



# LETTER OF CONFORMANCE

Statement No.:

SS005-2021-OAS-KOB-DNV

## SHIFT Inc.

〒106-0041 Masonic 39 MT Building, 2-4-5 Azabudai, Minato-ku, Tokyo, Japan

It was confirmed that the loan, which SHIFT Inc. receives from Sumitomo Mitsui Banking Corporation, meets the criteria of “ESG/SDGs Assessment Loan (PIF Principle-applied)” developed by Sumitomo Mitsui Banking Corporation, which has been confirmed to comply with the Positive Impact Finance Principles (hereinafter PIF).

This Letter of Conformance is valid for the following scopes:

- Target organization : SHIFT Inc.
- Target loan : ESG/SDGs Assessment Loan (PIF Principle-applied)
- Target activity : - Activities related to ESG / SDGs of SHIFT Inc.
  - The following activities set as material action items
  - (1) Contribution to society through the software quality assurance business
  - (2) Contribution to the Japan’ s IT industry through the software quality assurance business
    - Resolving the shortage of human resources in the Japan’ s IT industry
    - Reforming industry structure
  - (3) Realization of employment opportunities for diverse human resources
  - (4) Reduction of environmental load on society

### About DNV

Place and date:

Kobe, 30 June, 2021

For the issuing office:

**DNV Business Assurance Japan K.K.**  
Sannomiya Chuo Bldg. 9th Floor,  
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**Naoki Maeda**  
Management Representative

DNV Business Assurance Group, as an independent third-party body, declares that it has no factual or cognitive interest in relation to the provision of verification services and with SHIFT Inc. Also, our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by SHIFT Inc. in good faith, and we have not performed an audit or other tests to check the veracity of the information provided to us. This evaluation does not provide an assessment of the financial performance of the loan, the value of any investment or loan, or its contribution to long-term ESG performance or SDGs.

## DNV Positive Impact Finance Principles Evaluation Protocol

DNV evaluated and confirmed the following through the assessment.

Principle	Key word * (Work undertaken)	DNV Findings
<b>Principle 1 Definition</b>	a) Assess both positive and negative impacts	<ul style="list-style-type: none"> <li>• Sumitomo Mitsui Banking Corporation (hereinafter, SMBC) appropriately evaluates the negative impact of the ESG / SDGs activities promoted by SHIFT Inc. (hereinafter, SHIFT) in addition to the positive impact.</li> <li>• Of the ESG / SDGs activities, the four activities with 17 evaluation indicators set as “material action items” were evaluated by the lender SMBC as important activities for the realization of sustainability management through SHIFT’s business, and it is planned that the impact achievement status based on specific 17 evaluation indicators is monitored.</li> </ul>
<b>Principle 2 Frameworks</b>	a) Establish the specific processes, criteria and methodologies to identify positive impact	<ul style="list-style-type: none"> <li>• SMBC has established an ESG/SDGs Assessment loan process determining sheet, which complies PIF to evaluate positive impact.</li> <li>• In addition to the positive impact evaluation of SHIFT based on this determining sheet, SMBC confirms its eligibility through discussions with SHIFT.</li> </ul>
	b) Establish the verification processes, criteria and methodologies to monitor the achievement of intended impacts	<ul style="list-style-type: none"> <li>• SMBC has established a verification process, criteria, and methodologies for the achievement of intended impact based on ESG / SDGs activities carried out by SHIFT. The concrete plan was shared with SMBC and SHIFT through discussion, and it was confirmed that SHIFT’ s efforts will be promoted to achieve impact.</li> </ul>
	c) Allocate and equip staffs with the relevant mandates and skills to enforce the above processes	<ul style="list-style-type: none"> <li>• SMBC has assigned departments and staffs with the necessary competence and skills to implement the process, and appropriately confirms ESG/SDGs activity plans and implementation status based on PIF principles of SHIFT.</li> </ul>
	d) Review SPO assurances on the implementation of the above processes as appropriate	<ul style="list-style-type: none"> <li>• The appropriateness and validity of the ESG / SDGs Assessment loan process determining sheet and the above-mentioned efforts for determining positive impact defined by SMBC have been confirmed by a third party.</li> </ul>
<b>Principle 3 Transparency</b>	a) Disclosure of positive impact	<ul style="list-style-type: none"> <li>• SMBC plans to confirm (monitor) that SHIFT will disclose information on ESG / SDGs activities related to positive impact to the general public at least once a year through SHIFT’ s website, and to ensure its transparency.</li> </ul>
	b) Disclosure of the processes to determine eligibility, and monitoring	<ul style="list-style-type: none"> <li>• The eligibility determining process and monitoring process (see Principle 1 and Principle 2) are evaluated by a third party and disclosed to stakeholders including SMBC and SHIFT.</li> </ul>
<b>Principle 4 Assessment</b>	a) Evaluate the degree of	<ul style="list-style-type: none"> <li>• SMBC confirms through the performance of SHIFT and the discussions with SHIFT how positive impact of SHIFT will be achieved.</li> </ul>

	achievement of the intended impact	
	b) Variety of positive impacts delivered	<ul style="list-style-type: none"> <li>SMBC has evaluated SHIFT' s each ESG/SDGs activities (environmental, social and governance aspect, and contribution to SDGs achievement) based on the ESG/SDGs Assessment loan process determining sheet, and has confirmed that various impacts will be brought.</li> </ul>
	c) Magnitude of the impacts delivered	<ul style="list-style-type: none"> <li>Based on the characteristics of SHIFT' s business, SMBC has set four “material action items” as activities that have an important effect on the positive impacts, in addition to evaluating various ESG / SDGs activities of SHIFT. It is intended that the financing will deliver a large (significant) impact and on the invested capital.</li> </ul>
	d) Scale of impacts delivered relative to amount of funds spent	
	e) Magnification	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	f) Level of additionality	<ul style="list-style-type: none"> <li>SMBC has confirmed that SHIFT' s ESG activities are associated with SDGs, and evaluates them as an additional positive impact.</li> </ul>

\*Key word: From the perspective that SMBC apply when evaluating individual finance based on the PIF principle, DNV has set concise indicators for key evaluation items. The PIFp-eligibility of SMBC's model framework for this financial product “ESG / SDGs Assessment Syndication Complied with Positive Impact Finance Principles” has been separately evaluated and confirmed by DNV.

