

Annual Report on Sumitomo Mitsui Banking Corporation (China) Limited's 2022 ESG Deposit for the period from 1 June 2022 to 31 May 2023

1. Introduction

Sumitomo Mitsui Banking Corporation (China) Limited ("SMBCCN" or "the Bank") has continuously upheld its commitment to the sustainability, and is determined to contribute to the sustainable development of the whole Chinese society by offering higher added value to 1) customers 2) shareholders and the market 3) society and the environment 4) employees.

So as to continuously promote SMBCCN's corporate social responsibility strategy and contribute to economic, social and environmental sustainability, in June 2022, SMBCCN launched ESG deposit products for its clients. The SMBCCN has established the *Sumitomo Mitsui Banking Corporation (China) Limited ESG Deposit Framework* (the "Framework") and *ESG Deposit Operational Procedures*, which defined the use of proceeds, eligible category evaluation and selection, management of proceeds and disclosure of the ESG deposit.

2. The four core components of the Framework

2.1 Use of Proceeds

The net proceeds were used exclusively for the financing and/or refinancing of eligible ESG loans/bonds that meet international or China domestic standards as specified in the Framework. Eligible ESG loans/bonds include, but not limited to:

Table 1. Eligible Category Criteria

Eligible Categories	Criteria Applied	
Green Loan	<i>Green Loan Principles 2021</i> <i>Green Loan Principles 2023</i>	<i>International standard</i>
	<i>Green Industry Guidance Catalogue 2019</i>	<i>China domestic standard</i>
Green Bond	<i>Green Bond Principles 2018</i> <i>Green Bond Principles 2021</i>	<i>International standard</i>



Eligible Categories	Criteria Applied	
	<i>Catalogue of Green Bond Support Projects 2021</i> <i>China Green Bond Principles 2022</i>	<i>China domestic standard</i>
Social Loan	<i>Social Loan Principles 2021</i> <i>Social Loan Principles 2023</i>	<i>International standard</i>
Social Bond	<i>Social Bond Principles 2021</i> <i>Social Bond Principles 2023</i>	<i>International standard</i>
Sustainability-linked Loan	<i>Sustainability-Linked Loan Principles 2021</i> <i>Sustainability-Linked Loan Principles 2023</i>	<i>International standard</i>
Sustainability-linked Bond	<i>Sustainability-Linked Bond Principles 2020</i>	<i>International standard</i>
	<i>Sustainability-Linked Bond Principles 2023</i>	
	<i>Ten Questions and Ten Answers on Sustainability-Linked Bond</i>	<i>China domestic standard</i>

In any case, the following categories will be excluded:

- Luxury services or goods related.
- Alcoholic beverages related projects.
- Production and trade of tobacco and tobacco products.
- Gambling and predatory lending enterprises related projects.
- Biofuels, biogas or biomass which utilize food crops as sources.
- Mining and quarrying related.
- Nuclear Energy and Nuclear Related.
- Weapons and ammunitions related.

- Unsustainable lumbering projects.
- Unsustainable fishery projects.

2.2 Eligible Category Evaluation and Selection

Referring to criteria of eligible categories as defined in the “Use of Proceeds” section of Framework, based on the project compliance documents, SMBCCN has conducted evaluation and selection of eligible categories.

SMBCCN has reviewed the eligible categories, and on a timely basis, made replacement as necessary to ensure the proceeds are allocated to eligible categories.

2.3 Management of Proceeds

SMBCCN has maintained a register to keep track of the use of proceeds for each ESG deposit. The register will contain the following information including but not limited to:

- Transaction information: ESG deposit issue amount, coupon, issue date and maturity date, etc.
- Proceeds allocation information: eligible categories, balance, Key Performance Indicators and Sustainability Performance Targets of the sustainability-linked loan/bond (if any), etc.

2.4 Disclosure

SMBCCN will make disclosure in relation to the allocation of the proceeds at least once a year so long as the ESG deposit remains outstanding. Also, SMBCCN will engage a qualified third party to conduct the post-issuance assurance.

3. Allocation of Proceeds

As of 31 May 2023, SMBCCN’s total balance of eligible categories for ESG deposit issuance is approximately RMB 7,712.82 million.

As of 31 May 2023, the total proceeds raised by 2022 ESG Deposit amounting to RMB 1,059.56 million have been fully allocated to Eligible Categories, and the proportion of total proceeds raised by 2022 ESG Deposit to total balance of eligible categories is 13.74%. No remaining balance of unallocated proceeds at the reporting period end.

SMBCCN has evaluated the eligible categories which the approximate total value remains in excess of the proceeds raised by 2022 ESG Deposit during the reporting period. Nominated eligible categories may evolve over time. The following is detailed information of the eligible categories.



Table 2. Eligible Categories

No.	Eligible Categories	Criteria Applied	Allocated Amount (RMB million)	Proportion
1	Sustainability-linked Loan	- Sustainability-Linked Loan Principles 2021	250.00	23.59%
2	Green Loan	- Green Industry Guidance Catalogue 2019	239.56	22.61%
3	Green Loan	- Green Loan Principles 2021 - Green Industry Guidance Catalogue 2019	570.00	53.80%
Total		/	1,059.56	100.00%

Criteria Applied	Allocated Amount (RMB million)
International standard	820.00
China domestic standard	809.56
Both international and domestic standards	570.00

The following sets forth certain information of sample eligible categories:

Example: A green loan

Borrower's Location	Borrower's Sector	Project	Renewable Energy Capacity Added	Environmental Impact
China	Financial leasing industry	3 solar energy projects and 1 wind power project	358.3 MW	The four projects would produce around 240,504 MWh of electricity each year, with an annual reduction of 72,500 tons of standard coal, 169,500 tons of

				carbon dioxide emissions
--	--	--	--	--------------------------

Example: A sustainability-linked loan

Borrower's Location	Borrower's Sector	Selection of Key Performance Indicator ("KPI")	Loan Characteristics	Reporting and Verification
China	Financial leasing industry	<ul style="list-style-type: none"> - KPI 1: Annual number of small and micro enterprises benefited from inclusive finance - KPI 2: Annual number of Anti-corruption promotions and trainings 	If the selected KPI 1 and/or KPI 2 reached the predefined Sustainability Performance Targets ("SPTs"), the interest rate for next year will be correspondingly reduced compared to the initial rate	Qualified third party should be engaged in order to verify the annual SPTs performance and issue/verify a certificate

Sumitomo Mitsui Banking Corporation (China) Limited

31 July 2023

