

Third-Party Opinion: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework

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I. Summary

1. Introduction

This document is published by the Japan Research Institute, Limited (hereinafter, JRI), as a third-party opinion for the result of a review of the consistency between the following principles and guidelines (hereinafter, the Principles) and the "SMBC-JICA Sustainable Finance Framework" (hereinafter, the Framework), under which Sumitomo Mitsui Banking Corporation (hereinafter, SMBC) and the Japan International Cooperation Agency (hereinafter, JICA) operate in implementing co-financing projects:

- Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines issued by the International Capital Markets Association
- Green Loan Principles and Sustainability Link Loan Principles issued by the Loan Market Association, and so forth.

The purpose of launching the Framework is to promote sustainable financing, in which SMBC and JICA integrate sustainability elements such as the environment, social, and governance issues into the financing of economic activities.

2. Role of review provider and scope of review

The role of the JRI is as an external reviewer that provides a third-party opinion for the Framework. While external reviews recommended by the Principles generally cover borrowers, this review is to be conducted for lenders such as financial institutions, namely, SMBC and JICA.

The scope of the review is to confirm whether the Framework is appropriate in accordance with the Principles' four components: i) use of proceeds, ii) process for project evaluation and selection, iii) management of proceeds, and iv) reporting. Individual projects under the Framework were not included in this review.

3. Our opinion

As a result of reviewing the Framework based on the four components indicated by the Principles, we find that the Framework is consistent with the Principles and contributes to sustainable finance.

Regarding "use of proceeds," we find that transparent eligibility criteria have been set for both SMBC and JICA. Regarding the "process for project evaluation and selection," we find the evaluation system and selection process to be consistent with the of both parties' organizational policies. In addition, we find that the policies for dealing with sectors with high social and environmental risks have been appropriately disclosed. We endorse the inclusion of an annual review process to ensure compliance between the Framework and individual project is highly evaluated, as this will enhance the effectiveness of the appropriate "management of proceeds" and transparent "reporting" by borrowers.

In conclusion, we believe that the use of the Framework will effectively promote sustainable finance with a focus on managing impacts.

II. Main part

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1. Financial institutions using the Framework

(1) Sumitomo Mitsui Banking Corporation

① Company Profile

Sumitomo Mitsui Banking Corporation is a Japanese multinational bank belonging to the SMBC Group (hereinafter, the Group), one of the three largest financial groups in Japan, and plays a central role in the banking business of the Group.

② Business Profile

1) Banking

The Group conducts the following types of business transactions: deposits, lending, commodity securities trading, securities investment, domestic exchange, foreign exchange, corporate bond trustee and registration, financial futures trustee transaction, over-the-counter sales of securities investment trusts, and other financial transactions.

2) Leasing

3) Other businesses

The Group also conducts business in the areas of credit, securities, investment advisories, data processing, information services, overseas business, and so forth.

③ SMBC Group Philosophy

1) Mission

We grow and prosper together with our customers by providing services of greater value to them.

We aim to maximize shareholder value through the continuous growth of our business.

We create a work environment that encourages and rewards diligent and highly motivated employees.

We contribute to a sustainable society by addressing environmental and social issues.

2) Vision

A trusted global solution provider committed to the growth of our customers and the advancement of society

3) Five Values

INTEGRITY:	As a professional, always act with sincerity and a high ethical standard.
CUSTOMER FIRST:	Always look at it from the customer's point of view and provide value based on their individual needs.
PROACTIVE & INNOVATIVE:	Embrace new ideas and perspectives, and do not be deterred by failure.
SPEED & QUALITY:	Differentiate ourselves through the speed and quality of our decision-making and service delivery.
TEAM SMBC GROUP:	Respect and leverage the knowledge and diverse talent of our global organization as a team.

④ Medium-Term Management Plan

The following two policies have been adopted as business strategies:

1) Transformation: Reforming the existing business model

The Group aims to improve the of its major domestic and overseas businesses' profitability and efficiency by drastically reforming the business models and cost structures to ensure a well-balanced allocation of

resources. Specifically, the Group will build a sales structure that responds to market potential and review resource allocations, primarily in the domestic business. Additionally, the Group will pursue improvements in both customer service quality and operational productivity through store reforms, digitisation, and streamlining headquarters operations. Furthermore, in domestic and overseas markets where growth is expected, the Group will review its business models and organisational structures to make the most of its comprehensive capabilities and improve its ability to respond to customer needs and enhance the competitiveness of its products and services.

2) Growth: Challenging new business areas

While making steady investments for the future, we will strive to expand our earnings base by capturing new growth opportunities, including in the nonfinancial sector, and create added value. Specifically, in light of the structural changes in the financial market, the Group will work to strengthen asset-oriented businesses, including asset management and settlement businesses. The Group will also work to expand its business platform for future growth by expanding its franchises in Asia, where the market is expected to expand over the medium to long term. The Group will develop new business solutions using digital technology and data. In implementing these measures, we intend to strengthen our organic business base and actively use acquisition and alliance strategies that leverage our capital resources.

⑤ Sustainability Policy

- In FY 2020, the SMBC Group issued the ‘SMBC Group Statement on Sustainability’ that included the ‘SMBC Group GREEN × GLOBE 2030’, a 10-year plan to realise sustainability that set a 10-year long-term target for the amount of green financing and other items. The Group reports annually on its sustainability progress.
- Aiming for a society in which everyone can enjoy economic prosperity and happiness, the Group identified three priority issues: environment, community, and the next generation. To meet the United Nations’ 2030 target for its Sustainable Development Goals (SDGs), the Group will identify, clarify, and tackle the priority items and issues to be carried out.
- As part of the SMBC Group sustainability management system, the Sustainability Promotion Conference administrated by the SMBC Group Planning Department’s Corporate Sustainability Department will plan and draft measures to address climate change, as well as the other SDGs and environment, social, and governance (ESG) promotion measures for the entire Group. These measures will be executed under the supervision of the Group CSO, the director in charge who is a member of the Board of Directors. The promotion plan and important measures are deliberated and decided by the Corporate Sustainability Committee, chaired by the Group CEO.

⑥ Statement of Support for the Principle of Responsible Banking

In September 2019, the SMBC Group signed the Principles for Responsible Banking (PRB), which is advocated by the United Nations Environment Programme Finance Initiative. The PRB encourages banks to set goals and strategy in line with the social goals set out in the SDGs and the Paris Agreement to achieve sustainable development of society.

(2) Japan International Cooperation Agency

① Objective

Established as an Incorporated Administrative Agency under the Act of the Incorporated Administrative Agency - Japan International Cooperation Agency (Act No. 136, 2002), JICA aims to contribute to the promotion of international cooperation as well as the sound development of the Japanese and global economy by supporting the socioeconomic development, recovery, or economic stability of developing regions.

② Business Profile

To achieve the purpose mentioned in the preceding section, the following activities are conducted:

- Technical cooperation
- ODA Loan
- Grant aid
- Promotion of citizens' cooperative activities
- Support for overseas migrants
- Training and securing personnel for technical cooperation
- Research and study
- Stockpiling and provision of emergency relief goods and materials
- Dispatch of Japan Disaster Relief Team

③ Vision/Mission/Action

- **Mission:** JICA, in accordance with the Development Cooperation Charter, will work on human security and quality growth.
- **Vision: “Leading the world with trust”**
JICA, with its partners, will take the lead in forging bonds of trust across the world, aspiring for a free, peaceful, and prosperous world where people can hope for a better future and explore their diverse potential.
- **Action:**
 1. Commitment: Commit ourselves with pride and passion to achieving our mission and vision;
 2. Gemba: Dive into the field ("gemba") and work together with the people;
 3. Strategy: Think and act strategically with broad and long-term perspectives;
 4. Co-creation: Bring together diverse wisdom and resources;
 5. Innovation: Innovate to bring about unprecedented impacts. (Revised July 2017)

④ Medium-term Targets and Annual Plans

Based on the fourth Medium-term Objectives of the Japan International Cooperation Agency (April 2017 to March 2022), the FY 2019 Plan lists the following items as priority measures for Japan's development cooperation in order to achieve the objectives:

1. Secure a foundation and driving force for economic growth in developing areas (“Quality growth” and poverty eradication through such growth);
2. The promotion of human-centered development that supports the basic lives of people in developing regions;
3. Sharing universal values, and realizing a peaceful and safe society;
4. Building a sustainable and robust international community through efforts to address global issues;
5. Priority activities in the region;
6. Contributing to the resolution of development issues through cooperation with the private sector, and so forth;
7. Strengthening and expanding the links between diverse actors and developing regions;
8. Strengthening the business execution base.

⑤ Private Sector Investment Finance

As overseas economic cooperation operations carried out by JICA, projects are carried out by private companies and so forth with high development effects. When it is difficult for private financial institutions to handle such operations alone, they are supported by PSIF's two financial resources: "investments" and "loans."

(1) Target Category

- i) infrastructure and growth acceleration and
- ii) SDGs (including poverty reduction and climate change measures):
 1. Infrastructure projects in the fields of electricity, transportation, water supply and sewerage, waste treatment, healthcare, education, and so forth are implemented by private companies and so forth;
 2. Development of key human resources for industrial development;
 3. Businesses that improve the lives of the poor and contribute to social development (BOP (Base of Pyramid) Business, etc.);
 4. Microfinancing for the poor and micro enterprises;
 5. Support for SMEs that contribute to employment expansion and projects that contribute to climate change measures such as afforestation, disaster control, energy conservation, and pollution control.

(2) Conditions for PSIF projects

- Those that are in line with the development policy and so forth of the relevant national governments and have high development effects.
- The business plan is appropriate and achievable.
- Support from JICA is necessary to achieve the project.
- Loans or equity investments by existing financial institutions are not enough to achieve the project.
- Reduction of country risk in the country where the project is implemented, acceleration and promotion of private financing, and cases where the added value provided by JICA is imperative to achieve the project the added value provided by JICA.

⑥ JICA Bonds [*]1

The term "JICA bonds" collectively refers to two types of bonds: FILP agency bonds, which have been issued since 2008 to finance ODA loan projects implemented by JICA, and government guaranteed foreign bonds, which have been issued since 2014. ODA loan projects, in which the entire amount of the procured funds is used, support the economic and social development efforts of developing countries by lending development funds to them at low interest rates on long-term, moderate terms, for public works projects and so forth.

⑦ Signing of the Impact Investment Management Principles [*]2

JICA signed the Operating Principles for Impact Management developed by the International Finance Corporation in August 2019. This principle sets out the requirements for investment in companies and institutions that are interested in social and environmental impacts, as well as economic benefits. The widespread sharing of this principle is expected to promote investments that both pursue economic returns and contribute to a measurable positive social and environmental impact.

1 JRI, issued a second opinion to JICA in 2016 "JICA bonds as social bonds" and 2019 "TICAD bonds as social bonds" based on the ICMA Principles.

2 JICA Press Release https://www.jica.go.jp/press/2019/20190826_10.html

2. Evaluation Criteria

A third-party opinion for the Framework will be prepared in accordance with the following evaluation criteria. At the time of launching the Framework, the four components shown in (1) will be checked for consistency with the Framework and the Principles. At the end of each year, an annual review will be conducted by an external reviewer, which confirms the points shown in (2) as to whether each loan project is aligned with the concept of the Framework.

(1) Four Components of the Principles

This assessment is based on the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines presented by the International Capital Markets Association, and the Green Loan Principles and Sustainability Link Loan Principles presented by the Loan Market Association. [*]³

All of these are aimed at ensuring transparent processes and information disclosure for funding entities (borrowers). As a basic principle, they require the disclosure of information on the four core elements of “use of proceeds,” “process for project evaluation and selection,” “management of proceeds,” and “reporting.” The four components are described in detail below.

① Use of Proceeds

This component clarifies the eligibility criteria for the type of assets and projects in which the proceeds are used. For projects that raise funds under the Principles, borrowers are required to demonstrate the quantified social and environmental benefits as clearly as possible.

② Process for Project Evaluation and Selection

This component shows how the project is evaluated and selected based on the eligibility criteria and social objectives described in (1) of the preceding paragraph. It is also necessary to clarify the criteria for exclusion from projects and the social and environmental risk management methods resulting from the implementation of projects. The Principles recommends the use of external assessments to ensure transparency in the process.

③ Management of Proceeds

This component checks whether there is a system in which the borrower manages the proceeds in an appropriate account or manner so that they are not used for purposes other than those indicated as the use of proceeds. To ensure transparency, it is recommended to employ auditors, conduct audits by a third party, or conduct self-audits.

④ Reporting

This component is used to determine if the borrower updates the results of the use of the funds raised. It is necessary to disclose the outline, amount, expected impact, and so forth of the projects funded by the proceeds. In particular, for the expected impact, it is recommended to include quantitative and qualitative indicators, their main evaluation methods, and evaluation hypotheses.

³ Part of the Principles indicates bond issuance. Although the financing method is different from bond issuing to loan borrowing, it is judged that the direction of cofinancing under the Framework has common elements with the bond principles in terms of financing for social and environmental issues.

(2) Points to be Checked in the Annual Review

In the annual review, the following items will be reviewed.

- ① **Consistency between the Framework and loan projects**
 - Is the use of proceeds for an individual project consistent with the eligibility criteria set by the Framework?
 - Have individual project were concluded through the appropriate evaluation and selection processes defined in the Framework?

- ② **Consistency between the target projects and the SDGs (Sustainable Development Goals)**
 - What are the main Goals and Targets of the SDGs that can be judged to contribute to their achievement through individual projects?
 - How does each project ensure a socially-inclusive perspective on the beneficiaries of the projects emphasized by the SBP?

- ③ **Assessment of individual projects' impact**
 - What are each project's positive impacts (quantitative and qualitative effects), and what measures are taken to reduce negative impacts?
 - Whether evaluation indicators to measure the above impacts are appropriately set, and whether these indicators have been agreed on how to share and monitor between lenders and borrowers .

- ④ **Appropriate management of proceeds**
 - What is each project's total amount and balance of funds ?

3. Overview of the SMBC-JICA Sustainable Finance Framework [*]

(1) Use of Proceeds

Item	Contents
Overview	<ul style="list-style-type: none"> ● Loans extended under the Framework are defined as those that contribute to the co-financing of PSIF by JICA and SMBC, improve certain environmental and social issues, and that have a quantitative effect. ● The target category of JICA's PSIF is 1) accelerating infrastructure growth, and 2) the achievement of SDGs (including poverty reduction and climate change measures). ● From among the above category, qualification shall be determined on an individual basis with reference to "Examples of SDGs Green, Social, and Sustainability Loans " prepared by SMBC.
Exclusion Criteria in the Framework	<ul style="list-style-type: none"> ● Projects whose use of proceeds is inconsistent with SMBC's Credit policies shall be excluded. ● Projects shall be excluded if they are listed as nonqualified green projects and sectors under the SMBC Green Bond Framework: fossil fuel ;assets; fossil fuel based transportation or infrastructure; transportation with the main objective of transporting fossil fuel; defense and security; palm oil; wood pulp; nuclear power generation; coal-fired power generation and all mining and tobacco sectors. [*]4 ● Loans for the following projects and sectors that are likely to have a significant negative impact on the environment and society must meet specific conditions: coal-fired power generation; hydroelectric power generation; oil and gas, mining; tobacco production, nature reserves; palm oil plantations; deforestation; cluster bombs, and other production of lethal weapons). [*]5 ● If, as a result of the review by SMBC, it is determined that a proposed loan project falls under the exclusion criteria, the project will be excluded from the applicable projects of the Framework and will be continuously reviewed.

4 <https://www.smf.co.jp/english/sustainability/materiality/environment/procurement/> (as of Jan 2021)

5 <https://www.smf.co.jp/english/sustainability/esg/environment/> (published 16 April 2020)

(2) Process for Project Evaluation and Selection

Item	Contents
Summary of Eligibility Criteria	<ul style="list-style-type: none"> ● SMBC will examine the following points: <ol style="list-style-type: none"> ① Details of the target project; ② Consistency with social and environmental issues; ③ Creation of social impact; ④ Management of proceeds; ⑤ Disclosure of impact. ● JICA's loan aid operations (including PSIF) are implemented through a screening and selection process involving the Japanese government and external experts. ● Individual projects are evaluated and selected to ensure compatibility with the JICA Law, the Development Cooperation Charter, and the relevant developing countries' economic and social development plans. The project plans are verified by the Development Assistance Committee (DAC) using the Organisation for Economic Co-operation and Development's (OECD) 'six DAC ratings'.
Financing Process	<ul style="list-style-type: none"> ● The outline of the process up to loan disbursement is as follows: <ol style="list-style-type: none"> ① Prepare and verify a check sheet for each relevant SMBC department to confirm that the use of proceeds meets the eligibility criteria; ② Determine that the funds' use meets the eligibility criteria; ③ If it is determined that the selection criteria and eligibility have not been met, the lenders shall consult with the borrower, make modifications, and return to ① so that the loans concerned are consistent with the Framework; ④ Once the business has been verified as eligible, the credit screening can proceed. The SMBC's credit department then approves or rejects the loan.
Environmental and Social Considerations in Business Activities, Guidelines, etc.	<ul style="list-style-type: none"> ● SMBC Credit Policy ● Environmental and social risk assessment and monitoring based on the Equator Principles ● Business and sector policies that are likely to have a major impact on the environment and society ● JICA Guidelines for Environmental and Social Considerations ● JICA Anti-Corruption Guidance
Process Transparency	<ul style="list-style-type: none"> ● The outline of the evaluation selection process of SMBC is disclosed on the website. ● JICA's evaluation selection process shall be disclosed based on the content of ex-ante evaluations.

(3) Management of Proceeds

Item	Contents
Method for Tracking and Managing Proceeds	<ul style="list-style-type: none"> ● SMBC's lending branch receives reports from the borrower when the loans are used for eligible projects or on an annual basis. ● The credit facility shall annually report the status of fund allocation management to the SMBC Sustainable Business Promotion Department's nomination.

(4) Reporting

Item	Contents
Setting up a KPI	<ul style="list-style-type: none"> ● The KPI (output basis) will be set by JICA and SMBC in consultation on the results of projects to which funds have been allocated.
Disclosure Method, Frequency, and Management Method for Impact Reporting	<ul style="list-style-type: none"> ● The borrower shall annually report on the status of the appropriation of proceeds. The content will be verified by relevant SMBC departments.
Internal Audits and External Reviews	<ul style="list-style-type: none"> ● JICA conducts ex-ante and ex-post evaluations of all loan aid operations (projects for which the amount of cooperation is 200 million yen or more) based on the "six DAC ratings" used for international ODA evaluation. ● External reviews shall be conducted annually to confirm the consistency of the Framework and the status of individual businesses. The results of the review shall be made public.

4. Third-Party Opinions

This chapter evaluates the Framework described in Chapter 3 based on the evaluation criteria in Chapter 2, and summarizes it as the third-party opinion of the JRI.

(1) Summary

As a result of reviewing the Framework based on the four components indicated by the Principles, we find that the Framework is consistent with the Principles and contributes to sustainable finance.

Regarding “use of proceeds,” we find that transparent eligibility criteria have been set for both SMBC and JICA. Regarding the “process for project evaluation and selection,” we find the evaluation system and selection process to be consistent with the of both parties’ organizational policies. In addition, we find that the policies for dealing with sectors with high social and environmental risks have been appropriately disclosed. We endorse the inclusion of an annual review process to ensure compliance between the Framework and individual project is highly evaluated, as this will enhance the effectiveness of the appropriate “management of proceeds” and transparent “reporting” by borrowers. In conclusion, we believe that the use of the Framework will effectively promote sustainable finance with a focus on managing impacts.

Recently, as the global sustainable finance market has expanded, the importance of impact measurement and management of business operations has been emphasized. Building a co-financing framework between SMBC, a private financial institution, and JICA, a development finance institution, provides an opportunity for both sides to share their experiences and achievements. Through these efforts, it is expected that private financial institutions other than SMBC will be able to attract more funds to developing countries, which is significant for both parties from the perspective of contributing to the sustainable finance market.

(2) Four components of the Principles

① Use of Proceeds

In accordance with the Framework, there are transparent eligibility criteria for projects co-financed by SMBC and JICA.

The areas covered by JICA's Private Sector Investment Finance will contribute to the acceleration of infrastructure development and economic growth, as well as the achievement of the SDGs, and will contribute to the resolution of environmental and social issues outlined in the Principles. However, as a result of confirming the "Examples of how SDGs Green, Social, and Sustainability Loans are used" as established by SMBC for its own use, it was judged that all of these examples contribute to solving certain environmental or social problems.

The exclusion criteria defined in the Framework are consistent with the existing SMBC Green Bond Framework, and projects that are not covered by green bonds are, in principle, excluded from the scope of the Framework. In addition, SMBC has established loan policies for projects and sectors that are likely to have a significant negative impact on the environment and society, and considers avoiding or reducing such impacts.

The possibility cannot be ruled out that in the future, projects and sectors approved by one party but the other party might be reconsidered by SMBC and JICA. If projects and sectors meet any of the exclusion criteria, it is appropriate not to apply the Framework for these projects and sectors which are not regarded as sustainable finance. In light of the purpose of establishing the Framework which contributes to the sustainable finance market, there is a risk that the easy occurrence of projects that are not covered by the Framework may be regarded as a double standard.

② Process for Project Evaluation and Selection

The Framework specifies that the evaluation and selection process for target projects be consist with the organizational and sustainability policies of SMBC and JICA.

At SMBC, the relevant departments share their roles and responsibility, and its checklist is prepared to judge whether each candidate loan project meets the eligibility criteria of the Framework. Therefore, the Framework was designed to appropriately share information among relevant departments. In addition, non-financial risk management for projects of a certain size is carried out by specialized departments conducting environmental and social risk assessments based on the Equator Principles.

As for JICA's Private-Sector Investment Finance, its loan projects are evaluated and selected in consistency with Country Assistance Policies and its selection process covers several objective assessment. The Principles recommend the utilization of external assessments for this selection and evaluation process to improve transparency so that this process is consistent with this Principles.

Both SMBC and JICA have established evaluation system for assessing environmental and social aspects, relevant guidelines to be followed, and policies for dealing with sectors identified as having high environmental and social risks, which are also available on their websites.

While SMBC and JICA have established their own and proven selection and evaluation systems, it was confirmed that an operational flowchart attached to the Framework clearly indicates the content and timing of information sharing between SMBC and JICA, and how to explain the necessary information to their borrower.

③ Management of Proceeds

The Framework is designed to facilitate each borrower to properly manage its proceeds as the lenders receive annual external review which confirms consistency between the Framework and each loan.

At the time we compiled this third-party opinion, it was not possible for the lenders to ensure that its borrower of the loan under the Framework can properly manage its proceeds. However, at the time of the loan agreement, SMBC and JICA will require each borrower to report annually to the lenders on whether the loan is being used for eligible projects consistent with the intended use of proceeds. In addition, the consistency between the Framework and each loan will be reviewed annually by an external party.

Through these efforts, we evaluated that applying the Framework will ensure the transparency of the borrower's fund management which is required by the Principles.

④ Reporting

The Framework is designed to promote each borrower's information disclosure as the lenders receive annual external review based on the annual reporting from the borrower.

At the time we compiled this third-party opinion, it was not possible for the lenders to ensure that individual borrowers' appropriately disclosed information. However, at the time of the loan agreement, it is stipulated that the borrower of each project under the Framework will be required to report the impact of the project on the social and environmental aspects, as well as the results of the financial management described in ③ of the preceding paragraph, to SMBC and JICA on an annual basis. In addition, the consistency of these annual reports with the Framework will be reviewed annually by an external evaluator. The results of the annual review will be made available on the SMBC website and are consistent with the disclosure elements and methods recommended by the Principles.

Through our review, we determined that applying the Framework will promote transparency regarding individual projects because of the lenders' initiative in compiling the borrowers' information disclosure, as required by the Principles.

Furthermore, in order to ensure the effectiveness of the Framework, SMBC and JICA must confirm

that the borrowers understand the importance of its implementation before the loan screening can progress; they must also establish regular communication with the borrowers before and during the monitoring phase after loan disbursement, as described in the sections Management of Proceeds and Reporting, above.

[Note:]This English translation is for reference purposes only and not a definitive translation of the original Japanese texts. In the event a difference arises regarding the meaning herein, the original Japanese version shall prevail as the official authoritative version.

Reference List

No.	Document Name
1	SMBC Group Report 2020 https://www.smfg.co.jp/gr2020/
2	SMBC Group Green Bond Framework https://www.smfg.co.jp/sustainability/materiality/environment/procurement/
3	Compliance with SMBC's Equator Principles https://www.smbc.co.jp/aboutus/sustainability/environment/equator/
4	Responding to Environmental Risks in the SMBC Group https://www.smfg.co.jp/sustainability/materiality/environment/risk/
5	Examples of How SMBC Uses Funds from SDGs Green, Social, and Sustainability Loans (Non-disclosure)
6	SMBC Group Sustainability Report 2020 https://www.smfg.co.jp/sustainability/common/pdf/2020/2020SustainabilityReportJP_all.pdf
7	Japan International Cooperation Agency Medium-Term Objectives https://www.mofa.go.jp/mofaj/files/000014487.pdf
8	JICA's Guidelines for Environmental and Social Considerations http://www.jica.go.jp/environment/guideline/
9	JICA Anti-Corruption Guidance https://www2.jica.go.jp/ja/odainfo/pdf/guidance.pdf

About the Japan Research Institute, Limited

(1) Corporate Profile

- Company name The Japan Research Institute, Limited
- Establishment February 20, 1969
- Capital 10 billion yen
- Employees 2,665 (As of March 31, 2020)
- Stock owner Sumitomo Mitsui Financial Group, Inc.
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JRI America, Inc. (New York)
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Nisso (Shanghai) Trust Systems Co., Ltd.
Nisso (Shanghai) Consulting Group, Beijing Consulting Co., Ltd.
- Registration of business
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(2) Expertise as an external reviewer

In 2006, the Japan Research Institute, Limited established the ESG (Environment, Society, and Governance) Research Center to evaluate corporate ESG performance. Its mission is to contribute to the realization of a sustainable society that the SDGs aim to achieve by engaging in activities to mainstream ESG considerations in financial activities. It has been involved in the development and management of a wide range of 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, including policy recommendations to the government, institutional design to local governments, and consulting to companies.

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