

Description on Sumitomo Mitsui Banking Corporation (China) Limited's 2022 ESG Deposit

Sumitomo Mitsui Banking Corporation (China) Limited (the "SMBCCN") plan to issue ESG deposit and SMBCCN has established the *Sumitomo Mitsui Banking Corporation (China) Limited ESG Deposit Framework* (the "Framework") and *ESG Deposit Operational Procedures*. The ESG deposit refers to deposit of which the use of proceeds is to finance and/or refinance eligible loans/bonds with environmental or social benefits, so as to continuously promote SMBCCN's corporate social responsibility strategy and contribute to economic, social and environmental sustainability.

As defined in Framework and *ESG Deposit Operational Procedures*, SMBCCN will issue ESG deposit with reference to the four core components of relevant International Capital Market Association (the "ICMA") principles, as well as in accordance with *Green Loan Principles 2021*, *Social Loan Principles 2021*, *Sustainability Linked Loan Principles 2021*¹, *Green Bond Principles 2018*, *Green Bond Principles 2021*, *Social Bond Principles 2021*, *Sustainability-Linked Bond Principles 2020*², *Green Industry Guidance Catalogue 2019*³, *Catalogue of Green Bond Support Projects 2021*⁴ with regarding to the use of proceeds.

The four core components of relevant ICMA principles defined the use of proceeds, eligible category evaluation and selection, management of proceeds and disclosure of the ESG deposit.

Use of Proceeds

The net proceeds will be 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

¹ *Green Loan Principles 2021*, *Social Loan Principles 2021* and *Sustainability Linked Loan Principles 2021* were Published by the Asia Pacific Loan Market Association, Loan Market Association, Loan Syndications and Trading Association (the "APLMA, LMA, LSTA").

² *Green Bond Principles 2018*, *Green Bond Principles 2021*, *Social Bond Principles 2021* and *Sustainability-Linked Bond Principles 2020* were Published by ICMA.

³ *Green Industry Guidance Catalogue 2019* was jointly published by the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Natural Resources, the Ministry of Ecology and Environment, the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the National Energy Administration.

⁴ *Catalogue of Green Bond Support Projects 2021* was jointly published by the People's Bank of China, the National Development and Reform Commission and China Securities Regulatory Commission.

Eligible Categories	Criteria Applied	
Green Loan	<i>Green Loan Principles 2021</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>
	<i>Catalogue of Green Bond Support Projects 2021</i>	<i>China domestic standard</i>
Social Loan	<i>Social Loan Principles 2021</i>	<i>International standard</i>
Social Bond	<i>Social Bond Principles 2021</i>	<i>International standard</i>
Sustainability-linked Loan	<i>Sustainability Linked Loan Principles 2021</i>	<i>International standard</i>
Sustainability-linked Bond	<i>Sustainability-Linked Bond Principles 2020</i>	<i>International standard</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.

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 shall conduct evaluation and selection of eligible categories.

SMBCCN shall review the eligible categories, and on a timely basis, make replacement as necessary to ensure the proceeds are allocated to eligible categories.

Management of Proceeds

SMBCCN shall maintain 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.

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.

Eligible Categories

SMBCCN has established a list of eligible categories, with an approximated total value of RMB 2,468.77 million. The eligible categories may evolve over time. The following is detailed information of the eligible categories.

Table 2. Eligible Categories

No.	Eligible Categories	Criteria Applied	Loan Amount (RMB Million)	Proportion
1	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	400.00	61.57%
2	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	300.00	
3	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	257.60	

No.	Eligible Categories	Criteria Applied	Loan Amount (RMB Million)	Proportion
4	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	191.35	
5	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	180.00	
6	Green Loan	- <i>Green Loan Principles 2021</i> - <i>Green Industry Guidance Catalogue 2019</i>	115.05	
7	Green Loan	- <i>Green Industry Guidance Catalogue 2019</i>	75.90	
8	Sustainability-linked Loan	- <i>Sustainability Linked Loan Principles 2021</i>	26.25	1.06%
9	Green Bond	- <i>Green Bond Principles 2018</i> - <i>Catalogue of Green Bond Support Projects 2021</i>	2.59	
10	Green Bond	- <i>Green Bond Principles 2021</i> - <i>Catalogue of Green Bond Support Projects 2021</i>	70.03	37.37%
11	Green Bond	- <i>Green Bond Principles 2021</i> - <i>Catalogue of Green Bond Support Projects 2021</i>	200.00	
12	Green Bond	- <i>Catalogue of Green Bond Support Projects 2021</i>	650.00	
Total		<i>I</i>	2,468.77	100.00%

Criteria Applied	Loan Amount (RMB million)
International standard	413.92
China domestic standard	2,442.52
Both international and domestic standards	387.67

The following sets forth certain information of sample eligible category:

- A green loan. The loan is used for two wind power projects. The two wind power projects are located in Anhui Province, China, with a total installed capacity of 150MW. The two projects will produce around 343,445 MWh of electricity each year, with an annual reduction of 104,922 tons of standard coal, 237,260 tons of carbon dioxide.



Sumitomo Mitsui Banking Corporation (China) Limited

18 May 2022

