

【NEWS RELEASE】

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Sumitomo Mitsui Banking Corporation

SMBC Launches Sustainability-Linked Loan for Overseas Japanese Customers

TOKYO, February 5, 2021 --- Sumitomo Mitsui Banking Corporation (“SMBC”) President and CEO: Makoto Takashima) announced today the launch of Sustainability-Linked Loan (“SLL”) financing for its overseas Japanese customer’s ESG (※1) and SDGs (※2) related activities.

The objective of SLLs is to promote and support environmentally and socially beneficial economic activities by linking corporate loan terms with a customer’s performance against mutually-agreed, sustainability performance targets (“SPTs”) consistent with a customer’s sustainability strategy. The objective of the SLL is to incentivize customers to improve their sustainability performance.

SMBC arranges SLLs in accordance with the Sustainability-Linked Loan Principles (“SLLPs”) published by the Loan Market Association (“LMA”) (※3), Loan Syndications and Trading Association (“LSTA”) (※4) and Asia Pacific Loan Market Association (“APLMA”) (※5).

The first SLL financing was extended to Bridgestone Americas, Inc. and closed by SMBC as sole Arranger, Administrative Agent and Sustainability Coordinator on January 31, 2021. This is the first SLL financing arranged by SMBC for an overseas Japanese customer.

The loan was successfully syndicated amongst a club of banks and features a sustainability-linked pricing adjustment mechanism tied to Bridgestone Corporation’s ESG evaluation scores as assessed by Sustainalytics (CEO: Michael Jantzi) (※6) and FTSE Russell (CEO: Waqas Samad) (※7). The financing was structured by SMBC in accordance with the SLLPs and pertinent market guidance.

As announced on April 13, 2020, SMBC Group including SMBC has established “SMBC Group GREEN × GLOBE 2030”, a ten-year plan that extends to 2030 based on the Sustainability Statement. Particularly, in order to take actions in solving environmental issues, a target of JPY 10 trillion has been set for Green Finance to be achieved by the end of FY2029.

Based on the Sustainability Statement, SMBC will engage and act together with customers and other stakeholders to contribute to the global transformation into a better society.

(※1) ESG

ESG stands for Environmental, Social, and Governance and indicates three key criteria for consideration to conduct business activities in a sustainable and socially responsible manner. ESG is an area of growing interest, providing standards for a company's operations that impact the environment, reflect its relationships and govern how the company manages itself:

(※2) SDGs

SDGs is an abbreviation for Sustainable Development Goals. 17 goals were adopted by 193 UN member states at the UN General Assembly in September 2015 as part of Agenda 2030; a global action plan through the year 2030. The 17 goals and 169 targets are for all countries and regions, not only emerging but also developed ones, to realize by the year 2030 a world in which no one is left behind with regards to issues such as poverty, equality, education, and the environment.

(※3) LMA

Headquartered in London, the LMA was established in 1996 to promote the expansion of the loan market in Europe, the Middle East and Africa. Approximately 750 financial institutions from more than 65 countries are members, including SMBC.

(※4) LSTA

Headquartered in New York, the LSTA has been the leading advocate for the U.S. syndicated loan market since 1995, fostering cooperation and coordination among all loan market participants, facilitating just and equitable market principles, and inspiring the highest degree of confidence among investors in corporate loan assets. SMBC is a member of the LSTA.

(※5) APLMA

Headquartered in Hong Kong and founded in 1998, the APLMA is a professional not-for-profit trade association which represents the interests of institutions active in the syndicated loan markets in the Asia-Pacific region. SMBC is a member of the APLMA.

(※6) Sustainalytics

Sustainalytics is an independent research and rating agency specializing in Responsible / ESG investment with a global research network. Headquartered in Amsterdam, the Netherlands, Sustainalytics provide ESG-related data to more than 700 asset owners and asset managers.

(※7) FTSE Russell

FTSE Russell, a wholly owned subsidiary of the London Stock Exchange Group (LSEG), as a global index provider, has calculated thousands of indicators to measure and benchmark markets and asset classes, currently targeting 70 countries. FTSE Russell covers 98% of the world's investable markets in more than one country.