Transaction Amount of Sustainable Finance

Cumulative Transaction Amount from FY2021 to FY2024 (in 100 million yen)	53,357

* We have obtained third-party certification from KPMG AZSA Sustainability Co., Ltd. regarding the amount above.

[Transactions Subject to Aggregation]

Sustainable Finance refers to financial services for businesses and customers that contribute to solving environmental and social issues. We began aggregating the cumulative transaction amount of sustainable finance in fiscal 2021 and have set a long-term target of 15 trillion yen by fiscal 2030. These performance figures are disclosed to help stakeholders of the Group understand the progress of our sustainability management. Furthermore, these figures are positioned as important indicators in the Group, being part of KPIs for our corporate business.

The types of transactions subject to the sustainable finance aggregation are as shown in Table 1 below. The types and definitions of sustainable finance are established by SMTB with reference to international guidance, such as the ICMA Green Bond Principles and the LMA Green Loan Principles, as well as domestic guidelines.

<Table 1: Types of Sustainable Finance>

Type of Finance	Definition	Reported Amount
Green Finance (including Blue Finance)	A type of finance intended to support specific green projects that generate environmental benefits	In principle, our contract amount (or our credit amount, in the case of investments / loans) However, in the case of syndicated loans, the amount shall be calculated based on the prescribed calculation rule; e.g., total transaction amount, if we are the lead arranger
Social Finance	A type of finance intended to support specific social projects that generate positive social impacts	
Sustainability Finance	A type of finance intended to support specific projects (green and social) that generate environmental and social benefits	
Sustainability-Linked Finance	A type of finance that involves setting specific “sustainability goals” closely linked to companies’ key sustainability strategies and adjusting financial terms based on the degree of achieving these goals	
Transition Finance	A type of finance intended to support companies’ efforts to reduce greenhouse gas emissions in line with long-term strategies aimed at realizing a decarbonized society	
Transition-Linked Finance	A type of finance that adjusts financial terms based on the degree of achievement of companies’ “sustainability goals” aimed at realizing a decarbonized society	
Positive Impact Finance	A type of finance that evaluates the intended environmental, social, and economic impacts of companies’ activities or projects, with the aim of providing ongoing support for those activities	
Impact Finance for Nature	A type of finance aimed at promoting initiatives to generate, mitigate, and manage impacts—through assessments of natural capital management based on evaluations of corporate frameworks and policies, impact assessments, and TNFD disclosures—for companies implementing nature-related initiatives, thereby contributing to the realization of a sustainable society	
Project Finance (Green/Social)	Project finance transactions in which the use of funds is for green or social projects	
Non-recourse Loans for Green Building-Certified Properties	Non-recourse loans in which funds are allocated to qualified green buildings that have obtained specified environmental certifications, such as LEED or BREEAM	
Impact Equity, etc.	In addition to impact equity investments made with the intent to generate positive and measurable social and environmental impacts alongside financial returns (based on the definition of the Global Impact Investing Network), we include part of equity investments that address social issues we aim to resolve	Investment amount

[Business Units Subject to Aggregation]

Departments/branches at SMTB in Japan, and five overseas offices

[Aggregation Approach]

The sustainable finance recognition criteria are determined based on the standards established for each finance type listed in <Table 1: Types of Sustainable Finance>. We verify whether a transaction is subject to the sustainable finance aggregation based on these criteria.

Currently, there are no unified criteria or common market standards for classifying financial services and products as sustainable, green, social, etc. Accordingly, the same financial service or product may be classified or evaluated differently by other stakeholders.

Furthermore, financial services and products that may fail to meet requirements in the future due to the enactment of new regulations regarding ESG and sustainable finance may currently be classified as “sustainable,” “green,” or “social,” etc.

End