technical Reviewer

DNV Business Assurance Japan K.K.

Naoki Maeda

Representative Director /

SCPA Senior Vice President

DNV Business Assurance Japan K.K.

Masato Kanedome

Project Leader

DNV Business Assurance Japan K.K.

Tsuneyuki Tanaka

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 Fundraiser and the Second-Party Opinion Providers, DNV : The management of Fundraiser 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 Fundraiser 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 Fundraiser. 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 Fundraiser's management and used as a basis for this assessment were not correct or complete

Schedule-1. Transition Finance Eligibility Assessment Process as the Enabler (Produced based on the Playbook)

The table below shows the overall requirements for assessing a borrower's eligibility for transition finance in the Playbook established by SMBC to execute transition finance as the Enabler. It includes the overall requirements for the three transition finance categories: (i) PF, (ii) GCP, and (iii) UoP. For (i) and (iii), apart from these overall requirements, a process has been developed to confirm that the financing proceeds meet the four elements required for management of transition finance with a specific use of proceeds.

In addition, DNV has confirmed that the Transition Finance Eligibility Assessment Process meets the criteria required in the relevant frameworks such as CTFH/CTFBG and GLP/GLGL, as well as the practical assessment steps for the Enabler as set out in the CTFWP and ATFG, and concluded that it is eligible.

Table-2: SMBC Transition finance Overall Requirements

*See Figures 6.1 to 6.4 for details of each finance (Product Type in Table-2).

Color	Label	Actions	Product type		
			Project Finance	General Corporate Purpose	Corporate finance with specific use of proceeds
Green	Low emission finance		No GHG emissions or close to no GHG emissions (=Green asset in IT)	No GHG emissions or close to no GHG emissions	No GHG emissions or close to no GHG emissions (=Green asset in IT) Emission reduction targets set
Bright Yellow	Emission reduction finance		No GHG emissions or close to no GHG emissions, attached to O&G upstream asset (=bright yellow asset in IT)		No GHG emissions or close to no GHG emissions, attached to O&G upstream asset (=bright yellow asset in IT) Emission reduction targets set
Yellow	Transition Finance	Continue to usual application process	Asset aligned with 1.5°C from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050	Borrower's transition plan aligned with Paris Agreement 1.5°C pathway	Asset aligned with 1.5°C from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050
Amber	Transition Support (No external label – internal guidance)		Asset aligned with NZ by 2050 from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050	Borrower's transition plan aligned with well below 2°C pathway + NZ targets set for 2050	Asset aligned with NZ by 2050 from a timeline and sectoral perspective (=yellow asset in IT) + NZ targets set for 2050
Others	No label		Red assets in IT and large emitters complying with SMBC Group Environmental and Social Framework (or origination guideline), SMEs, etc.		
Red	N/A	No new investments	Red assets in IT and large emitters not complying with SMBC Group Environmental and Social Framework (or origination guideline)		

Key

Transition strategy IT: Internal Taxonomy
Asset NZ: Net-zero



Schedule-2. 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-2 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"> • (Standard) Transition Loan • Transition Revenue Loan • Transition Project Loan • Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Playbook - Checklists <p>Interviews with stakeholders</p>	<p>Through the assessment, DNV confirmed that the types of transition loan are classified into the following categories.</p> <p>The Transition Finance implemented by SMBC as the Enabler is classified into "(Standard) Transition loans" and "Transition project loans."</p> <p>While the GCP is included as "other," 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. The implementation of the transition strategy based on the borrower's business activities is considered as a "project" and the achievement status of targets based on the implementation of the transition strategy is monitored.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	Green/transition Project Classification	The key to a transition loan is that the proceeds will be used for a transition project, which should be properly stated in the legal documents relating to the security/loan.	Confirmed documents: <ul style="list-style-type: none"> - Playbook - Loan agreement Interviews with stakeholders	<p>DNV confirmed that the transition finance is intended to be used to finance a wide range of transition projects or GCP that focus on the realization of the environmental goals and transition strategies of the borrowers whose eligibility is assessed by SMBC as Enabler, as described in the Playbook.</p> <p>Specifically, DNV assessed the transition finance (PF, GCP, and UoP) that meets SMBC's Transition Finance Eligibility Assessment Procedures as set out in Schedule-1 and in the main text of this report (Table-2 and Figures- 4.1 to 4.4) where the entire amount of proceeds obtained through transition finance are allocated to one or more transition projects. For GCP, see 1a.</p> <p>Through the assessment, DNV concludes that the projects that have been appropriately assessed as eligible in accordance with the SMBC's Playbook and internal process will truly deliver environmental benefits as transition-eligible projects. DNV also concludes that the borrower is expected to contribute to the decarbonization of society as a whole through their transition initiatives by using the GCP on an appropriate timeline.</p>
1c	Environmental benefits	All transition projects to which the funds are used should have clear environmental benefits, the effects of which should be assessed by the borrower and, where possible, quantitatively demonstrated.	Confirmed documents: <ul style="list-style-type: none"> - Playbook - Internal Taxonomy - Checklists Interviews with stakeholders	<p>Transition projects are those which contribute to decarbonization that have been evaluated by SMBC's eligibility assessment described in 1b as projects contributing to the goals based on the borrower's transition strategy. The borrower is expected to contribute to the decarbonization of society as a whole through their transition initiatives by using the GCP on an appropriate timeline. The environmental benefits of both the transition projects and GCP are GHG emissions reduction, which are assessed either quantitatively or qualitatively by SMBC or the borrower.</p> <p>DNV confirmed that, in cases where confidentiality of information or competitive considerations are required before the execution of transition finance or before the start of project operations, only the</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				evaluation method (calculation method) and items of the environmental benefits of the project will be disclosed, and that indicators and GHG emission reductions according to project characteristics will be evaluated and reported quantitatively or qualitatively in annual reporting. (If it is difficult to assess quantitative GHG emission reductions due to the project characteristics, the project overview will be reported to the extent practicable.) Reporting may be made to the public or to SMBC only, or both.
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.	Confirmed documents: <ul style="list-style-type: none"> - Playbook - Loan agreement Interviews with stakeholders	<p>SMBC confirms with the borrower whether the borrower plans to use all of the proceeds for either new investment or refinancing, or both, for one or more of the nominated projects that have been determined to be eligible in the Eligibility Assessment Process shown in Schedule-1.</p> <p>If it is clear before the execution of the transition finance whether the proceeds will be used for new investment or refinancing, such information will be explained in the loan agreement or other documents. If it is undecided, SMBC confirms with the borrower that the amount of the proceeds allocated for refinancing will be disclosed 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"> • The process by which the borrower determines that the project in question is included in the business category of a qualified green/transition project. • Creation of criteria for eligibility of projects for which green/transition finance funding will be used • Environmental sustainability goals 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Playbook - Checklists - Internal Taxonomy <p>Interviews with stakeholders</p>	<p>DNV confirmed that SMBC has a process document for determining the eligibility of projects for which the transition finance proceeds will be used, and that the outline is clearly stated in the Playbook and related documents.</p> <p>Furthermore, to consider any negative impacts associated with the implementation of the project, SMBC and/or the borrower will ensure compliance with national and local laws and regulations, conduct assessments based on the “SMBC Group Environmental and Social Framework,” and make an application for approval after screening in the course of operating the Playbook and Internal Taxonomy.</p> <p>In addition, the Playbook states that the following four key principles should be considered in executing transition finance:</p> <ul style="list-style-type: none"> - Do No Significant Harm - Avoid Carbon Lock-in - Best Available Technology - Just Transition <p>In addition to the above, all transition finance is subject to the requirement to comply with the “SMBC Group Environmental and Social Framework.”</p>
2b	Borrowers' Environmental and Social Governance Framework	<p>In addition to criteria and certifications, the information published by borrowers regarding the green/transition finance process also considers the quality of performance of the borrower's framework and environmental sustainability.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Playbook - Checklists <p>Interviews with stakeholders</p>	<p>When determining eligibility for transition finance for projects, SMBC takes into consideration that, in addition to the borrowers' transition plans being aligned with the CTF, the borrowers are in compliance with environmental laws, regulations, ordinances and rules regarding the projects for which proceeds are actually used. SMBC also takes into consideration that environmental benefits such as GHG emission reductions are clear either throughout the projects' life cycle or in each process.</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Through its assessment of the Enabler, DNV confirmed that SMBC has a process to ensure that the transition projects implemented by the borrower are consistent with the borrowers' transition strategies, objectives, and pathways.

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"> - Playbook - Operations manuals Interviews with stakeholders	Through its assessment of SMBC, DNV confirmed that SMBC confirms 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 confirmed that SMBC confirms 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"> - Playbook - Operations manuals Interviews with stakeholders	DNV confirmed that SMBC and the borrower plan to review the balance of the proceeds at least once a year during the period from the execution 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"> - Playbook - Operations manuals Interviews with stakeholders	DNV confirmed that SMBC confirms that the borrower has a mechanism for the sequential recognition of the balance of unallocated proceeds based on the borrower's internal system, forms and related workflows. DNV also confirmed that SMBC confirms through the explanatory materials from the borrower that the balance of unallocated proceeds is managed in cash or cash equivalents. DNV also confirmed that SMBC confirms 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"> - Confidentiality and competitive considerations - Outline of each project, expected sustainable environmental and social effects 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Playbook - Operations manuals <p>Interviews with stakeholders</p>	<p>DNV confirmed that from the time of funding until the proceeds are fully allocated, the borrower will annually report 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> <p>For environmental benefits, DNV confirmed that any or all of the following will be disclosed, so far as is within the scope of its duty of confidentiality and so far as is reasonably practicable. The reporting to SMBC or to the public will be disclosed in the Integrated Report or on the website.</p> <p><Allocation Status></p> <ul style="list-style-type: none"> • The allocated amount • The balance of unallocated proceeds • Of the allocated amount, the amount or the share allocated for refinancing <p><Examples of Environmental Benefits></p> <ul style="list-style-type: none"> • Project overview, progress, etc. • Annual GHG emission reductions (e.g., t-CO₂e/year)