

## SMBC GROUP ESG Small Meeting Presentation summary

- I. Managing Executive Officer Fumihiko Ito  
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### I. ESG : Our Approach

#### P. 4 Recent developments

In October 2018, SMBC Group established the Corporate Sustainability Committee chaired by the CEO, to create a structure in which the CEO directly promotes sustainability. In April 2020, we changed our Group Mission and established the “SMBC Group Statement on Sustainability” and “SMBC Group GREEN×GLOBE 2030,” to demonstrate internally and externally that we will take actions to realize sustainability.

#### P. 5 Materiality

We have identified “Environment”, “Community”, and “Next Generation” as materiality to execute our sustainability management. This was based on the history of Sumitomo and Mitsui, which forms the foundation for us, and from the standpoint of continuing to create value for society through our business activities.

#### P. 6–7 Value Creation Model

The Value Creation Process, which illustrates what value SMBC Group creates through addressing the materiality to grow together with stakeholders, is currently under review. As the picture presented on P.7 shows, the value creation model illustrates the cycle in which intangible assets, the strengths SMBC Group possesses, becomes the driving force and loops back as value to stakeholders and SMBC Group.

#### P. 8 TCFD / Policies by sector

We are currently working on four pillars in the TCFD Recommendations. As for climate change scenario analysis, we became the first global financial institution to disclose numerical analysis. In April 2020, we revised some of our lending policies on specific sectors, and formulated additional policies on four sectors that have significant impact on climate change and biodiversity, namely, Hydro power

generation, Oil & gas, Tobacco manufacturing, and Natural conservation areas.

### **P. 9 GREEN×GLOBE Partners / Financial Education**

As our effort on “Community,” we established GREEN×GLOBE Partners. GREEN×GLOBE Partners is a community to get people with the same aspirations to join and act together to address environmental and social issues. We will work together with our customers by targeting SMEs primarily, and support them in sending out information, and in organizing projects to involve other companies interested in environmental and social issues.

As our initiative on Next generation, we will keep focusing on providing financial education.

### **P. 10 Governance**

Compositions of the Board of Directors and our compensation policy for executives are explained. Efforts on ESG were added to the qualitative criteria in the compensation policy for executives from the current Medium-term Management Plan in order to accelerate ESG.

### **P. 11 Our response to COVID-19**

In response to COVID-19, we promptly provided support in line with our social role as well as our materiality, such as financial support, establishment of an investment fund for bio/drug discovery ventures and donation.

### **P. 12 Communication with Stakeholders**

Aiming to further communicate with customers, we will enhance training for employees and work to increase employees’ expertise on ESG/SDGs. Regarding communication with our employees, we will hold town hall meetings with the Management Committee members.

As for communication with investors, we are aware that enhancement of disclosure and increased communication with investors are ongoing tasks for us. Through those initiatives, we will work to improve our ESG scores and deepen communication with investors.

## **II. Initiatives for Sustainable Business**

### **P. 15 Current Market**

The Global and Japanese economy have been slowing down due to COVID-19 and increased geopolitical risk. Energy transitions have been accelerated due to the raising awareness and introduction of regulations on climate change, especially in Europe. Particularly, the amount of ESG investment and ESG finance arrangement has increased significantly and this trend is expected to continue.

### **P. 16 Current Market (COVID-19)**

COVID-19 changed the social structure dramatically. CO2 emission has been reduced and energy demand has decreased in the first quarter. However, the important point is how to make this persistent and not temporary.

SMBC Group will provide various financing services for our customers. We would like to show our track record in our sustainable business and explain our future vision and policies.

### **P. 17-18 History of Sustainable Business**

SMBC established a department specialized in Environment in 2006, and has been elevating our solutions by providing Environmental "E" related products and expanding the scope to Social "S" products. We have kept responding to the financial needs of wide range of customers, especially in the "E" and "S" area.

### **P. 19-20 SMBC League Table**

One of the project finance specified media praised our efforts in renewable energy, and awarded us as the 2019 PF Global Bank of the Year for the fifth time, which is the most ever in the industry. In the first quarter of 2020, SMBC ranked 1st globally in terms of renewable energy project financing.

### **P. 21 Innovation Initiatives / Creation of Frontier Business**

SMBC established the Growth Industry cluster department in 2010. SMBC Group has actively been engaged in innovative activities and has worked on "Innovation Initiatives and creation of Frontier Business", to solve social issues through finance.

### **P. 22 Innovation Initiatives / Supports for Start-up companies**

We have been proactively supporting start-ups. We have developed a system to

create Innovation Initiatives and to assist venture companies through arrangement of pitch contest every year. We also arranged various events such as providing a place for communication for new business creators.

### **P. 23 Major Awards**

Our activities have been highly evaluated by the market, and we have received many awards and evaluations from FT/IFC, Ministry of Environment, Ministry of Economy, Trade and Industry, Tokyo Stock Exchange, and others.

### **P.24 Our Goal**

We aim to become a “Global Solution Provider” that can meet clients’, investors’ and social demands on ESG through financial services such as sustainable finance and advisory services.

### **P. 25 Our Initiatives**

SMBC Group will contribute to realize a sustainable society by taking advantage of our strengths and contributing to customers by supporting customers’ business and financing globally.

We will raise our corporate value by working on the core business of the financial group centered on sustainability to be a socially needed financial institution.

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