



Second Opinion

Sumitomo Corporation Sustainable Finance Framework

February 22, 2024

ESG Division
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Rating and Investment Information, Inc. (R&I) has confirmed the alignment of the Sustainable Finance Framework of Sumitomo Corporation formulated in February 2024 with Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021 of the International Capital Market Association (ICMA), and Green Loan Principles 2023 and Social Loan Principles 2023 of the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association. This opinion is based on the following views:

■ Overview of the Opinion

(1) Use of Proceeds

The proceeds will be allocated to green projects and social projects. The eligibility criteria is clearly defined with corresponding project categories illustrated in the ICMA and other principles, and clear environmental benefits and social outcomes are expected. Green eligible projects include the renewable energy generation business, the battery storage business, the forest management business, the operation and maintenance of urban passenger railways, base station sharing services, the development and acquisition of energy-efficient properties, the development and operation of water infrastructure, and the development and acquisition of green buildings. Social eligible projects are the telecommunications business and financial services in geographically and socio-economically disadvantaged areas, targeting those underserved owing to a lack of quality access to essential services. These initiatives are designed to bridge the digital divide and achieve financial inclusiveness. With the companywide risk management framework in place, negative environmental and social impacts from project implementation are managed appropriately. The use of proceeds is reasonable.

(2) Process for Project Evaluation and Selection

Eligible projects are consistent with the Sumitomo Corporation Group's material issues and key social issues, and the finance under the Framework is positioned as that aimed at practicing the Management Principles. A process is in place where the Finance Department, with the cooperation of the Corporate Sustainability Department, selects projects and the final decision is made by the Chief Financial Officer. The involvement of the department with ESG expertise enables the comprehensive examination of effects and risks of projects. The process for project evaluation and selection is clear and rational.

(3) Management of Proceeds

The Finance Department will track and monitor the proceeds. Any unallocated funds generated from the sale of assets or other events will be reallocated to other eligibility projects. The unallocated funds will be managed in cash or cash equivalents. The management of proceeds is appropriate.

(4) Reporting

Sumitomo Corporation will disclose the allocation of proceeds, environmental benefits and social outcomes within around one year after the funds are raised. Environmental benefits will be disclosed mainly using quantitative indicators, and social outcomes will be reported in terms of output, outcome and impact. The reporting is appropriate.

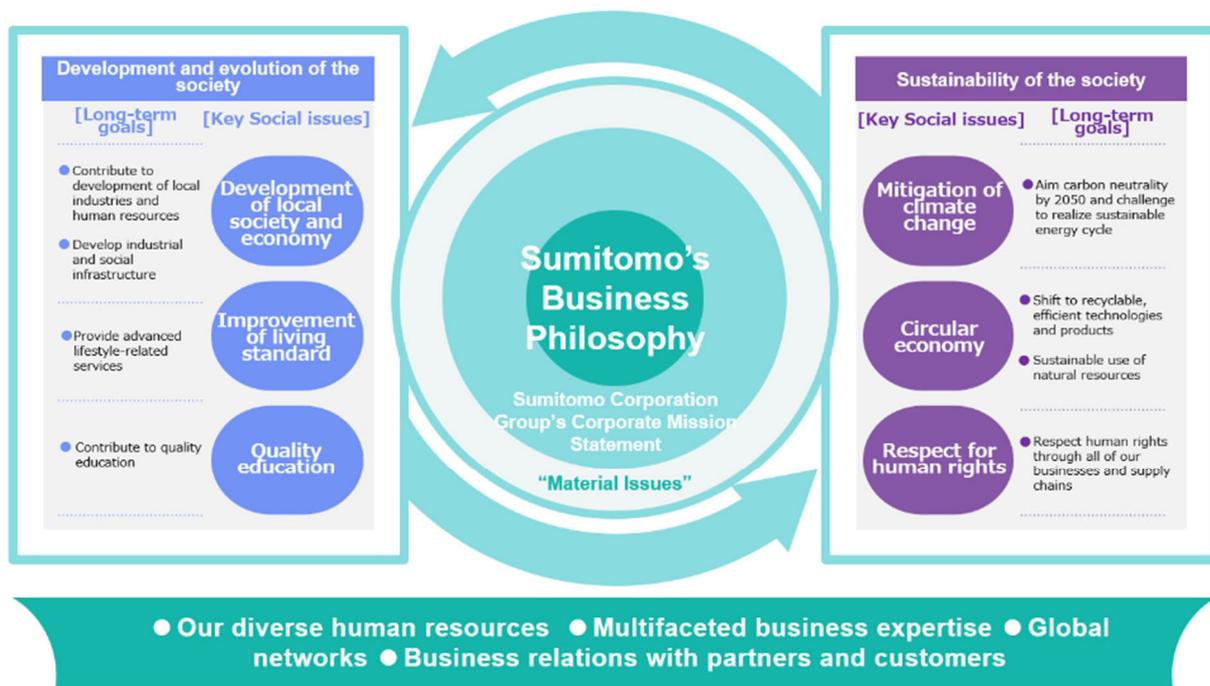
Rating and Investment Information, Inc.

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Outline of the Issuer

- Sumitomo Corporation is a leading general trading firm of the Sumitomo Group. It runs a wide range of businesses globally with the six business units of Metal Products, Transportation & Construction Systems, Infrastructure, Media & Digital, Living Related & Real Estate, and Mineral Resources, Energy, Chemical & Electronics. In 2021, Energy Innovation Initiative (EII) was established as a new organization that goes beyond divisional boundaries. By taking a cross-organizational approach, the unit aims to create next-generation businesses that contribute to realizing a carbon-neutral society.
- At the core of the company's Management Principles and Activity Guidelines stands Sumitomo's Business Philosophy, which has been passed down since its founding in the 17th century. One of the phrases that encapsulate the philosophy is "Benefit for self and others, private and public interests are one and the same." This expresses the idea that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society, which represents Sumitomo Corporation's Corporate Vision.
- In 2017, Sumitomo Corporation identified six material issues based on Sumitomo's Business Philosophy and Management Principles. These material issues clarify the company's approach to social contributions through its businesses as well as management issues, positioned as important elements in the establishment of business strategies and in the decision-making process for individual businesses. As part of the efforts to enhance sustainability management, in 2020 the company identified six key social issues that are particularly relevant to its business activities from among the social issues facing the world, and set out medium- and long-term targets to address each issue. Sumitomo Corporation is firmly committed to the realization of a sustainable society by being constantly aware of the relationship between its business activities and social issues in regard to material issues and key social issues.



[Sumitomo Corporation website]

1. Use of Proceeds

(1) Eligible Projects

- The proceeds will be used to finance or refinance projects that meet the following eligibility criteria. In the case of refinancing, the projects implemented within around three years are eligible. If the proceeds are allocated to the projects implemented more than three years before, Sumitomo Corporation will confirm and explain the sustainability of the projects' environmental benefits and social outcomes at the time of refinancing.

<Green Projects>

Project Category	Eligibility Criteria	SDGs
Renewable energy	<ul style="list-style-type: none"> Wind power generation Solar power generation Geothermal power generation (Direct emissions less than 100g-CO2/kWh) Battery storage business with grid stability 	 
Environmentally sustainable management of living natural resources and land use	Acquisition, utilization and maintenance of forest assets based on the Sumitomo Corporation Group Forest Management Policy	 
Clean transportation	Operation and maintenance of urban passenger railways	 
Energy efficiency	<ul style="list-style-type: none"> Base station construction and operation necessary for providing base station sharing services centered on 5G to mobile network operators Development, construction, renovation, acquisition, etc. of properties which have received or are expected to receive BELS 5 stars 	 
Sustainable water and wastewater management	<ul style="list-style-type: none"> Water supply Sewerage management Related equipment and pipes 	  
Green buildings	Development, construction, renovation and acquisition of properties which have received or are expected to receive a green building certification	 

<Social Projects>

Project Category	Eligibility Criteria	Target Population	SDGs
<p>Access to essential services</p>	<p>The following businesses in geographically and socio-economically disadvantaged areas (developing countries in Asia, Africa, etc.)</p> <ul style="list-style-type: none"> • Telecommunications business with solution of digital divide • Financial services to enhance financial resilience/stability 	<p>Underserved, owing to a lack of quality access to essential services</p>	

(2) Project Categories, Environmental Benefits and Social Outcomes of Eligible Projects

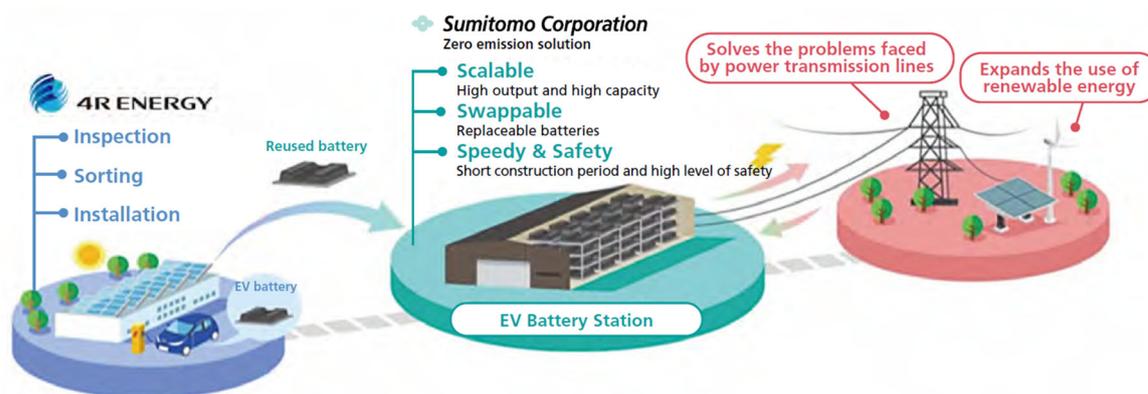
① Renewable energy generation and battery storage businesses

Project Category: Renewable energy

Project Summary: The proceeds will be allocated to wind, solar and geothermal power generation projects and the battery storage business for grid stability. Eligible geothermal power generation projects are limited to those with direct emissions of less than 100g-CO₂/kWh. The battery storage business will install large battery storage equipment that can be connected to the power grid.

Environmental Benefits: The use of renewable energy as a main source of power is indispensable for the global trend of carbon neutrality. Sumitomo Corporation runs renewable energy generation businesses in and outside Japan with an extensive track record in wind, solar and geothermal power generation. The company set a target of increasing its renewable energy net ownership generation capacity to 5GW or more by 2030 from 2.1GW as of June 2023. Sumitomo Corporation will contribute to CO₂ emissions reduction through aggressive business development aimed at achieving this target.

Meanwhile, it is difficult to adjust the supply-demand balance of renewable energy in the power grid because power generation is greatly affected by sunlight and weather conditions. In Japan, the insufficient capacity of transmission lines to the power grid, as well as of tie lines for flexible power exchange between regions, is causing output restrictions on renewable energy nationwide. To address these grid constraints that hamper the spread of renewable energy in Japan, Sumitomo Corporation will promote the installation of large-scale battery storage facilities for the power grid. The facilities will adjust the surplus or deficiency of renewable power generation by charging and discharging battery storages, and realize stable supply of grid electricity while using renewable energy efficiently. In addition to the installation of new battery storages, a unique initiative is underway to install battery storage systems that utilize reused batteries from EVs. Sumitomo Corporation is working together with 4R Energy Corporation, a joint venture with Nissan Motor Co., Ltd., to build a scheme that allows the reuse of waste batteries, which will increase in line with the widespread adoption of EVs, and also help reduce CO₂ emissions in the process of manufacturing new batteries. It will expand the energy storage business primarily in Hokkaido and Kyushu, regions with a substantial need for grid stability.



[Sumitomo Corporation website]

② Acquisition, utilization and maintenance of forest assets

Project Category: Environmentally sustainable management of living natural resources and land use

Project Summary: The proceeds will be allocated to the acquisition of new forest assets and logging, planting and other activities in forests owned by Sumitomo Corporation. The company has a groupwide framework for sustainable forest management with lower environmental and social risks based on the Forest Management Policy, which was established by incorporating advice from external specialized

organizations and other entities. Forest projects implemented in accordance with the policy are eligible for the use of proceeds.

Environmental Benefits: Forests are important common resources of mankind in environmental, social and economic aspects, with multi-faceted functions such as maintaining biodiversity, protecting water sources and stabilizing soil. As global warming accelerates, another forest function of absorbing and fixing CO2 is also drawing more attention. Carbon credits are used globally as an effective tool for achieving carbon neutrality, and the forest sector accounts for a large proportion of the total credits issued. To maintain and improve forest functions, appropriate forest management is vital. Sumitomo Corporation has been actively acquiring and managing forest assets in many countries, as exemplified by its engagement in forest management in New Zealand through a subsidiary since 2013. In accordance with its Forest Management Policy, Sumitomo Corporation promotes appropriate forest management through well-planned thinning and planting from a long-term perspective while caring for the environment and building dialogue and relationships with local stakeholders. It will consider supplying unused quality wood, such as wood from thinning, to the market in order to further the efficient utilization of forest resources. With sustainable forest management through a harmonious arrangement with local communities, the company will protect ecosystems, improve the forest function of water source protection and maximize the amount of CO2 absorbed and fixed.

[Sumitomo Corporation Group Forest Management Policy]

Scope of application

Forestry business directly managed by Sumitomo Corporation and its Consolidated subsidiaries. In addition, other forestry business that Sumitomo Corporation and its subsidiaries are involved in management are included if determined to be material.

Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

Commitment

Based on the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive to implement the following in its sustainable forest management, with the cooperation of its Group companies.

Environmental aspects:

- We will not engage in development that leads to gross deforestation, or the conversion of natural forests into plantations for forestry business.
- We will not develop forests with high conservation value (HCVF), or forests with high carbon stock (HCSF) such as in peatlands.
- We will work to protect endangered species and reduce the impact of our forestry business on ecosystems.
- We will conduct thorough management to prevent forest fires and will not conduct any operations which can cause forest fires.
- We will engage in forest conservation and reforestation.

Social aspects:

- We will conduct our forestry business with consideration for human rights in accordance with the Sumitomo Corporation Group's Human Rights Policy.
- We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."
- We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."
- We will support local communities through creating employment and offering educational programs related to forests.

[Sumitomo Corporation website]

③ Operation and maintenance of urban passenger railways

Project Category: Clean transportation

Project Summary: The proceeds will be allocated to businesses related to the development, operation and maintenance of railway infrastructure in foreign countries.

Environmental Benefits: Rail is an environmentally friendly transportation infrastructure, emitting less

CO2 per passenger kilometer than other transportation modes. A modal shift in transportation from cars to rail is effective as a climate change solution. Moreover, chronic traffic congestion and air pollution in countries facing rapid population growth and urbanization are increasing the need to develop a public rail transportation network. Sumitomo Corporation has long been involved in the development of railway infrastructure in foreign countries as an EPC contractor that executes all engineering, procurement and construction activities. In 2020, it invested in a railway operation and maintenance project in Manila, the Philippines. The company will expand clean transportation through comprehensive business development for railway infrastructure.

④ Provision of base station sharing services

Project Category: Energy efficiency

Project Summary: The proceeds will be allocated to the construction and operation of base stations that can be used by several mobile network operators. Sumitomo Corporation will provide 5G-centered base station sharing services through Sharing Design Inc., a subsidiary jointly invested by Tokyu Corporation.

Environmental Benefits: Mobile network operators are setting up base stations to provide communications infrastructure for the rapidly digitalizing society enabled by 5G, a technology offering high-speed, high-capacity, low-latency communications to multiple users simultaneously. Because the strong straightness of high-frequency 5G waves makes it difficult to ensure communications in an environment with many obstacles such as buildings, 5G requires more base stations than 4G and other previous networks. In addition, these base stations consume massive power each day to always provide stable 5G communication services. While mobile network operators have been setting up their own base stations so far, Sumitomo Corporation will install antennas and cables that can be shared by several mobile network operators, thereby consolidating base station functions to reduce energy consumption. The provision of base station sharing services will achieve both the spread of efficient 5G networks and energy savings. The company aims to extend this initiative nationwide from the current coverage centered on major metropolitan areas.

⑤ Development, construction, renovation and acquisition of energy-efficient properties

Project Category: Energy efficiency

Project Summary: The proceeds will be allocated to the development, construction, etc. of properties that have received or are expected to receive BELS 5 stars.

Environmental Benefits: BELS stands for Building-Housing Energy-efficiency Labeling System. This certification system is based on the Guidelines for Building Energy Efficiency Labeling developed by the Ministry of Land, Infrastructure, Transport and Tourism. Based on their primary energy consumption, a third-party organization evaluates the energy efficiency of buildings and ranks their results on a five-star scale. The highest five star ranking is given to buildings with energy efficiency equivalent to ZEBs. CO2 emissions are expected to be reduced through investment in energy-efficient buildings.

⑥ Water supply, sewerage and related businesses

Project Category: Sustainable water and wastewater management

Project Summary: The proceeds will be allocated to water supply and sewerage infrastructure development and operation businesses in foreign countries.

Environmental Benefits: Due to water shortage and water pollution resulting from population growth and urbanization, there are many countries and regions that lack a hygienic living environment. Amid increasing demand for water infrastructure that can solve this issue, Sumitomo Corporation is working to

develop and operate water supply and sewerage facilities in several countries by partnering with local businesses. Such projects are based on the prerequisite of building sustainable infrastructure in harmony with the natural environment and society. It mitigates risks arising from each stage of infrastructure development to operation by complying with relevant laws and regulations in the relevant country and identifying environmental impacts through environmental assessments. In the water supply business, the company supplies safe, high-quality water through efficient water intake based on the finite nature of water resources, while conserving the environment in the basin of a river from which water is taken. The sewerage business helps prevent water pollution and improve hygiene by achieving both energy savings and treatment capacity enhancement through facility operation optimization.



[Sumitomo Corporation website]

⑦ Development, construction, renovation and acquisition of green buildings

Project Category: Green buildings

Project Summary: The proceeds will be allocated to the development, construction, etc. of properties that have received or are expected to receive one of the following third-party environmental certifications:

- LEED: Platinum, Gold
- BREEAM: Outstanding, Excellent
- CASBEE Construction (New Construction, Existing Building, Renovation),
CASBEE Real Estate: S rank, A rank
- DBJ Green Building Certification: 5 stars, 4 stars
- BCA Green Mark: Platinum, Gold Plus
- HQE: Exceptional, Excellent
- DGNB: Platinum, Gold
- Green Star: 6-star, 5-star

Environmental Benefits: Sumitomo Corporation will reduce environmental load by obtaining green building certifications that prove a property's energy efficiency and implementation of other measures to address environmental and social risks. As the company runs its real estate business in and outside

Japan, target certifications include those from major foreign certification systems, such as Green Mark in Singapore, HQE in France, DGNB in Germany and Green Star in Australia. These correspond to LEED, BREEAM and other certification systems that are internationally recognized. With the highest or second highest level in such certification systems being eligible, the company will supply environmentally friendly, efficient properties and thereby contribute to the conservation of the global environment.

⑧ Telecommunications business and financial services in geographically and socio-economically disadvantaged areas

Project Category: Access to essential services

Target Population: Underserved, owing to a lack of quality access to essential services

Project Summary: The proceeds will be allocated to the construction of telecommunications infrastructure that contributes to the realization of a more prosperous living environment, as well as to the provision of financial services that help eliminate poverty, in developing countries, particularly in Africa and Asia.

Social Outcomes: In Asia and Africa, there are countries and regions where people still do not have sufficient access to mobile telecommunications services and internet services, making bridging the digital divide a challenge. Ethiopia is one of these countries. Due partly to years of monopoly of the communications market by a state-owned company, the country's mobile penetration rate is low compared to other African countries. Following the Ethiopian government's decision to liberalize the telecommunications market in 2019, Sumitomo Corporation entered the market by partnering with Vodafone Group Plc, a leading mobile telecommunications carrier in the U.K., and started to provide mobile telecommunications services in October 2022. With strength in stable, high-speed communications services, the business is expanding in major cities, covering around 30% of Ethiopia's population as of end-September 2023. The company aims to provide almost all Ethiopian people with access to the service by 2030. Efforts are also underway to offer digital financial services, which are rapidly spreading in many countries against the backdrop of the development of mobile communications infrastructure. In developing countries, where many people, especially those in poverty, are unable to open a bank account, mobile money based on mobile phone short message service (SMS) or other platforms is popular as a tool for making payments. Sumitomo Corporation invests in M-KOPA holdings Limited, a provider of Pay-As-You-Go asset finance for the purchase of smartphones and other products using mobile money. Such services are growing in African countries, particularly among low and not stable income population, allowing people to buy products in small daily payments. The company will accelerate the creation of the circumstance where everyone can receive financial services equally, in order to achieve financial inclusiveness in developing countries.

(3) Consideration for Negative Environmental and Social Impacts

- Sumitomo Corporation has established a companywide framework to perform appropriate monitoring of the environmental and social impact of the Group's entire business activities. At the time of investment application, risks are identified in terms of the nature and regional characteristics of each business, and the Corporate Sustainability Department participates in discussions at the Company Investment Committee to make risk management more effective. As follow-up to the investment, the company holds dialogue with group companies to carry out regular monitoring from the viewpoint of the environment, human rights, labor management, the supply chain and other aspects, and internal audits are also used to conduct appropriate risk management.
- If, as a result of this process of review and monitoring of investments, an important environmental or social risk is confirmed, the individual response is reported or referred for further discussion to the Management Council and the Board of Directors. The company is striving to strengthen its risk management framework under the supervision of the Board of Directors.

The proceeds will be allocated to green projects and social projects. The eligibility criteria is clearly defined with corresponding project categories illustrated in the ICMA and other principles, and clear environmental benefits and social outcomes are expected. Green eligible projects include the renewable energy generation business, the battery storage business, the forest management business, the operation and maintenance of urban passenger railways, base station sharing services, the development and acquisition of energy-efficient properties, the development and operation of water infrastructure, and the development and acquisition of green buildings. Social eligible projects are the telecommunications business and financial services in geographically and socio-economically disadvantaged areas, targeting those underserved owing to a lack of quality access to essential services. These initiatives are designed to bridge the digital divide and achieve financial inclusiveness. With the companywide risk management framework in place, negative environmental and social impacts from project implementation are managed appropriately. The use of proceeds is reasonable.

2. Process for Project Evaluation and Selection

(1) Incorporation into Comprehensive Objectives, Strategies and so on

- Sumitomo Corporation established Sumitomo Corporation Group's Management Principles based on Sumitomo's Business Philosophy and formulated the Activity Guidelines to realize the Management Principles. "Benefit for self and others, private and public interests are one and the same," which refers to the idea that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society, is one of the credos that are contained in Sumitomo's Business Philosophy and represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times. By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, the Group aims to be a global organization that constantly creates new value and contributes to society.

Sumitomo Corporation Group's Corporate Mission Statement

Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

〈Corporate Mission〉
To achieve prosperity and realize dreams through sound business activities

〈Management Style〉
To place prime importance on integrity and sound management with utmost respect for the individual

〈Corporate Culture〉
To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

- To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
- To comply with laws and regulations while maintaining the highest ethical standards
- To set high value on transparency and openness
- To attach great importance to protecting the global environment
- To contribute to society as a good corporate citizen
- To achieve teamwork and integrated corporate strength through active communication
- To set clear objectives and achieve them with enthusiasm

[Sumitomo Corporation website]

- Sumitomo Corporation identified Six Material Issues to Achieve Sustainable Growth with Society as priority issues to be addressed through its business activities by leveraging its strengths. To secure its growth and address social issues simultaneously and maintain and enhance its management style and corporate culture as a prerequisite for this, the company works on Achieving Harmony with the Global Environment, Contributing to the Development of Local Communities and Industries, Establishing a Foundation for Comfortable and Enriching Lifestyles, Providing Diverse "Accessibility," Developing Human Resources and Promoting Diversity, and Enhancing Governance.
- To enhance sustainability management, the company identified six key social issues under two themes: "sustainability of society" and "development and evolution of society." It set out medium- and long-term targets to address each of the key social issues of "Mitigation of climate change," "Circular economy," "Respect for human rights," "Development of local society and economy," "Improvement of living standard" and "Quality education," clarifying the Group's role in realizing a sustainable society.
- The eligible projects in the Framework are consistent with the Group's material issues and key social issues, and positioned as initiatives to practice the Management Principles.

(2) Criteria for Project Evaluation and Selection

- The eligibility criteria sets out initiatives that are in line with the Management Principles and address material issues and key social issues. They correspond to the project categories of Renewable energy, Environmentally sustainable management of living natural resources and land use, Clean transportation, Energy efficiency, Sustainable water and wastewater management, Green buildings, and Access to essential services.
- In project evaluation and selection, eligibility is determined after being discussed from the perspective of environmental and social risk management under the risk management framework mentioned above.

(3) Process for Project Evaluation and Selection

- The Finance Department, with the cooperation of the Corporate Sustainability Department, selects projects that meet the eligibility criteria. The final decision is made by the Chief Financial Officer.

Eligible projects are consistent with the Sumitomo Corporation Group's material issues and key social issues, and the finance under the Framework is positioned as that aimed at practicing the Management Principles. A process is in place where the Finance Department, with the cooperation of the Corporate Sustainability Department, selects projects and the final decision is made by the Chief Financial Officer. The involvement of the department with ESG expertise enables the comprehensive examination of effects and risks of projects. The process for project evaluation and selection is clear and rational.

3. Management of Proceeds

- The Finance Department will track and monitor the proceeds so that the same amount of funds raised will be allocated to eligible projects.
- The proceeds will be allocated to eligible projects generally within three years. Any unallocated funds generated from the sale of assets or other events will be reallocated to other projects that meet the eligibility criteria. The unallocated funds will be managed in cash or cash equivalents.

The Finance Department will track and monitor the proceeds. Any unallocated funds generated from the sale of assets or other events will be reallocated to other eligibility projects. The unallocated funds will be managed in cash or cash equivalents. The management of proceeds is appropriate.

4. Reporting

(1) Overview of Disclosure

- Reporting will be made as shown below within around one year after funds are raised. If there is any significant change in allocation status, Sumitomo Corporation will disclose it on the company's website even after the full amount of the proceeds has been allocated.

	Disclosure Items & Example Indicators	Method
Allocation of Proceeds	<ul style="list-style-type: none"> · The amount and status of allocation in each business category · The amount, planned timing of allocation, and investment method of unallocated funds (disclosed on an annual basis) 	Website
Environmental Benefits & Social Outcomes	See "Indicators to Show Environmental Benefits and Social Outcomes" in the next section.	Website

(2) Indicators to Show Environmental Benefits and Social Outcomes

- Sumitomo Corporation will disclose the following impact reporting to indicate environmental benefits and social outcomes.

<Green Eligible Projects>

Project Category	Eligibility Criteria	Reporting Items
Renewable energy	<ul style="list-style-type: none"> Wind power generation Solar power generation Geothermal power generation Battery storage business with grid stability 	<ul style="list-style-type: none"> Annual reduction in CO2 emissions (t-CO2) Power generation capacity (MW)
Environmentally sustainable management of living natural resources and land use	Acquisition, utilization and maintenance of forest assets	Forest area acquired
Clean transportation	Operation and maintenance of urban passenger railways	<ul style="list-style-type: none"> Number of stations Route length (km)
Energy efficiency	Base station construction and operation necessary for providing base station sharing services	Case study on 5G base station installation
	Development, construction, renovation, acquisition, etc. of properties which have received or are expected to receive BELS 5 stars	Level of BELS rating
Sustainable water and wastewater management	<ul style="list-style-type: none"> Water supply Sewerage management Related equipment and pipes 	Water management capacity (m ³)
Green buildings	Development, construction, renovation and acquisition of properties which have received or are expected to receive a green building certification	Type and level of certification

<Social Eligible Projects>

Project Category	Eligibility Criteria	Example Reporting Items		
		Output	Outcome	Impact
Access to essential services	Telecommunications business with solution of digital divide	Project overview	<ul style="list-style-type: none"> Population coverage Number of base stations Number of subscribers 	Economic growth and social progress with solution of digital divide
	Financial services to enhance financial resilience/stability	Project overview	<ul style="list-style-type: none"> Number of customers, service coverage ratio Amount of financial service (credit amount) 	<ul style="list-style-type: none"> Enhanced financial resilience/stability Expansion of financial accessibility for low-income population

Sumitomo Corporation will disclose the allocation of proceeds, environmental benefits and social outcomes within around one year after the funds are raised. Environmental benefits will be disclosed mainly using quantitative indicators, and social outcomes will be reported in terms of output, outcome and impact. The reporting is appropriate.

[Disclaimer]

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Second Opinions are R&I's opinions on the alignment of a framework, formulated by companies etc. to raise funds for the purpose of environmental conservation and social contribution, with the principles etc. compiled by public organizations or private organizations related to the relevant financing as of the date of assessment. Second Opinions do not address any matters other than the alignment (including but not limited to the alignment of a bond issue with the framework and the implementation status of the project subject to financing). Second Opinions do not certify the outcomes and other qualities of the projects subject to the financing. Hence, R&I will not be held responsible for the effectiveness of the projects, including their outcomes. Second Opinions are not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and Second Opinions are not a recommendation to purchase, sell, or hold any particular securities and do not constitute any form of advice regarding investment decisions or financial matters. Second Opinions do not address the suitability of an investment for any particular investor. R&I issues Second Opinions based on the assumption that each investor will investigate and evaluate the securities which they plan to purchase, sell, or hold for themselves. All investment decisions shall be made at the responsibility of the individual investor.

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As a general rule, R&I issues a Second Opinion for a fee paid by the issuer.

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits. In R&I Green Bond Assessment, R&I may also provide a second opinion on a green bond framework. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

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[Expertise and Third-Party Characteristics]

R&I launched the R&I Green Bond Assessment business in 2016, and since then, R&I has accumulated knowledge through numerous evaluations. Since 2017, R&I has been participating as an observer in the Green Bond Principles and Social Bond Principles, which have their own secretariat at the International Capital Market Association (ICMA). It also has been registered since 2018 as an Issuance Supporter (external review entity) of the Financial Support Programme for Green Bond Issuance, a project by the Ministry of the Environment. In 2022, R&I was designated as an external reviewer for transition finance in the global warming countermeasures promotion project of the Ministry of Economy, Trade and Industry.

The R&I assessment method and results are disclosed on the R&I website (at <https://www.rico.jp/en/rating/esg/index.html>).

In December 2022, R&I expressed its support for the intent of and its endorsement of the "Code of Conduct for ESG Evaluation and Data Providers" (ESG Code of Conduct) published by the Financial Services Agency. Disclosures on R&I's compliance with the six Principles of the ESG Code of Conduct and the Guidelines for their implementation are available on the R&I website at <https://www.rico.jp/en/rating/products/esg/index.html> (Disclosures on Compliance with the ESG Code of Conduct).

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