



# SMBC Group's Sustainability Initiatives

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September 22, 2021



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Hello everyone, this is Ito from Sumitomo Mitsui Financial Group.

Today, let me explain SMBC Group's strategies and initiatives addressing sustainability, including climate change and sustainable business.

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## **I. Enhance sustainability management**

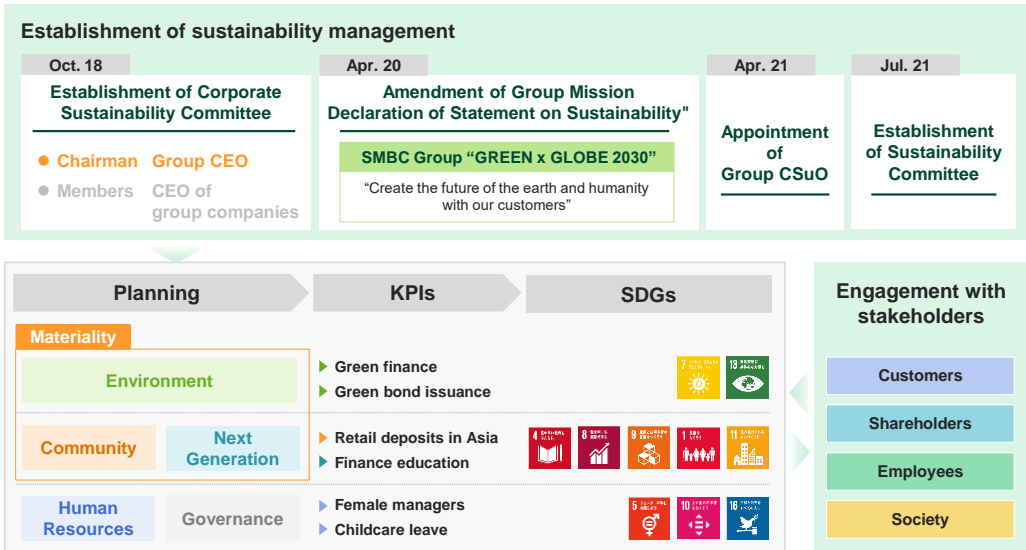
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First, let me look back on the history of how we have evolved our management structure to realize sustainability.

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# Enhance sustainability management

Continue to enhance the management structure to realize sustainability under the Group CEO's initiative.



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I would like to emphasize that SMBC Group's management is deeply committed to ESG initiatives, and that we are about to even integrate ESG into our core management principle.

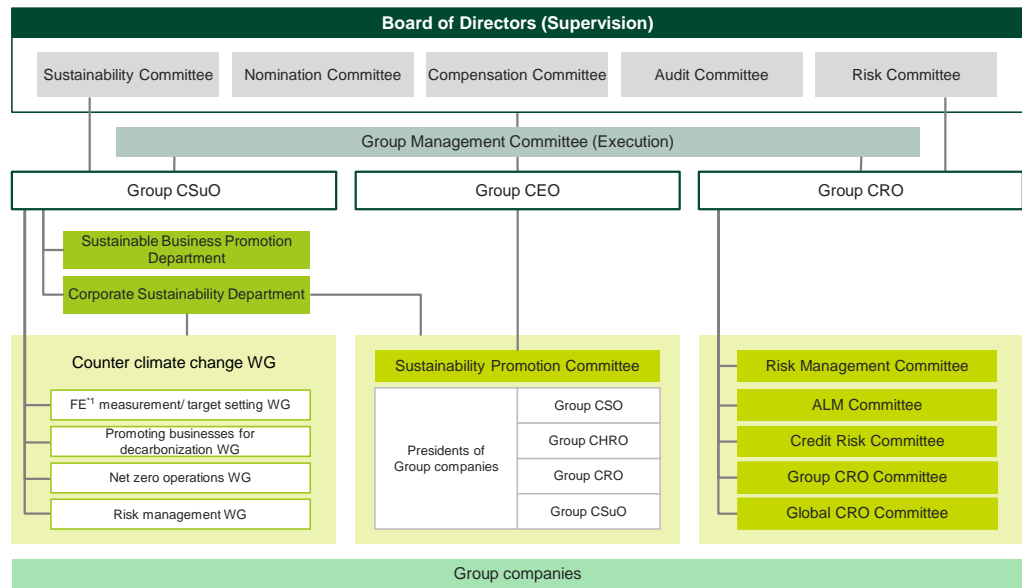
In 2018, we established the Corporate Sustainability Committee, chaired by our Group CEO to spearhead sustainability-focused management. Top executives from group entities also join the committee to ensure that the entire SMBC Group consistently addresses ESG.

In April 2020, we revised our corporate mission for the first time since our incorporation by adding "Society" as one of the most important stakeholders and released the Statement on Sustainability to embrace sustainability as part of our higher-level management concept.

In April 2021, we created a new role of Group Chief Sustainability Officer to promote sustainability from both axes of corporate planning and operational execution. We also established the Sustainability Committee as an internal committee of our Board of Directors so that the execution side and the supervision side could promote sustainability together. This committee provides a forum in which high-level discussions on risks and strategies could be held based on the insights of our external directors and experts.

(Ref.) Sustainability management structure of SMBC Group

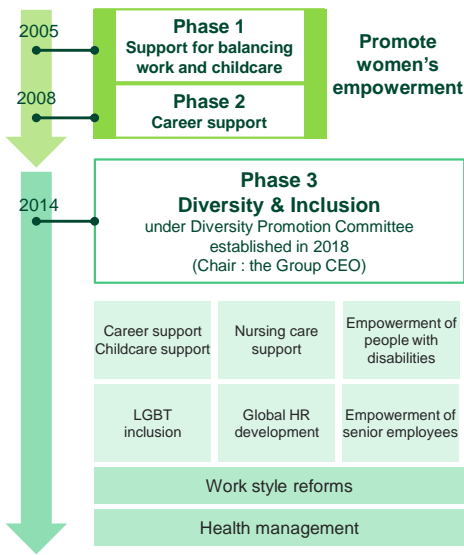
Established a management structure focusing on both supervision and execution.



\*1 Financed Emissions

# Diversity & Inclusion

## Our history of diversity & inclusion



## KPI

		FY3/26 Target	FY3/21 Result
KPI	% of female managers	20 %	15.8 %
	# of female executives	20	16
	% of paid leave acquisition	85 %	76.4 %
Other indicators	# of foreign directors	-	17
	% of newly employed female graduates	-	37.1 %
	% of male employees taking childcare leave	-	100 %

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However, to penetrate the awareness of sustainability to the organization, it is not enough to establish a management structure. What is important is to raise each employee's awareness of sustainability on top of providing an environment where employees could make the most of their abilities.

"Diversity and Inclusion" is the key.

On the left-hand side, shows our history on diversity.

Our diversity initiatives were originally focused on supporting female employees' career development by helping them balance childcare and work. However, under the strong commitment by the top executives, we are now working on more various programs such as mobilizing multinational and senior personnel, work-style reform, and health management of all employees.

## Create an environment for all employees to thrive

### Women's empowerment

- Participate initiatives
- Implement various leadership training programs



Joined Apr.21



Joined Aug.21

### Work style reforms

- ✓ Rectify long working hours
- ✓ Promote flexible work style

- Developed infrastructure to "work from home"
- More flexible working hours



- ✓ Reduce workload
- ✓ Review work process and utilize RPA

- Reduced workload of 2,150 people equivalent to 4.3 million of hours by RPA



### Corporate culture reforms

- Promote active communication and provide opportunities to challenge

#### Free dress code



#### Produce new CEOs



Established  
10 companies

#### Internal SNS



6K active users

#### Pitch contest



Theme of this year :  
Sustainability

- Enhance engagement

#### Employee pulse survey



#### 1on1 Meeting



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We signed up to "30% Club Japan" whose aim is to increase the percentage of women in key decision-making functions in order to further diversify decision-making layers within the organization. To encourage work-style reform and to adapt to "living with COVID-19," we are making more investments in remote working infrastructure. Slashing workload and revising our processes by actively using RPA also remain our focus.

Our unique program is the cultivation of organizational culture, shown on the right-hand side. For example, we promote free dress code, which attracted a lot of media attention, and "production of new CEOs", which is an initiative to encourage internal entrepreneurship by mid-career and junior employees.

In addition, there are six thousand active users in our internal social networking media and they share ideas and information daily. I, myself post comments on sustainability, and our Group CEO sometimes makes comments on junior employees' ideas.

# Measures to increase employees' awareness of sustainability

## Sustainability University

Established “**Sustainability University**”,  
a systematic framework for training on sustainability

Purpose	Details
1) Expand knowledge	<ul style="list-style-type: none"><li>Introduce group-wide standard trainings</li><li>Enhance practical training and self- training materials</li></ul>
2) Improve understanding of SDGs	<ul style="list-style-type: none"><li>Expand level-based trainings</li><li>Introduce workshops for the executive members of the Group Management Committee</li></ul>
3) Assess degree of understanding	<ul style="list-style-type: none"><li>Conduct surveys targeting all employees of SMBC Group</li></ul>

Enable every employee to communicate  
about sustainability with customers

### FY3/21 result

# of participants (cumulative)	# of RMs stating that they have taken ESG- and SDGs-related actions for customers
91K	+10% YoY

## Internal Communication by CSuO

### CSuO channel

- Held on topics such as “Roadmap Addressing Climate Change”, “TCFD”, etc.
- Total of 1,000 participants



Comments from  
participants

It was different from usual  
study sessions.

The explanation of Mr. Ito,  
CSuO was very clear.

### Internal SNS "MIDORIBA"

8:33am Thu. 2,842 view

We would like to share updates on “MIRAI farm Akita” periodically.  
Happy if you could feel SMBC's passion for agriculture!!



Ito Fumihiko /SMBC 8:40pm Fri.  
The harvesting season will come soon.  
Good luck.



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It may be hard to imagine that we could directly achieve sustainability by preparing an environment where employees could work enthusiastically, but we think that it would lead to raising the employees' awareness of sustainability. We are establishing a training course and giving employees access to information to ensure that they can get into good communication with customers.

As shown on the left-hand side, we launched “Sustainability University” framework that allows our employees to learn online about the basics and solutions of ESG, and sustainability trends of various industry segment. The number of participants is more than 90 thousand in total.

I am also sporadically streaming live videos on the CSuO Channel for internal audience, in which I explain in detail the objectives and background of our “Roadmap Addressing Climate Change” and TCFD initiatives, while allowing time for discussions.

We will strive to promote sustainability as a group by enhancing our management structure from both supervision side and execution side as well as promoting initiatives like Diversity and Inclusion to build an organization and culture where all employees could thrive.





## II. Enhance corporate value through ESG

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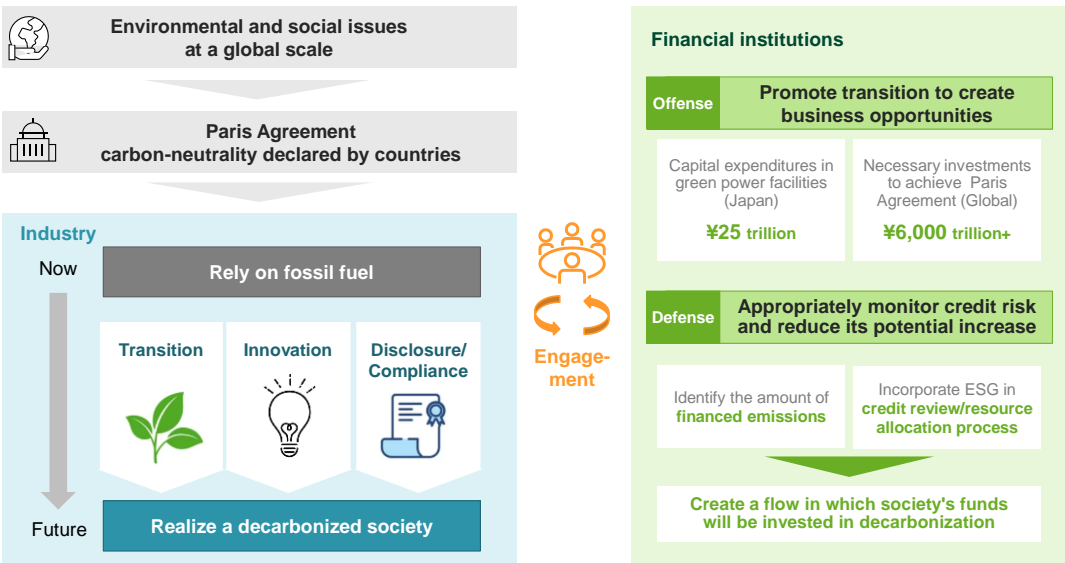
Next, I will talk about the enhancement of corporate value through ESG.

Last year, we conducted an ESG meeting for the first time. We received comments from participants that though they now fully understand our ESG efforts, they find it hard to see how the corporate value of a financial institution can be enhanced through ESG.

Regarding those comments, though it may be a little conceptual, we will explain in detail.

# Create business opportunities and mitigate credit risks

ESG will impact financial institutions' corporate value on both offense and defense sides, as responses to climate change affect competitiveness of companies.



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Firstly, the gain of attention to ESG, especially climate change is both a large business opportunity and a risk for financial institutions.

As seen on the left-hand side, industries will be required to strive toward a carbon-neutral society through long-term initiatives in transition, innovation, and changing regulations.

Such efforts by the customers provide a tremendous business opportunity to financial institutions like us.

Total capital expenditure required to achieve the goals of the Paris Agreement is said to exceed JPY 6 quadrillion globally. We believe we could breed business opportunities by providing SMBC Group's diverse financial solutions such sustainable loans, underwriting of sustainable bonds, leasing, and advisory services.

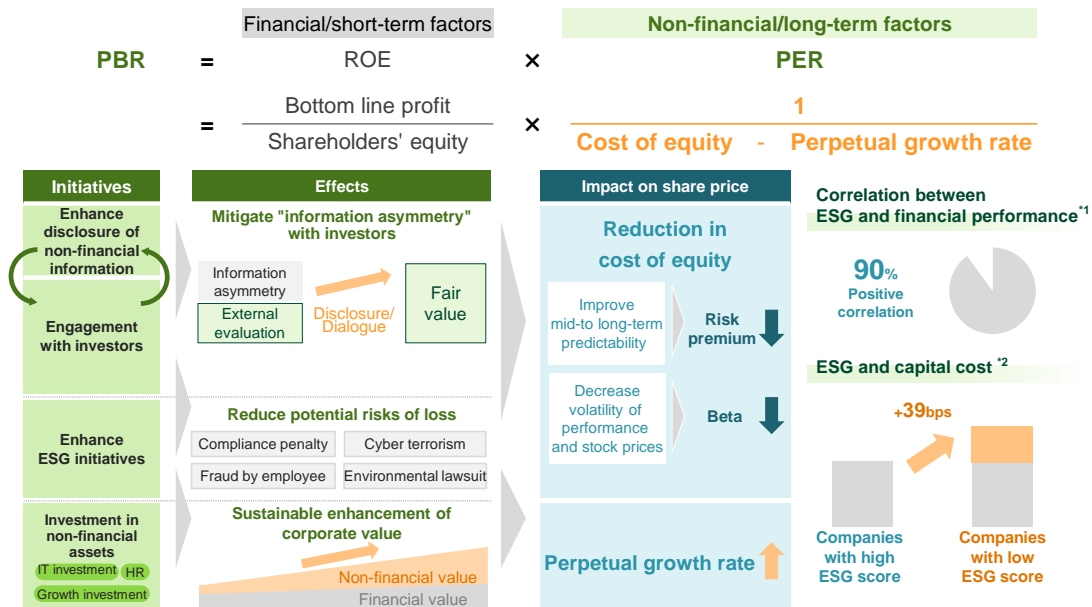
On the other hand, as some companies which fail to adapt to ESG face declining performance in the mid-to long term, it would in turn affect us in the form of higher credit cost.

However, even though the risk hikes, we would not just divest from those industries or customers.

Rather, we would like to contribute to the development of society by engaging with customers, providing transitional support to them, and integrating non-financial values into credit decisions and resource allocation process as well as controlling the risk.

## Improvement of PER

Sustainability initiatives contribute to an increase in the mid- to long-term share price through reducing cost of equity and enhancing sustainable growth.



\*1 Deutsche AWM and University of Hamburg \*2 MSCI World, Financials

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Next, let me explain how sustainability leads to increasing our corporate value. Actively working on ESG is thought to contribute to the increase in share price through the improvement of PER, as shown on the top and right-hand side charts. There are many empirical studies that prove the hypothesis, and we believe it would become more concrete.

If we apply this to financial institutions, especially SMBC Group, we estimate that the ratio of non-financial data to corporate value would increase going forward. Therefore, the key to sustainable growth for SMBC Group is the "non-financial capital" which is not visible on the balance sheet, including our personnel, data, and customers' trust.

We will improve our corporate value through the allocation of management resources to the enhancement of human capital and intellectual capital. We would also like to enhance the predictability of our mid- to long-term financial results and corporate value by actively disclosing non-financial information and engaging with stakeholders.

We also think we could eliminate the volatility on our bottom-line profit by vigorously promoting ESG. As a global financial institution, we are always holding potential risks of loss such as cyber-attacks, money laundering, and our loans becoming stranded assets. We believe the keys to prevent those losses are governance and corporate culture.

We would like to minimize our beta by enhancing risk management like corporate governance and scenario analysis of climate change.

**Enhance financial/non-financial capital and sophisticate solutions to circulate the value creation model based on the foundation of management structure.**



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### **III. Response to climate change**

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Let me now talk about our initiatives to address climate change.

## History of climate change initiatives

Proactively addressing climate change issues.

Became the first global financial institution to disclose climate change impacts.

### Our initiatives

- **1998** Established environmental policy
- **2002** Announced support for the UNEP Finance Initiative
- **2006** Adopted the Equator Principles
- **2007** Announced support for the UN Global Compact
- **2017** Announced support for the TCFD Recommendations
- **2018** Announced the policies on coal-fired power plants, palm oil plantation development, etc.
- **2019**
  - Disclosed financial impact of physical risk based on climate change scenario analysis (1st global financial institution in the world to disclose)
  - Signed the Principles for Responsible Banking
- **2020**
  - Announced the results of scenario analysis regarding transition risks
  - Announced "SMBC Group Statement on Sustainability" and "SMBC Group GREEN×GLOBE 2030"
- **2021**
  - Announced the long-term action plan "Roadmap Addressing Climate Change"
  - Revised the policy regarding coal-fired power generation
  - Appointed Group CSuO and established Sustainability Committee
  - Announced a commitment to achieve net zero GHG emissions (Group-wide: 2030, Portfolio: 2050)

### SMBC Group GREEN×GLOBE 2030

10-year KPIs	FY3/21 Results
<b>Upward revision</b> Sustainable finance until 2030 <b>JPY 30tn</b> (of which JPY 20tn is green finance)	<b>JPY 2.7tn</b> in Japan and overseas (green finance)
Participants in financial education program until 2030 <b>1.5mn</b>	<b>132K participants</b>
<b>Measure social impact</b> of social contribution activities	<b>Measured the social impact of "PROMISE Financial and Economic Seminar" and disclosed the results</b>
<b>Conduct survey of awareness and engagement levels</b> concerning ESG/SDGs among front office personnel and customers	# of front office personnel stating that they have taken ESG-and SDGs-related actions toward customers <b>+10%</b>
<b>Upward revision</b> <b>Achieve net zero GHG emission</b>	GHG emissions <b>Approx. 140K t-CO2</b>

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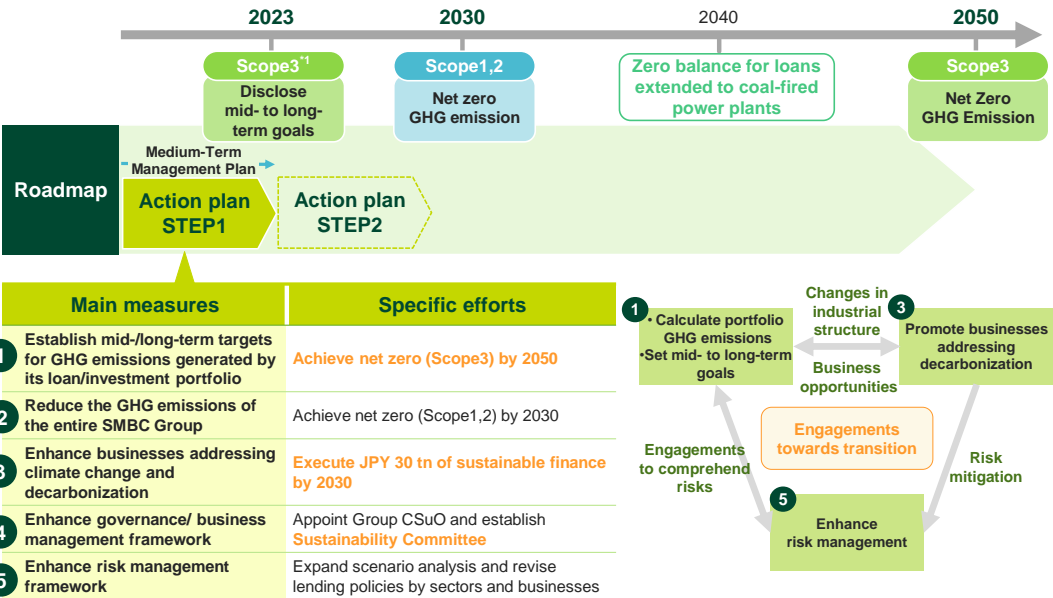
We have placed "Environment" as a key management challenge and are working on various initiatives.

In April 2020, as part of a 10-year action plan to realize sustainability, we developed "SMBC GREEN×GLOBE 2030" to accelerate our efforts to resolve environmental and social challenges.

However, the situation regarding climate change has changed dramatically in this past year; Japan has declared to become carbon neutral by 2050 and the U.S. returned to the Paris Agreement.

# Roadmap Addressing Climate Change

Established a long-term action plan “Roadmap Addressing Climate Change” in order to realize carbon neutral society by 2050.



<sup>\*1</sup> Scope3 Category15 (Investments) in the GHG Protocol

Based on this backdrop, SMBC Group announced “Roadmap Addressing Climate Change” which aims to realize carbon neutral society by 2050.

On the bottom left, we show the 5 action plans in this current Medium-term Management Plan. I will explain those later, but what is important here is the relationship shown in triangle on the bottom right.

First, (1) we assess the amount of GHG emissions of customers. This will lead to recognizing which asset in our portfolio has a risk of becoming stranded asset from the (5) risk management perspective.

From another point of view, this acknowledgement of customers’ GHG emissions would lead to (3) capturing business opportunities like transition financing.

Therefore, business regarding climate change prevents customers’ assets from becoming stranded assets, and as a result, it will lead to the elimination of our credit risk.

The key to circulating this triangle is the engagement with stakeholders.

I will explain in more detail from the next page.

# Realize net zero GHG emission of SMBC Group

SMBC Group will reduce its GHG emission to net zero by 2030.

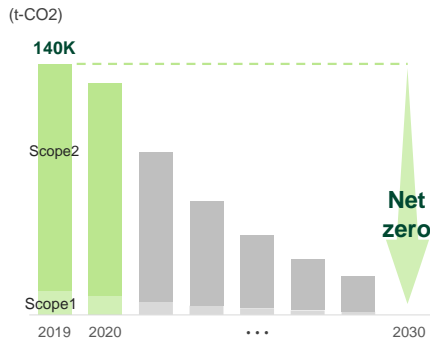
## Initiatives to reduce GHG emission

### KPI (2030)

### Revised

**Previous** SMBC to reduce by 30% from 2018 to 2030

**New target** SMBC Group to become net zero by 2030



### Introduce environmentally friendly offices



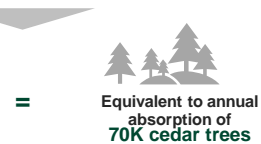
#### SMBC's Head Office East Tower

- CASBEE<sup>\*1</sup> rating "S-rank"
- LEED-CI<sup>\*2</sup> certification "Platinum"

### Switch purchased electricity to renewable energy

Switch portion of purchased electricity for East Tower of SMBC's Head Office to electricity menus of **hydroelectric power**

Reducing CO2 emissions  
**1,006 tons/year**



\*1 Comprehensive Assessment System for Built Environment Efficiency by IBEC (Institute for Building Environment and Energy Conservation) \*2 A global environmental certification by USGBC (US Green Building Council)

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First, let me talk about the reduction of SMBC Group's GHG emission.

Our goal is to achieve net zero in Scopes 1 and 2 by 2030.

Our original 2030 goal was to reduce CO2 emissions of SMBC by 30% from 2018, but now our scope is expanded to the entire Group and the level of reduction has significantly increased.

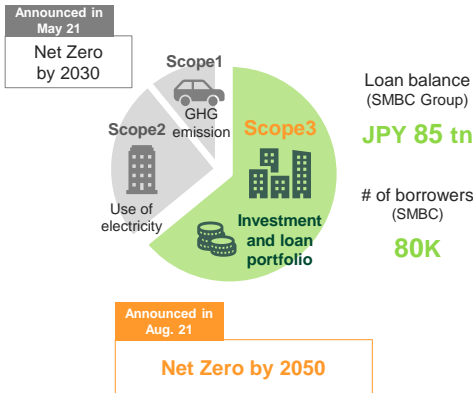
Our office buildings have proactively adopted environmentally friendly structures, but going forward, we will further strive to reduce GHG emissions by taking measures like switching our company cars to EVs and transitioning to electric power generated by renewable resources.



# Realize net zero across investment and loan portfolio

Announced commitment to achieve net zero GHG emission for overall investment and loan portfolio by 2050.

## Commit to Net Zero of financed emission



NZBA (Net Zero Banking Alliance)  
In progress toward participation in 2021

## Establish target for long-term GHG reduction

Customers	Risk Management
Sufficient strategic engagement	Collect data Enhance analysis
Develop a roadmap for each company	Set long-term portfolio management strategy
Provide transition solutions	Review business flows incl. front office/credit review

### 2030 GHG reduction target

#### Carbon intensity calculation (power generation sector)



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Next is our initiatives on our financed emission (Scope3).

Last month, we made a new commitment in the Group CEO message of the TCFD Report 2021 that we would also achieve net zero GHG emission across the entire investment and loan portfolio by 2050 in line with the goals set by the Paris Agreement.

In addition, as shown on the bottom right-hand side, we calculated the amount of GHG emission of the Group's portfolio in the power generation sector. This calculation includes not only project finance but also corporate finance, and we recognize this is the first attempt as a Japanese financial institution.

However, this is not the end. As shown on the right-hand side, the next important step would be to set a mid- to long-term target.

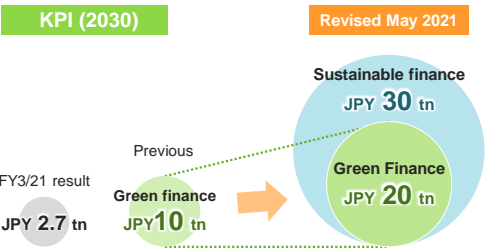
Scope3 of financial institutions tends to be much broader as it corresponds to the overall investment and loan portfolio. We will engage with customers one by one, illustrate roadmaps to decarbonization, and support their initiatives from the financial perspective.

At the same time, we will set appropriate milestones to become net zero by 2050 alongside with upgrading our scenario analysis on climate change risk and establishing portfolio management strategies.

# Support for transition through sustainable finance

Aim to execute JPY 30tn of sustainable finance to support customers' efforts toward climate change and transitions.

## Sustainable finance



Global League Table (Green Loan) \*1

	Financial institutions	# of projects	US\$ (mn)
1	Credit Agricole	28	3,619
2	SMBC	19	2,810
3	BNP Paribas	16	2,681
4	MUFG	10	2,108
5	SG CIB	15	1,816

## Various solutions on a group-wide basis



SUMITOMO MITSUI BANKING CORPORATION



Renewable energy project finance



ESG/SDGs valuation finance



SMBC NIKKO



Green bond



Social bond



Sumitomo Mitsui Finance and Leasing



Leasing for renewable projects



SDGs lease

\*1 Source: Dealogic (FY3/21)

SMBC Group is committed to execute JPY 30 trillion of sustainable finance by 2030, with an aim to maximize our support so that our customers could take necessary measures to climate change and achieve transition.

This goal was originally “to execute JPY 10 trillion of green finance,” but we decided to significantly upscale it given the global trend and the result of engagements with customers and stakeholders.

The point I would like to emphasize here is that we would not judge everything based on dualism, such as decarbonization or not, or green vs. brown.

We will support our customers' smooth transition in their quest for decarbonization while continuing thoughtful conversations with the stakeholder community.

# Scenario analysis

Continue to upgrade analysis of physical and transition risks.

## Physical risk

	Enhanced	Previous
Risk events	Water disasters	
Scenarios	IPCC* <sup>1</sup> /RCP* <sup>2</sup> 2.6 (2°C scenario) IPCC/RCP 8.5 (4°C scenario)	
Target of analysis	Corporate customers	
Analysis period	Up to 2050	
Risk Indicators	Credit-related costs that are expected to increase (credit costs)	
Regional coverage	Global	Japan
Analysis results	JPY 55-65bn cumulative	JPY 30-40bn cumulative

## Transition risk

	Enhanced	Previous
Risk events	<ul style="list-style-type: none"> <li>Policy change (including carbon pricing)</li> <li>Technological Innovation</li> <li>Changes in supply-demand balance</li> </ul>	
Scenarios	NGFS* <sup>3</sup> (1.5°C, 3°C scenario) IEA* <sup>4</sup> (1.5°C scenario)	IEA (2°C scenario, 4°C scenario)
Target of analysis	Energy and power sectors	
Analysis period	Up to 2050	
Risk Indicators	Credit-related costs that are expected to increase (credit costs)	
Regional coverage	Global	
Analysis results	JPY 2-24bn annual	JPY 2-10bn annual

\*1 Intergovernmental Panel on Climate Change \*2 Representative Concentration Pathways  
 \*3 Network for Greening the Financial System \*4 International Energy Agency

At the same time, we should sophisticate our risk management as the “defense” side.

As disclosed in our TCFD Report, we expanded our scope of scenario analysis on physical risks by utilizing AI technology and satellite data to analyze the impact on credit-related costs arising from water disasters on a global scale. Such usage of AI and satellite data in scenario analysis is the first attempt ever in the world.

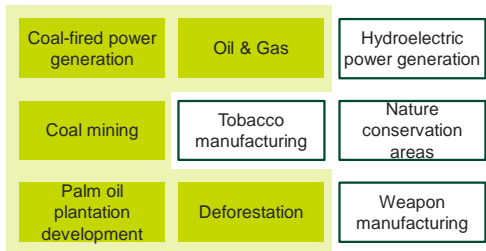
As for transitional risks, we applied 1.5 degree scenario-based analysis as well as broadening the scope and revising the method of analysis. We estimated the impact on credit-related cost on a global scale based on the new scenario and taking into account carbon cost.

We need to further enhance these analyses since they are conducted under a very long period, and have many uncertainties.

# Policies for businesses and sectors

Review lending policies for sectors that can affect social issues such as human rights and biodiversity, in addition to climate change.

## Sector policies for climate change



Businesses and sectors more likely to impact climate change

## Palm oil plantation development and deforestation

Revised Aug. 2021

Added a passage requesting customers to comply with NDPE (No Deforestation, No Peat, No Exploitation)

## Policy on coal-fired power plant

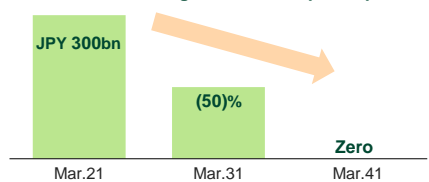
Revised May 2021

Support for newly planned coal-fired power plants and the expansion of existing plants are not provided.

<Understanding of the business / sector>

- SMBC Group expects our customers to establish and publicly announce long-term strategies aimed at realizing a carbon neutral business model and other initiatives to address climate change.
- Moreover, SMBC Group will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

## Loans outstanding for coal-fired power plants



We occasionally revise policies for certain businesses and sectors. For example, we updated our policy on coal-fired power plants to a more rigorous one of not supporting any new constructions or expansions.

With a global shift towards low carbon/decarbonized society, transitional risks that are expected to arise as investments turn into stranded assets could significantly impact financial institutions' lending portfolio and credit cost. Therefore, we are committed to continue upgrading scenario analysis and other measures.



## **IV. Initiatives for sustainable business**

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In this last section, I will show some of our notable examples of sustainable business.

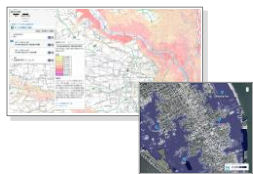
## Build an ecosystem to promote innovation

### SMBC Group GREEN Innovator

- Create advanced solutions by gathering the Group's expertise and information as well as collaborating with other industries.



#### Scenario analysis by AI and satellite data



#### Sustainability priority issue identification tool

- Developed a tool to identify priority in customer's SDGs issues

Utilized for engagement with customers

### Hydrogen value chain

#### Japan Hydrogen Association

- Led the establishment and became one of the board members
- Made a policy proposal to METI in Mar. 21 on realizing a hydrogen-based society

#### Hydrogen Council

- Became the first financial institution to join an international NGO which proposes vision and long-term targets for hydrogen utilization

#### Chubu Hydrogen Utilization Council

- Considering possibility of large-scale use of hydrogen in the Chubu area

### Support for growing companies

#### Mirai cross

- Aim to build an ecosystem to support growing companies with industry-government-university



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What I would like to emphasize is that we are trying to build an ecosystem where we could generate solutions and innovations that contribute to realizing a sustainable society, by gathering SMBC Group's expertise and information and by collaborating openly with customers and partners of other industries.

Under this concept, we have launched a program called "SMBC Group GREEN Innovator" to coordinate solutions utilizing technologies such as tools that automatically derive potential priority issues for customers in the area of sustainability, etc.

One of the examples of building an ecosystem for the future is our initiatives on hydrogen. We are taking the lead in Japan Hydrogen Association and actively working on promising technologies for our future.

We would also like to provide various solutions through collaboration with non-financial partners and international NGOs.

# Finance

## Project finance

### "Global Bank of the Year" award

Awarded 6 times from industry magazine PFI

: **World No. 1**

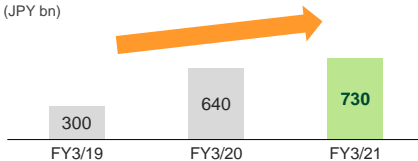


### Global League Table (renewable energy projects) \*1

	Financial institutions	# of projects	US\$(mn)
1	Santander	70	4,637
2	Societe Generale	55	4,402
3	MUFG	53	4,164
4	<b>SMBC</b>	<b>51</b>	<b>3,762</b>
5	Rabobank	58	3,467

### Disbursements for renewable energy projects

(JPY bn)



\*1 Source: UJ Global (CY2020)

## New Initiatives

### Green deposit

1st in Japan



### Transition finance

1st in Japan

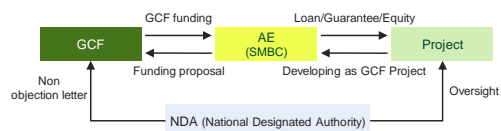


#### Mitsui O.S.K. Lines transition finance

- Support for two LNG ferries purchase
- Selected as a model case by METI

### "Green Climate Fund" certification

- Expand sustainable finance for climate change in developing countries



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From this page, I will present some examples of our solutions. First is finance.

We are proud of our prestigious presence as a 6-time winner of "Global Bank of the Year Award" by the project financing industry journal, and for originating JPY 730 billion in project financing last fiscal year.

In addition, we are putting effort in providing new solutions. The deals shown on the right-hand side are the first in Japan. One is "green deposit", a product that connects green projects with customers who wishes to invest their money in eco-friendly projects and another is transition finance to a customer purchasing LNG ferries.

## Bond underwriting

### Green and social bonds

#### Distinctive structuring agent deals

Issuer	Characteristics	Issue amount
Tohoku Electric Power	1st green bond from a large Japanese electric power company	JPY 5 bn
ANA HOLDINGS	1st social bond from an operating company	JPY 5 bn
The Gunma Bank	1st green bond from a regional bank	JPY 10 bn
Kenedix Residential Next Investment	1st J-REIT social bond	JPY 2 bn
United Urban Investment	1st J-REIT retail bond	JPY 10 bn
ARUHI	1st green RMBS in Japan	JPY 5 bn
H.U. Group Holdings	1st social finance framework in the medical field	JPY 20 bn
Japan Hotel REIT Investment	1st J-REIT's hotel-type (energy-saving renovation)	JPY 2 bn
MEIDENSHA	1st CBI certification of a Japanese operating company	JPY 6 bn

\*1 International Capital Market Association

### Transition bond



#### NYK Line Transition bond

1st in Japan

- Accordance with the guidelines of ICMA\*1 and METI
- Selected as a model case by METI

#### Cadent Transition bond

1st in UK

- Active bookrunner in transition bond by the largest gas distributor in the U.K.

### New Initiatives

- Started private placement type shogun social sustainability bonds
- Executed first domestic yen sovereign green samurai bond
- Originated social impact bond related to learning support for preventing recidivism

- First case in which a government took the lead in using social impact bonds



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Next is bond underwriting.

As shown on the left-hand side, SMBC Nikko has structured many green bonds and social bonds that became first in each sector like electric power company, operating company, and regional bank.

SMBC Nikko has also joined the first transition bond in the U.K. as active book runner.

The transition bond of NYK Line was the first model case of METI's public collection, which is in accordance with the guideline of ICMA.






Finally, as shown on the bottom right, we are also working on creating new schemes such as social sustainability bond printed as private placement shogun bond.



# Leasing solutions

## Renewable energy generation

- Industry-leading power generation performance

		Generation output (MW)	# of plants
Solar		1,000	1,570
Wind		106	17
Biomass		72	7
Small / medium hydro		2	5
Geothermal		5	2

### Nobeoka Kadogawa Mega Solar Park



- Output size 47MW
- For approx. 16,000 households
- 2nd largest solar power plant in Miyazaki Prefecture

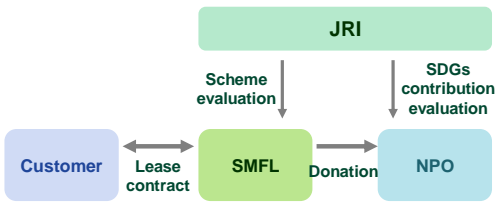
## Building a hydrogen supply network

- Mobile hydrogen station lease 1st in Japan
- Smart hydrogen station



## SDGs leasing (donation-type)

- Provide lease users with opportunities to contribute to SDGs



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One of SMBC Group’s strengths is holding SMFL, a leading company of the leasing industry.

SMFL aims to rank in the top 5 power generation companies of renewable energy and already has top-class results in solar, wind and biomass power.

We also structured a leasing scheme to the first “mobile hydrogen station” and aim to build a stable power supply network of future energy.

# Initiatives for individual customers

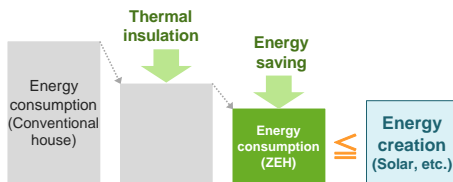
## SMBC Green project

Realize a sustainable society together with customers



## Promote ZEH (Net Zero Energy House)

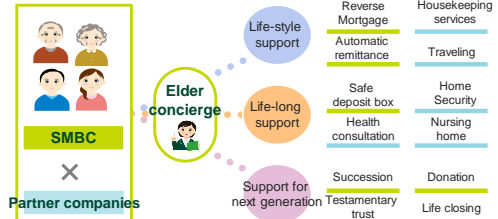
- Preferential interest rates on loans to housing and apartments that combine insulation, energy saving, and energy creation to achieve net zero of primary energy consumption.



## Initiatives for the Aging Society

### SMBC Elder Program

- One-stop response with partner companies to a variety of concerns faced by the elderly



### FORUM for the 100-Year Life

- Approx. 3.6K participants in 2021 (online)



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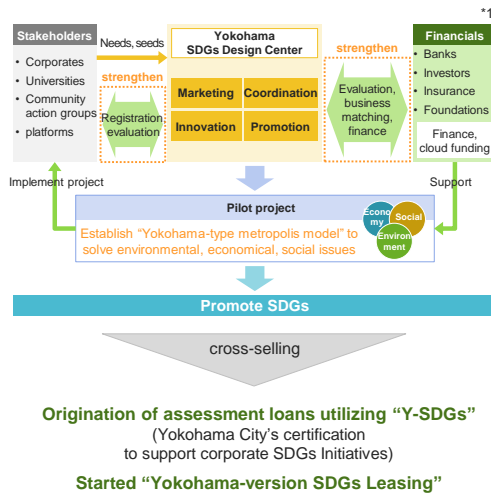
For retail customers, we implement “SMBC Green Project” which promotes switch to web-version passbook and paperless operations. We also apply lower interest rates to housing loans and apartment loans specifically on environmentally considerate residences.

# Regional revitalization

## Alliance with local governments

### Yokohama City: Regional revitalization SDGs financial system 1st in Japan

- SMBC and JRI formed an alliance with Yokohama city to support the establishment of the system



## Sustainable agriculture

### Agricultural corporation "Mirai Farm Akita"

- Built an efficient and profitable agricultural management model by reducing cost through large-scale farming and developing new markets



## Tourism

### Old Japanese-style house accommodation business

- Collaborate with Dazaifu City and Dazaifu Tenmangu to shift from "transit-type" tourism to "resident-type" tourism



<sup>\*1</sup> Illustrated by SMFG referring to "FY3/21 Business Overview" from Yokohama City's website

Regional revitalization is another important subject.

For example, SMBC and JRI are giving financial support to the city of Yokohama, to realize their goal to become an "SDGs Future City."

Another unique initiative is agriculture. Many people say it is unique for a financial institution to enter the agricultural business. We aim to help regional revitalization through these initiatives.

# Contribute to Communities and Next generation

## Financial inclusion

### Financial literacy education

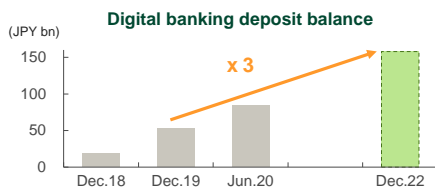
**KPI** 1.5 million participants by 2030

- 130 K participants in FY3/21, mainly in seminars of SMBCCF



### Retail deposits in Asia

**KPI** Retail deposits in Asia 3x  
(from Dec.19 to Dec.22)



## GREENxGLOBE Partners

### # of partner companies

47  
Sep. 2020

235  
Sep. 2021  
(As of Sep. 10)

### “Converting paper waste to resources” project



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Next, I would like to introduce our initiatives for “Community” and “Next Generation”, which we also set as our priority issues (materiality) along with “Environment.”

As for the arrangement of various financial and economic educational programs, with the spread of Covid-19, we launched a new format of virtual seminars last year. A total of approximately 130 thousand people completed our courses. We will continue to provide financial and economic training to people of broad age groups.

Also, we established “GREENxGLOBE Partners” last year to resolve social challenges. The number of customers who resonated with the concept has counted up to 235.

There are projects incubated from this community, and we would like to further activate these initiatives.

## ESG indices and initiatives

### Selected ESG Indices



### Endorsed initiatives



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SMBC Group is incorporated in many of the major ESG indices as a result of our various initiatives.

We also endorse various initiatives both domestic and global as a member of the global society and regarding the social impact financial institutions may derive.

This concludes my presentation today.

SMBC Group will further strive to realize a sustainable society together with our customers. We would highly appreciate your continuous support.

# Links

	Issuance	URL	QR code
1 Annual Report	Jul.21	<a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a>	
2 TCFD report	Aug.21	<a href="https://www.smfg.co.jp/english/sustainability/materiality/environment/climate/">https://www.smfg.co.jp/english/sustainability/materiality/environment/climate/</a>	
3 Sustainability Report	Jan.21	<a href="https://www.smfg.co.jp/english/sustainability/report/backnumber/">https://www.smfg.co.jp/english/sustainability/report/backnumber/</a>	
4 ESG data book	Jul.21	<a href="https://www.smfg.co.jp/english/sustainability/report/databook/">https://www.smfg.co.jp/english/sustainability/report/databook/</a>	
5 Principles for Responsible Banking Report	Mar.21	<a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/">https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/</a>	

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