

【NEWS RELEASE】

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Sumitomo Mitsui Banking Corporation

Launch of the SMBC-JICA Sustainable Finance Framework

TOKYO, April 5, 2021 --- Sumitomo Mitsui Banking Corporation (“SMBC”, President and CEO: Makoto Takashima) and the Japan International Cooperation Agency (“JICA”, President: Shinichi Kitaoka) have launched the SMBC-JICA Sustainable Finance Framework (“the Framework”). The purpose of the Framework is to support clients’ ESG (※1)/SDGs(※2) related initiatives and promote the spread of sustainable finance in the loan market. The Framework will apply to overseas co-finance loans.

This is the first initiative in Japan where a private financial institution (SMBC) and a development financial institution (JICA) have collaborated to launch a sustainable finance framework that evaluates the development impact of clients’ projects based on common business impact evaluation and monitoring methods.

The Framework has been reviewed by the Japan Research Institute, Ltd. (“JRI”, President and CEO: Katsunori Tanizaki) and received JRI’s third party opinion (※3) confirming the Framework’s consistency with the relevant guidelines and principles (※4). SMBC will also conduct an annual review for each project that has received funds under the Framework to ensure that those projects continue to operate according to the Framework.

SMBC and JICA successfully closed the first co-financing transaction utilizing the Framework with Banque Misr SAE, an Egyptian state-owned commercial bank. The funds will be used to support micro, small, and medium-sized enterprises, especially those that are owned or run by women. This loan is the first loan that JICA co-financed with a Japanese private financial institution targeting the Middle East and North Africa after JICA resumed its overseas investments and lending activities .

SMBC will contribute to the materialization of a sustainable society by proactively providing financial support to customers who consider ESG/SDGs an important business issue and supporting the development of national and regional economies throughout the world.

(※1) ESG

ESG stands for Environmental, Social, and Governance. It illustrates the three key areas in which corporations must consider/take responsibility for when engaging in business activities.

(※2) SDGs

SDGs stands for Sustainable Development Goals. 17 goals and 169 targets were ratified by the United Nations General Assembly to act as a "blueprint to achieve a better and more sustainable future for all" by the year 2030. SDGs apply to both industrialized and developing nations, and targets have been set in areas such as combating poverty, gender equality, education, the environment, etc.

(※3) Third Party Opinion

The purpose of a third-party opinion is to evaluate consistency in terms of the four components of the relative guidelines and principles: (1) use of proceeds, (2) project evaluation and selection process, (3) management of proceeds, and (4) reporting.

(※4) Guidelines and Principles

- "Green Bond Principles," "Social Bond Principles," and "Sustainability Bond Guidelines" published by the International Capital Market Association (ICMA)
- "Green Loan Principles" and "Sustainability Linked Loan Principles" published by the Loan Market Association (LMA). (Sustainability Performance Targets linked to a loan's terms and conditions will be set and the use of the proceeds identified for projects that are based on "Sustainability Linked Loan Principles.")