

Annual Review: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework

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1. Introduction

This document is published by the Japan Research Institute, Limited (hereinafter, JRI), as an annual review of the consistency between the "SMBC-JICA Sustainable Finance Framework" (hereinafter, the Framework) and individual loan projects agreed upon by the Sumitomo Mitsui Banking Corporation (hereinafter, SMBC), its global affiliates, and the Japan International Cooperation Agency (hereinafter, JICA) to implement co-financing projects.

The Framework aims to promote sustainable financing, in which SMBC and JICA integrate sustainable elements such as environmental, social, and governance issues in financing economic activities.

2. Role of review provider and scope of review

The role of the JRI is as an external reviewer that provides the annual review for the Framework. The scope of the review is to confirm whether the Framework is appropriately applied to each loan project that concluded during a given period and whether these projects can promote sustainable finance as intended by the Framework.

3. Results of review



In the review, we find that the Framework was appropriately applied to the loan projects shown in (1). Examining each of the Development Impact Reports (hereinafter, DIR) submitted to SMBC and JICA by the borrowers, we find that the KPIs are appropriately reported, as outlined in the Framework. The loan proceeds are also properly managed. The details are given in (2). Regarding A certain company in ⑤, some of the KPI information was under review and unconfirmed so that SMBC would continue to follow up until the next review.

(1) List of target project

No.	Borrower	Period of loan agreement	Project title
①	Banque Misr SAE	Mar. 2021	Micro, Small and Medium-sized Enterprises and Women's Financial Inclusion Support Project
②	Vietnam Prosperity Joint Stock Commercial Bank (VP Bank)	Oct. 2021	Micro, Small and Medium-sized Enterprises and Women's Financial Inclusion Support Project
③	ACLEDA Bank Plc.	May 2022	Rural Area Agricultural Sector Supporting Project in Cambodia
④	Muangthai Capital Public Company Limited	Sep. 2022	Project for promoting financial inclusion of low-income population in Thailand
⑤	A certain company	Mar. 2022	Support to COVID-19 Response

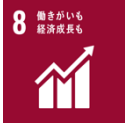

(2) Detail of review

① Banque Misr SAE “Micro, Small and Medium-sized Enterprises and Women’s Financial Inclusion Support Project” (2nd review)

Item	Detail Review
①-1 Consistency between the Framework and loan projects	<p>【Use of Proceeds】 At the time of the loan agreement, we find that the project was concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p>【Process for Project Evaluation and Selection】 We find that the project is evaluated and selected following the process specified in the Framework and social and environmental risk management</p> <p>【Management of Proceeds】 We find that the Borrower confirms their willingness to report its use of proceeds.</p> <p>【Reporting】 We find that the KPI of the project’s impact is appropriately determined, and the Borrower confirms their willingness to report in writing.</p>
①-2 Consistency between the target projects and SDGs	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>Goal 8 : Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> </div> </div> <div style="display: flex; align-items: flex-start; margin-top: 10px;"> <div style="margin-right: 10px;">  </div> <div> <p>Goal 5 : Achieve gender equality and empower all women and girls</p> <p>5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p> </div> </div>



Item	Detail Review			
①-3 KPI of individual projects' impact		Baseline (Jun. 2020)	Reporting (Mar. 2023)	Target (Oct. 2023)
	MSME loan balance	40,000 million EGP	1,568 million EGP	63,541 million EGP (2026/4)
	(Within that, loan balance of WMMSME)	4,815 million EGP	484.5 million EGP	19,062 million EGP
	increase in number of borrowers of MSME loans due to JICA's loan	0 people	427 people	4,589 people
	(Within that, increase in number of borrowers of WMMSME loans)	0 people	180 people	1,970 people
①-4 Management of proceeds	In reviewing the DIR, we find that the Borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance			

② VP Bank “Micro, Small and Medium-sized Enterprises and Women’s Financial Inclusion Support Project” (1st review)

Item	Detail Review
<p>②-1 Consistency between the Framework and loan projects</p>	<p>【Use of Proceeds】 At the time of the loan agreement, we find that the project was concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p>【Process for Project Evaluation and Selection】 We find that the project is evaluated and selected following the process specified in the Framework and social and environmental risk management</p> <p>【Management of Proceeds】 We find that the Borrower confirms their willingness to report its use of proceeds.</p> <p>【Reporting】 We find that the KPI of the project’s impact is appropriately determined, and the Borrower confirms their willingness to report in writing.</p>
<p>②-2 Consistency between the target projects and SDGs</p>	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 20px;">  </div> <div> <p>Goal 8 : Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> </div> </div> <div style="display: flex; align-items: flex-start; margin-top: 20px;"> <div style="margin-right: 20px;">  </div> <div> <p>Goal 5 : Achieve gender equality and empower all women and girls</p> <p>5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p> </div> </div>



Item	Detail Review			
②-3 KPI of individual projects' impact		Baseline (Dec. 2020)	Reporting (Dec. 2022)	Target (Dec. 2025)
	Total amount of loans to MSME borrowers to which the Borrower provides loans for the first time after Disbursement Date	1,102 million USD	3,774 million USD	2,742 million USD
	Total amount of loans to WMSME borrowers to which the Borrower provides loans for the first time after Disbursement Date	298 million USD	995 million USD	743 million USD
	Number of bank accounts of MSME for which the Borrower opens for the first time after Disbursement Date	8,549	9,241	21,273
	Number of bank accounts of WMSME for which the Borrower opens for the first time after Disbursement Date	2,013	2,236	5,009
	Proportion of loan balance to MSME borrowers out of total loan portfolio of the Borrower	8.7%	11.3%	12.8%
	Proportion of loan balance to WMSME borrowers out of total loan portfolio of the Borrower	2.4%	3.0%	3.5%
	Total accumulative amount of disbursed loans to MSME borrowers to which the Borrower provides loans by using the Facility B Loan	0 million USD	25 million USD	25 million USD
	Number of MSME borrowers to which the Borrower provides loans by using the Facility A Loan and the Facility B Loan	0 people	213 people	545 people
	②-4 Management of proceeds	In reviewing the DIR, we find that the Borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance		

③ ACLEDA Bank “Rural Area Agricultural Sector Supporting Project in Cambodia” (1st review)

Item	Detail Review
<p>③-1 Consistency between the Framework and loan projects</p>	<p>【Use of Proceeds】 At the time of the loan agreement, we find that the project was concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p>【Process for Project Evaluation and Selection】 We find that the project is evaluated and selected following the process specified in the Framework and social and environmental risk management</p> <p>【Management of Proceeds】 We find that the Borrower confirms their willingness to report its use of proceeds.</p> <p>【Reporting】 We find that the KPI of the project’s impact is appropriately determined, and the Borrower confirms their willingness to report in writing.</p>
<p>③-2 Consistency between the target projects and SDGs</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div data-bbox="486 1077 619 1205">  </div> <div data-bbox="643 1070 1359 1366"> <p>Goal 1 : End poverty in all its forms everywhere</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> </div> <div data-bbox="486 1417 619 1541">  </div> <div data-bbox="643 1411 1359 1753"> <p>Goal 2 : End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p> </div> </div>

Item	Detail Review			
③-3 KPI of individual projects' impact		Baseline (Mar. 2022)	Reporting (Dec. 2022)	Target (Mar. 2025)
	Amount of loans disbursed and originated by Facility B	0million USD	50million USD	50million USD
	Number of Agriculture loans disbursed and originated by Facility B	0 people	1,843 people	7,000 people
③-4 Management of proceeds	In reviewing the DIR, we find that the Borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance			

④ Muangthai Capital Public Company Limited “Project for promoting financial inclusion of low-income population in Thailand” (1st review)

Item	Detail Review
④-1 Consistency between the Framework and loan projects	<p>【Use of Proceeds】 At the time of the loan agreement, we find that the project was concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p>【Process for Project Evaluation and Selection】 We find that the project is evaluated and selected following the process specified in the Framework and social and environmental risk management</p> <p>【Management of Proceeds】 We find that the Borrower confirms their willingness to report its use of proceeds.</p> <p>【Reporting】 We find that the KPI of the project’s impact is appropriately determined, and the Borrower confirms their willingness to report in writing.</p>
④-2 Consistency between the target projects and SDGs	<p> Goal 1 : End poverty in all its forms everywhere</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p> Goal 8 : Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>

Item	Detail Review			
④-3 KPI of individual projects' impact		Baseline (Mar. 2022)	Reporting (Dec. 2022)	Target (Mar. 2025)
	Amount of loans disbursed and originated by Facility B	0million THB	3,629million THB	3,370million THB
	Agricultural Loan	0million THB	1,799million THB	1,666million THB
	Nano Loan	0million THB	1,040million THB	685million THB
	Personal Loan	0million THB	790million THB	1,018million THB
	The number of loan contracts who borrow from Facility B	0people	134,706 people	194,793 people
	Agricultural Loan	0 people	19,602 people	26,569 people
	Nano Loan	0 people	37,661 people	27,128 people
	Personal Loan	0 people	77,443 people	141,096 people
	④-4 Management of proceeds	In reviewing the DIR, we find that the Borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance		

Reference List

No.	Document Name
1	Third-Party Opinion: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework (dated 30 march 2021)
2	(For the projects ①②③④⑤) Check-sheet of SMBC-JICA Sustainable Finance Framework (closed document)
3	(For the projects ①②③④) Schedule 8 - Form of Development Effectiveness Monitoring Report, Development Impact Report (closed document)

About the Japan Research Institute, Limited

(1) Corporate Profile

- Company name The Japan Research Institute, Limited
- Established February 20, 1969
- Capital 10 billion yen
- Employees 2,962 (As of March 31, 2023)
- Shareholder Sumitomo Mitsui Financial Group, Inc.
- Head office Tokyo Head Office: 18-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo 141-0022, Japan
Osaka Head Office: 2-4, Tosabori 2-chome, Nishi-ku, Osaka City, Osaka 550-0001, Japan
- Overseas Office Singapore
- Subsidiary Companies
 - JAIS, Limited
 - JSOL Corporation
 - JRI America, Inc. (New York)
 - JRI Europe, Ltd. (London)
 - The Japan Research Institute (Shanghai) Solution Co., Ltd.
- Registration of business
PRIVACY MARK LICENSE NUMBER: 11820002 (13)

(2) Expertise as an external reviewer

Since 1999, JRI has been engaged in activities to mainstream ESG considerations in financial activities. It has been involved in developing and managing various ESG-friendly financial products, including loans, bonds, equity, leases, and funds, mainly for financial institutions. It comprises members with diverse experience and expertise related to ESG and SDGs, who propose policy recommendations to the government and institutional design to local governments.

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