

Efforts for Social Value Creation in SMBC Group

May 28, 2025



SUMITOMO MITSUI
FINANCIAL GROUP

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I

SMBC Group's Social Value Creation // 4

The Society SMBC Group aims to achieve 5

Expansion of the circle of initiatives for Social Value Creation 6

Circle of initiatives for Social Value Creation 7

- Full participation 8
- Collaboration with partners
- Fund allocation to solve social issues

Impact-based information disclosure

Social Value Creation and corporate value of SMBC Group 10

(Column) Social Value Creation by the numbers 11

II

Efforts for Social Value Creation // 12

Priority issues (Materiality) 13

Environment 15

- Integrated approach to environmental issues
- Contributing to decarbonization of the real economy
- Circular economy / Natural capital
- Climate-related risk management

DE&I/Human Rights 30

- Human capital management of SMBC Group
- Supporting customers' human capital management
- Establishing system aimed at respecting human rights

Poverty & Inequality 33

- Initiatives in Japan
- Initiatives overseas

Declining Birthrate & Aging Population 35

- Reduction of people's various anxieties
- Financial and economic education

Japan's Regrowth 37

- Maximum contribution as a financial institution
- Initiatives beyond the boundaries of financial institution

III

Governance // 39

IV

Opinion on the Shareholder Proposal // 45



SMBC Group's Social Value Creation

The Society SMBC Group aims to achieve

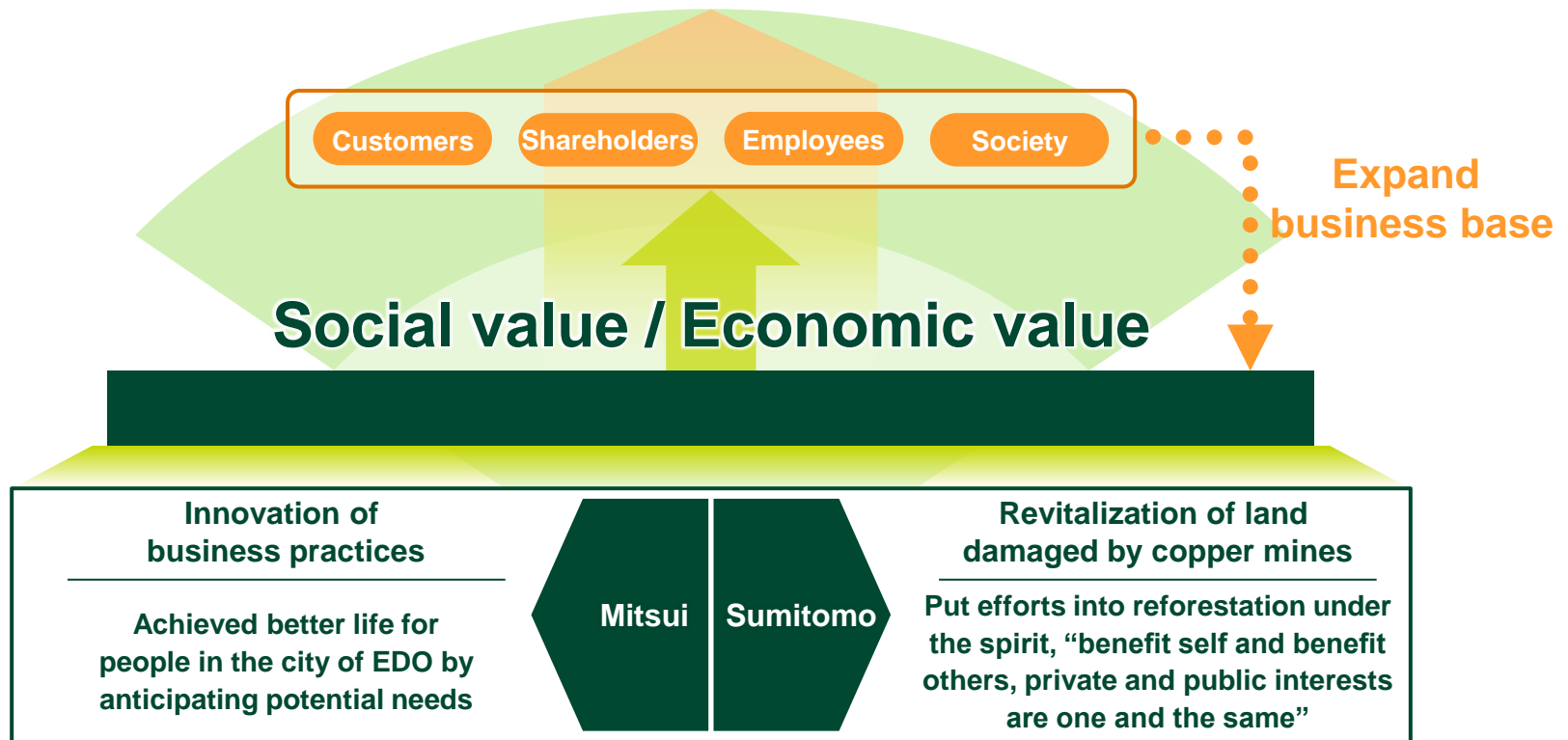
Plan for
Fulfilled Growth

Even amidst rapid changes in the external environment and an uncertain future, the direction in which SMBC Group is heading remains steadfast.

We continue to aim for achieving “Fulfilled Growth” through creating social value and pursuing economic value.

Era of “Fulfilled Growth”

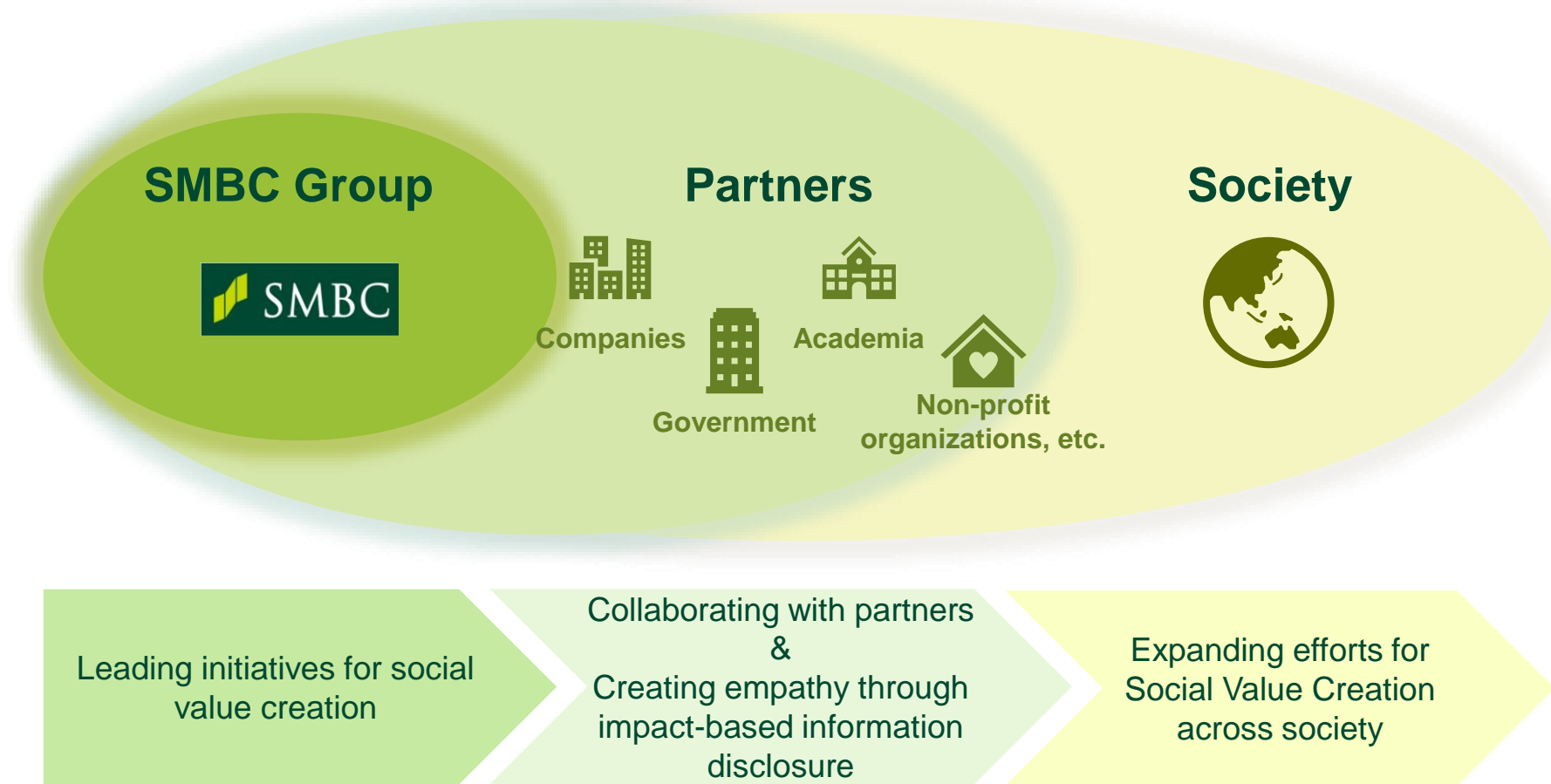
An era where people feel fulfilled as economic growth accompanies the resolution of social issues



Expansion of the circle of initiatives for Social Value Creation

Plan for
Fulfilled Growth

Expanding the circle of initiatives for social value creation by leading initiatives, collaborating with customers and partners, communicating these achievements as impact to society and fostering empathy.



Circle of initiatives for Social Value Creation—Full participation



Plan for
Fulfilled Growth

Support voluntary initiatives of employees and expand opportunities for participation in creating social value.

Support employee initiatives

- Expand support to spread the voluntary initiatives of employees

Activity support

Materials / tools



Discussion materials with customers

Ambassador



Play the role of leader within the office

Matching



Promote matching based on social issues

SMBC Social Issues Resolution Promotion & Support Loan

- Loan products that include analyzing the relationship between customer's businesses and social issues as well as crating action plans

FY3/25 results
19 companies/
Approximately
JPY **110**bn

Resource allocation

Expense budget: JPY 10bn

- Customer efforts for resolving social issues
- Companywide efforts for creating social value
- Employee social contribution activities, etc.

Investment fund: JPY 50bn

- Joint growth/development of business together with customers
- Development of new technology and industry training, etc.

Expand opportunities for participation

Shaka-kachi DAY—planning a one-day event at all overseas and domestic sites

<Effort example>

Japan

Traditional cultural experience event for children in cooperation with a long-established confectionary store in Ginza



Japan

Local business field trips for elementary school students



Hong Kong

Beach cleanup tied up with foods supplier company



France

Career courses for students



FY3/25 results
257 offices

Shaka-kachi Award—commendation for enthusiastic cases of social issue resolution

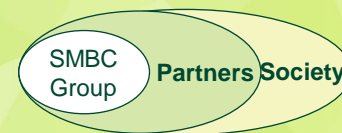
<Winners of the President's Award>

Marketing of Olive through industry-academic collaboration



FY3/25 results
of application: **490**
2,501 applicants

Circle of Initiatives for Social Value Creation



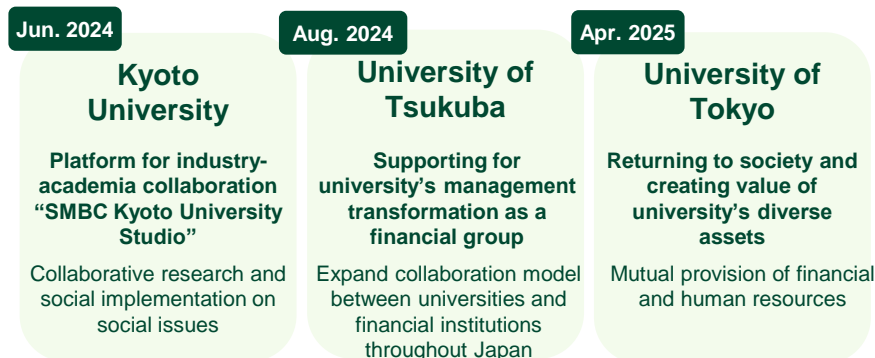
Plan for
Fulfilled Growth

Expanding initiatives through collaboration with partners and a system that allocates "money" to solving social issues.

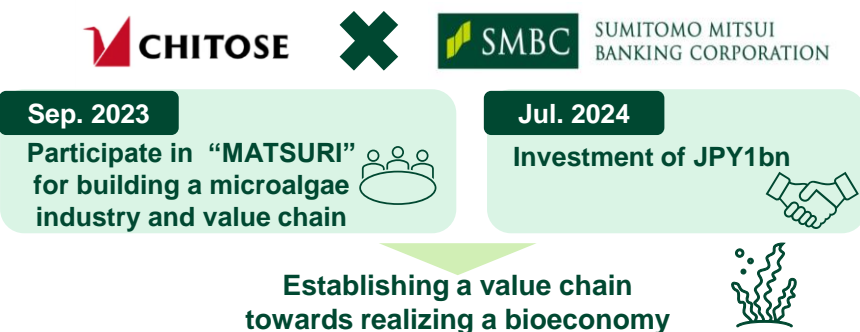
Collaboration with partners

Industry-academia collaboration

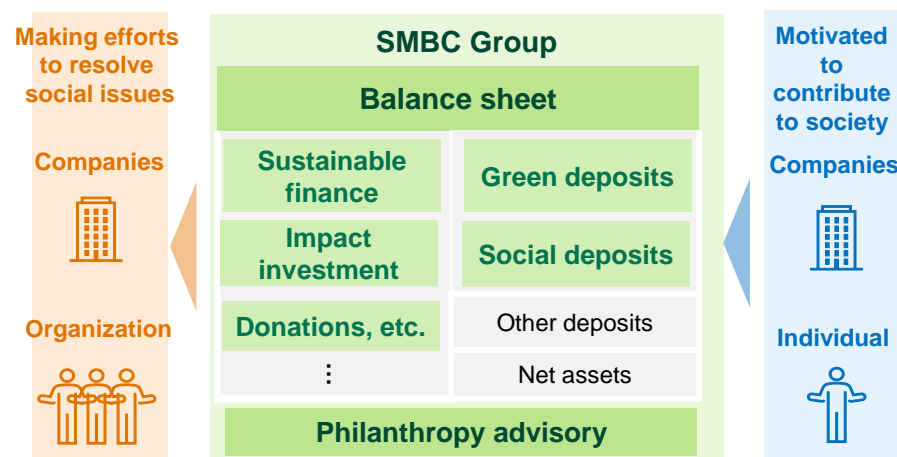
- Engaging in joint research, talent development, and social implementation, etc., through new industry-academia collaborations that contribute to creating social value



Business collaboration



Fund allocation to solve social issues

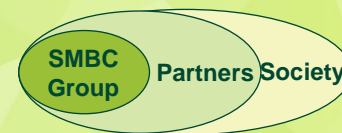


Green Deposits	Apply for renewable energy and other businesses	\$750 mn Total Deposits as of FY3/25
Social Deposits	Apply for resolving social issues of poverty and inequality, etc.	\$20 mn Total Deposits as of FY3/25
Impact Investment	Support companies addressing priority issues	3 cases

Philanthropy advisory

- ✓ Services that aid social contributions through donations from affluent individuals
- ✓ Support by the entire SMBC Group from strategy formulation to execution support and operation management

Impact-based information disclosure



Plan for
Fulfilled Growth

Published Impact Report 2024 as the first Japanese bank by staying ahead of the change of “metrics” for evaluating companies.

Plan to publish the 2025 edition this year.

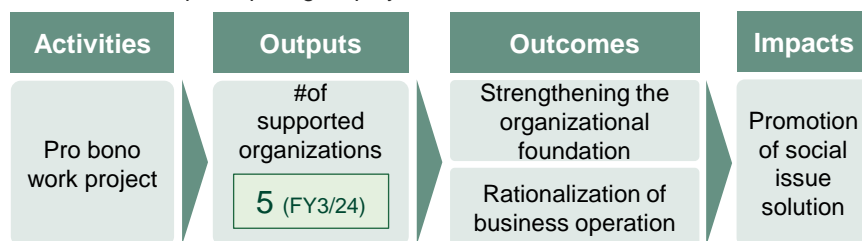
Overview of Impact Report 2024

- Published in August 2024
- Summarizing SMBC Group's thoughts on “Impact”, efforts for creating social value, and their outcomes.



Visualization of created social value—Pro Bono Work Project

- Pro bono work, the initiatives that support non-profit organizations, etc. by leveraging employee skills and experience gained through professional works, has a positive impact not only on the supported organizations but also on the participating employees



<Impact on employees>

Conducting a survey for employees before and after participating in pro bono work (figures are out of 5 pts.)



Purpose of publishing the report

1 Creating empathy by showing results, and expanding the circle of initiatives

2 Responding to the opinions of stakeholders

Show the results of the efforts quantitatively.



Investors

Unsure if my own efforts are having a positive impact on society.



Employees

Future prospect

- Based on the challenges we felt during report preparation and feedback from investors and analysts, we are working towards further enhancing impact visualization and disclosure.

Dialogues with stakeholders about the report: **20 cases**



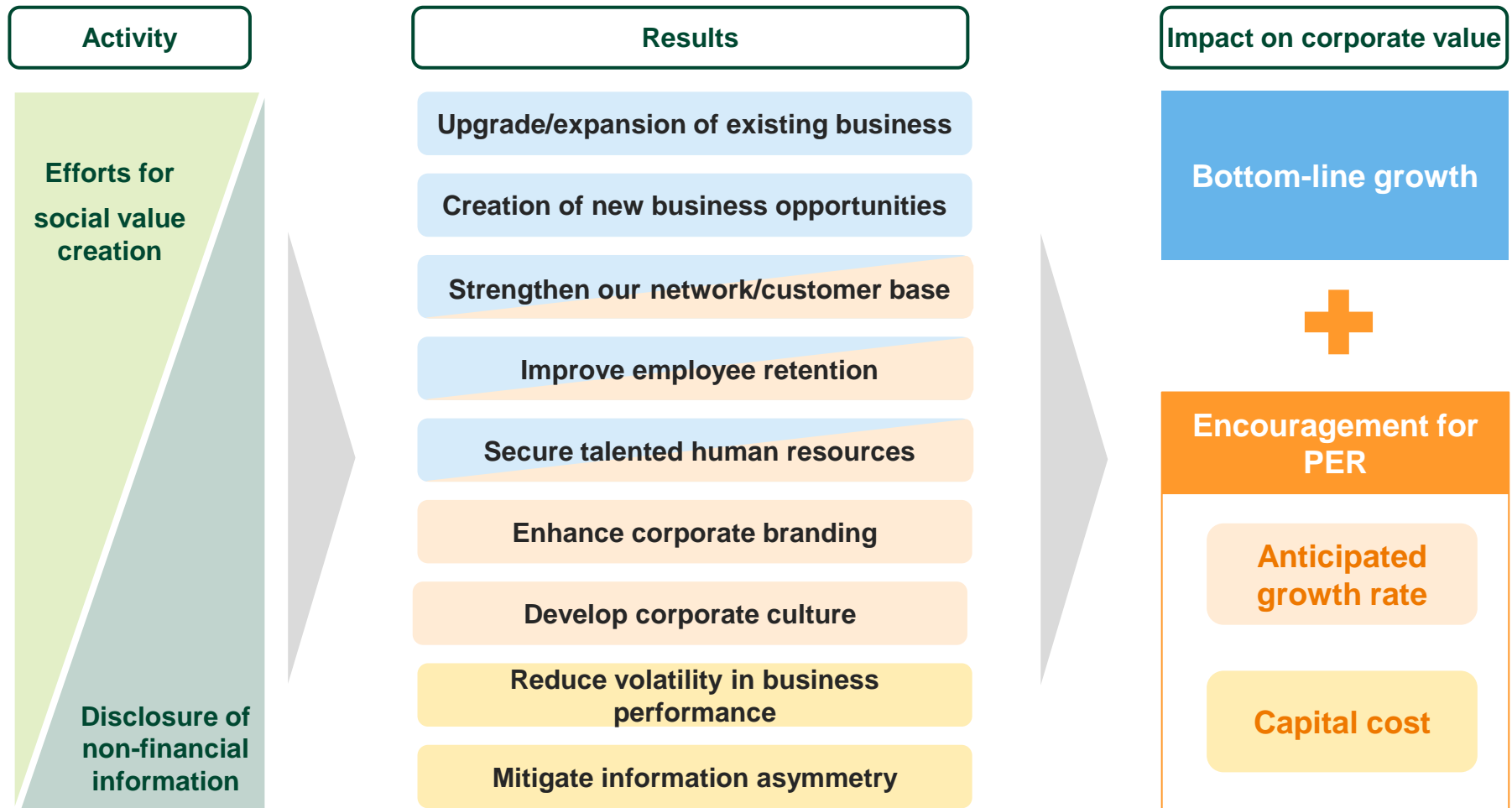
Points to enhancement

- Expanding the scope of impact visualization
- Organizing logic models and impact indicators in core business
- Appealing to a wide range of stakeholders

Social Value Creation and corporate value of SMBC Group

Plan for
Fulfilled Growth

Creating social value contributes to enhance corporate value of SMBC Group through expansion of our business base.



(Column) Social Value Creation by the numbers

Plan for
Fulfilled Growth

Employees involved in social value creation

Shaka-kachi DAY
Participation

257 branches
(FY3/25)

Shaka-kachi AWARD
Application

490 cases
2,501 employees
(FY3/25)

Work satisfaction

Engagement Score

74
(FY3/25)

Efforts against climate change

Sustainable Finance

JPY 34 tn
(FY3/21-25)

Transition Finance

46 deals
(cumulative)

Resource allocation

Expense budget

JPY 10 bn

Investment fund

JPY 50 bn

Expansion of initiatives

Impact investment

3 deals
(FY3/25)

Asset formation support

of participants of
financial and
economic education

Over **1.4 mn** people
(FY3/21-25)

AM / Foreign currency
balance

JPY 19 tn
(FY3/25)

Support for solving social issues by customers

Dialogue with
customers based on
social issues

4,000 cases
(Jul.24-Mar.25)

SMBC Social Issues
Resolution Promotion
& Support Loan

19 companies
JPY 110 bn
(FY3/25)

Providing financial services through digital

Olive
of accounts

5 mn
(cumulative)


Trunk
3-year target

300,000 accounts

Support for growth industries

Investment and
financing for startups

JPY 185 bn
(FY3/24-25)



Efforts for Social Value Creation

Priority issues (Materiality)

To achieve “Fulfilled Growth,” SMBC Group is actively addressing five priority issues through our distinctive approach.

	SMBC Group’s approach	
Environment	• Promoting environmental protection through an integrated approach to climate change, natural capital, and circular economy	P.15
	• Contributing to the realization of a decarbonized society by facilitating the flow of funds to initiatives supporting the transition	P.18
	• Continuing appropriate climate-related risk management from the perspectives of policies, portfolios, individual companies and projects	P.26
DE&I / Human Rights	• Creating a workplace where diverse employees respect each other and can fully demonstrate their abilities and individuality	P.30
	• Supporting the maximization of human capital not only for SMBC Group, but also for our customers	P.31
	• As an industrial hub, establishing a framework to respect the human rights of our stakeholders	P.32
Poverty & Inequality	• Creating a society where people can thrive regardless of their backgrounds by providing opportunities for learning and challenges	P.33
	• Contributing to the elimination of absolute poverty with a focus on micro finance, as a company promoting a multi-franchise strategy,	P.34
Declining Birthrate & Aging Population	• Eliminating the various anxieties about the era of 100-year life by providing a diverse range of products and services	P.35
	• Building a base to enable access to highly convenient financial services regardless of age or region	
Japan’s Regrowth	• Contributing to the development of Japan through resolving corporate issues and providing growth support as a proud Japanese megabank	P.37
	• Promoting Japan’s growth by taking on challenges beyond the boundaries of financial institution, such as supporting new industries and the next generation	P.38

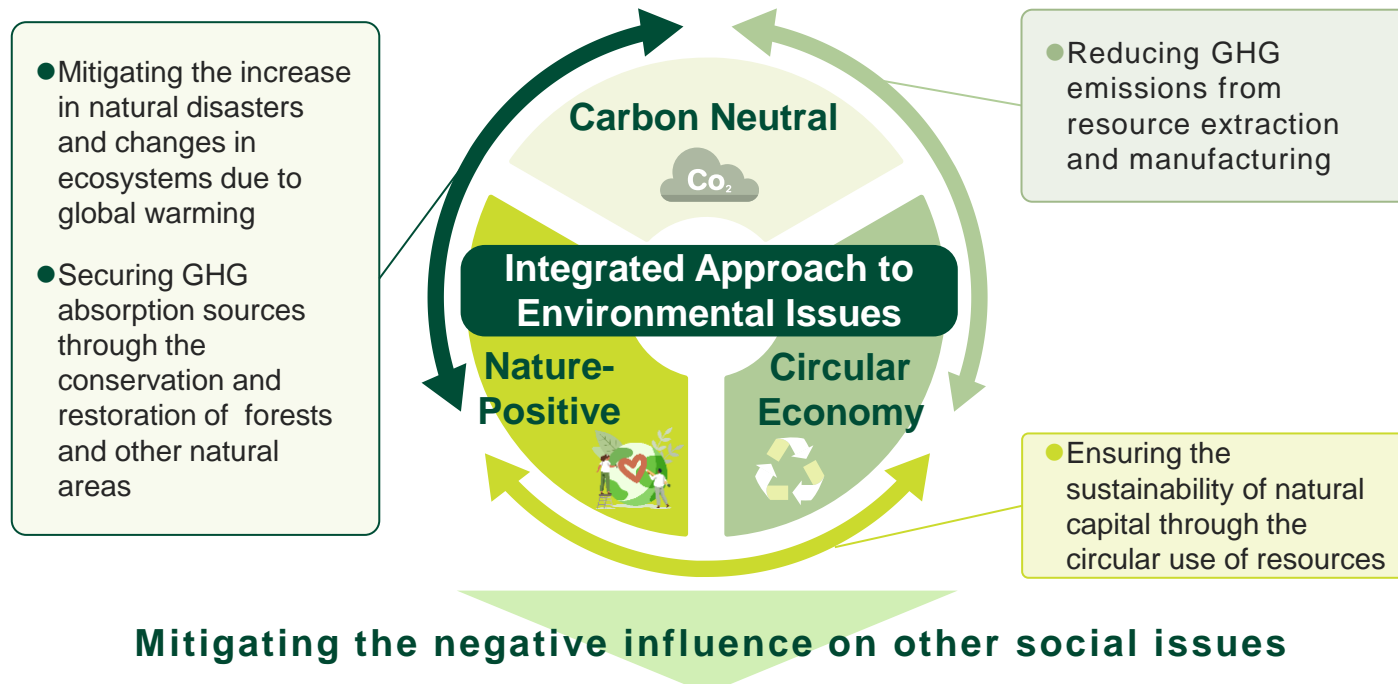
(Ref.) Progress on priority issues (Materiality)

Plan for
Fulfilled Growth

		KPI	FY3/25 Results
Environment	Support transition to achieve a decarbonized society	Sustainable finance JPY 50 tn (FY3/21-30)	JPY 34 tn (FY3/21-25)
	Contribute to the conservation and restoration of natural capital		
DE&I/ Human Rights	Realize a workplace where employees enjoy high job satisfaction	Engagement score Maintain at least 70	74
	Respect for human rights throughout the supply chain		
Poverty & Inequality	Break the cycle of poverty and inequality for the next generation	# of microfinance borrowers +800 k (FY3/26 vs. FY3/23)	-234 k
	Contribute to financial inclusion in developing countries		
Declining Birthrate & Aging Population	Relieve anxiety about the 100-year life era	AM / foreign currency balance JPY 18 tn (FY3/26)	JPY 19 tn
	Build user-friendly infrastructure to support a society with a declining population		
Japan's Regrowth	Support customers' business model transformation	Investment and loans for startups JPY 135 bn (FY3/24-26)	JPY 185 bn (FY3/24-25)
	Create innovation and foster new industries		

Integrated approach to environmental issues

Climate change, natural capital, and circular economy are interconnected, and an integrated approach is essential. These efforts not only address environmental issues but also contribute to resolving and mitigating other social issues such as human rights, poverty, and inequality.



Human Rights

Considering local communities affected by resource extraction, etc.

Ensuring safe and secure ecosystem services

Poverty and Inequality

Preserving employment and other aspects through "just transition"

Preventing heatstroke and infectious diseases

Public Health

Understanding of the environment

Decarbonization remains an urgent issue. It is crucial to adopt approaches aligned with the unique condition of each country and region to achieve decarbonization of the real economy.

Understanding of the Environment

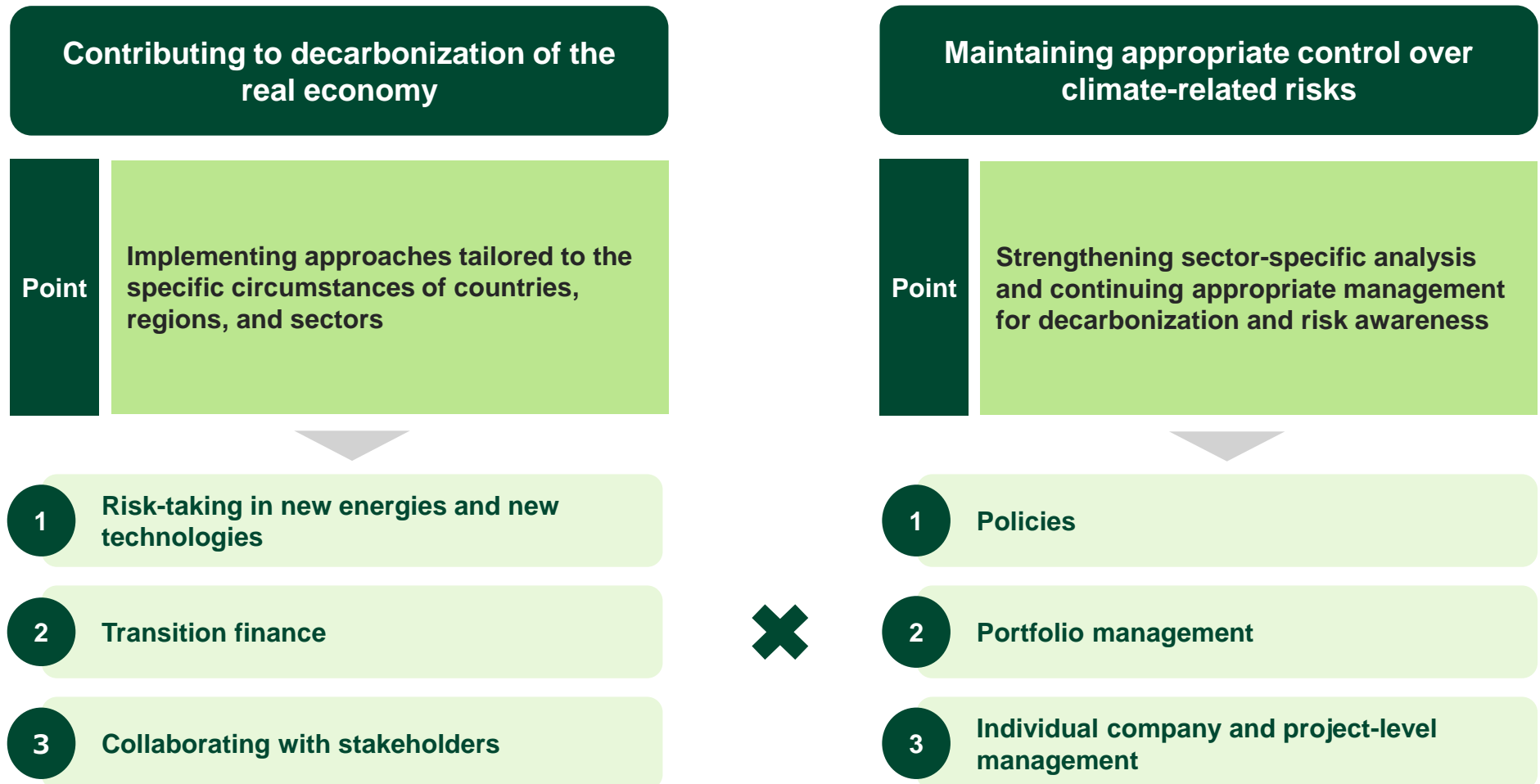
- Decarbonization remaining an urgent issue globally
 - Global temperature rise exceeding 1.5°C (Compared to pre-industrial level)
 - Extreme weather events occurring more frequently
- Increasing link of climate change policies to industrial policies
 - Japan: The 7th Strategic Energy Plan, GX2040 Vision
 - Europe: The European Green Deal, The Clean Industrial Deal
- Acceleration of decoupling
 - Europe: Striking a balance between energy security and economic efficiency
 - United States: Withdrawal from the Paris Agreement

Contribution to decarbonization of the real economy

Importance of an approach considering regional contexts

Our approach to climate change

Maximize contributions to decarbonization of the real economy while maintaining appropriate control over climate-related risks.



Contributing to decarbonization of the real economy

Considering delays in the social implementation of new technologies and the context of specific regions and sectors, pragmatic approach to decarbonization is crucial.

Background

New Technology

- **Technological innovations and its social implementation being delayed due to lack of funding**
 - Hydrogen adoption facing slow progress
 - Delayed implementation of new technologies due to high costs

Region × Sector

- **The importance of support incorporating the context of regions and sectors.**
 - Japan/Asia: Fossil fuel ratio is high
 - Increase in power demand, Delay in CCS technology development

Collabo- ration

- **A society-wide approach is essential for advancing decarbonization**
 - Cross-industry initiatives
 - Collaboration amongst industry, government, and academia

Pragmatic approaches toward decarbonization

1

Risk-taking in new energies and new technologies

- Actively providing risk money

H2

SAF

CCS

2

Transition Finance

- Supports for gas-fired power generation in Asia
- Strengthening policy engagement based on findings of challenges in promoting transition finance

MPO

Gas

3

Collaborating with stakeholders and providing diverse solutions

- Providing diverse solutions in collaboration with other companies
- Conducting policy recommendations based on practical challenges

Blended
finance

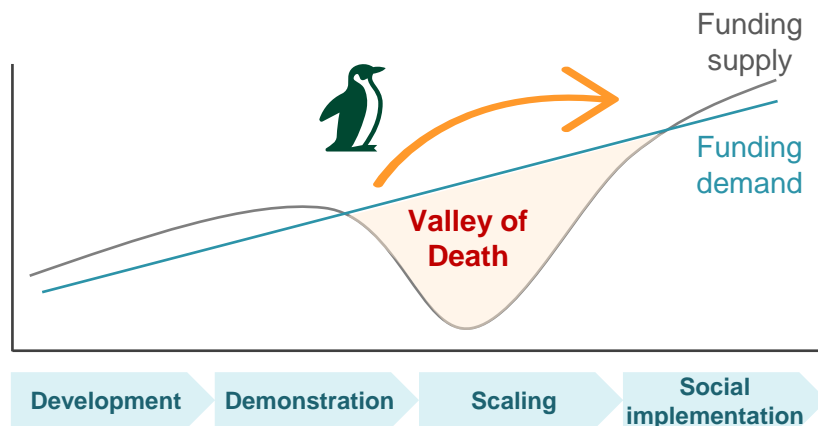
Dialogue with
the industry

Risk-taking in new energies and new technologies

Contribute to the social implementation of new energies and new technologies through sound risk-taking.

Approach toward social implementation

- Boldly taking on new risks as a “first penguin”



Focus areas (examples)

Clean hydrogen and ammonia

SAF

CCS · CCUS

DAC*

Approach

Project finance

Business co-creation toward decarbonization.

Equity investment

Cases studies

Project finance for CCS infrastructure (UK)

- Supporting the world's first gas-fired power plant equipped with carbon capture and storage facilities

Net Zero Teesside Power

Thermal power / carbon capture

+

Northern Endurance Partnership

Carbon transfer and storage

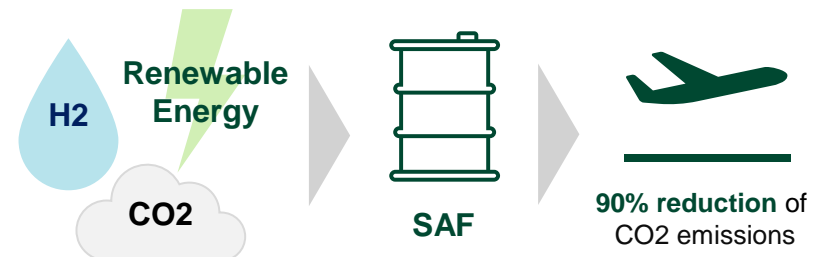
Capturing **95%** of CO₂ emissions (Annual maximum amount of two million tons)

Providing low-carbon electric power to **over one million households**

Contributing to the expansion of renewable energy as flexible load

Green loan to new technology venture (United States)

- Providing green loan of USD 20 million for a SAF manufacturing project to Twelve, a carbon transformation company with technologies to convert CO₂ into chemical products
- Also providing equity through the Japan Hydrogen Fund



* DAC: Direct air capture

Leverage "Transition Finance Playbook" to engage in ongoing dialogues with clients and accumulate track records globally.

Transition Finance Playbook

May 2023

- Showing SMBC Group's definition and criteria of transition finance
- Categorizing transition finance with two perspectives: corporate transition strategies and target assets. Setting regionally-catered internal taxonomy for assets in accordance with applicable policies, roadmaps, and taxonomies
 - Including flexible load gas-fired power generation, transmission lines, and storage batteries to establish stable supply system through renewable energy

Achievements* 1

Executed: **46** deals

Engaged: **130** companies



Examples of client engagement

- | | |
|----------------------|---|
| Power company | <ul style="list-style-type: none"> • Continuous dialogue on balancing a stable power supply with realistic emission reduction measures and financial support <ul style="list-style-type: none"> • New gas-fired power • Decommissioning of coal fired power plants • Low-carbon power generation methods, etc. |
| Government | |

Cases studies in Asia Pacific

Australia: Renewable energy and gas-fired power

- Supporting an Australian company that delivers off-grid power solutions*2 to power-scarce regions, such as mining sites, by combining renewable energy generation with the development of gas-fired power generation for balancing purposes



Key points of the deal

- Companies that set the goal of achieving net zero by 2035
- Coexistence of stable supplies and decarbonization

India: Wind Power and Transmission Infrastructure

- Supporting the development of wind power facilities and transmission infrastructure in India



Key points of the deal

- Classified as green assets under the TF Playbook
- Achieved the construction of inter-state transmission infrastructure which is one of the key challenges in expanding renewable energy in India.
- Setting short-term reduction targets aligned with 1.5°C

*1 Accumulated total upon and after the formulation of the Transition Finance Playbook in May of 2023 for power, oil and gas, steel, and automotive sectors

*2 Independent power supply system in areas not connected to the wide-area power grid.

Focus on engagements with customers and governments to address issues for further advancement.

Transition Finance Scorebook

Oct.2024

- Publishing the Transition Finance Scorebook, which outlines practical challenges and recommendations for solutions in promoting transition finance
- Continuously engaging with customers and governments utilizing the Scorebook

Achievements

Engagement: **60** meetings



Examples

State-owned oil company

- Continuous dialogue on the difficulties of executing decarbonization measures not explicitly specified in the policy roadmap

Power company

Oil & gas upstream company

- Engagement in dialogue on decarbonization with downstream companies leading to expanded disclosure

State-owned development bank

- Dialogue on the transition from oil to gas, the introduction of renewable energy supported by gas as a backup, and alignment with governmental policy

Oil company

Call for action and recommendation

Support for companies with constraints to align with the Paris Agreement

- Especially in developing countries, it is challenging to formulate decarbonization plans aligned with the Paris Agreement due to issues that cannot be resolved internally and the ambiguity of the 1.5°C scenario

Recommendation

- ① Detail roadmaps by country
- ② Strengthen transition support for those with high emissions
- ③ Improve cost sharing mechanism
- ④ Scale up blended finance

The role of gas-fired power generation during transition

- In the transition process, gas plays a role of meeting the increasing energy demand due to population growth and supporting renewable energy as a flexible load

Recommendation

- ① Generate understanding of the role of gas in energy transitions and provide appropriate support
- ② Strive to avoid carbon lock-in

Collaboration with stakeholders and diverse solutions

Collaborate with partners and customers to provide diverse solutions for decarbonization of the real economy.

Decarbonization solutions spread from “visualization”

- Agreement on succession and integration of Sustana with Asuene Inc.
- Strengthening collaboration further in order to respond to increasingly sophisticated and complicated needs

May
2022

- In-house development of GHG visualization tool

Sustana

GHG emissions calculation/reduction support cloud tool developed by SMBC Group

Oct.
2023

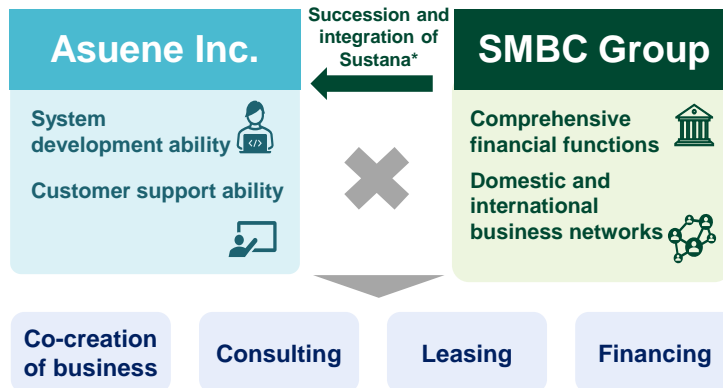
- Commencing business partnership with Asuene Inc.

Asuene ESG

Supporting tool for identification/solution of sustainability issues in supply chain

May
2025

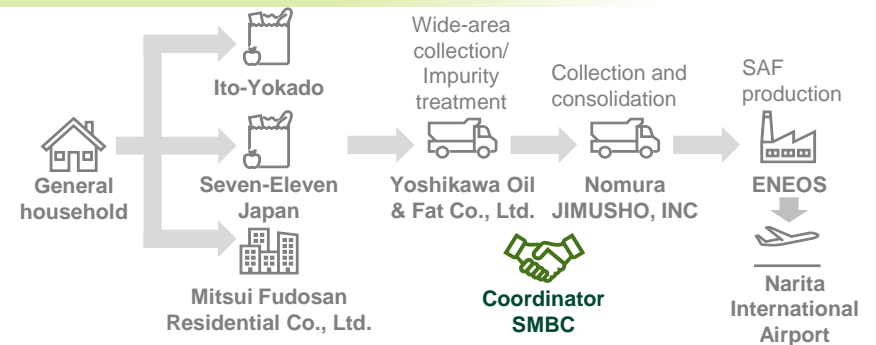
- Supporting the resolution of customers' sustainability-related issues through a wide range of solutions starting with "visualization."



Co-creation of business

- Connecting companies with decarbonization technologies to those with the needs, by leveraging our broad range of customer base

Establishing a SAF supply chain in Chiba Pref.



Energy solution

SMFL SMFL MIRAI Partners

Offsite power purchase agreements (PPAs)

- Largest-scale domestic solar virtual PPA (maximum 150MW)
- Demonstrating value by starting development without determined off-takers



Battery storage co-located with renewable energy

- Introducing and operating battery storage co-located with renewable energy power plants
- Contributing to making renewable energy a main power source



(Ref.) Policy recommendation

Continue dialogue and policy recommendations with the industry and government, considering practical challenges in finance.

Initiatives in Japan

- Continuing dialogue and recommendations with the government regarding challenges in financial support, and the need for public-private risk sharing such as blended finance
- Continuing dialogue with the industry
 - Participation in the Japan Hydrogen Association and investment in a hydrogen fund
 - Recommendations within committees based on dialogue with the industry (e.g., CCS)



(Ref.) Key committees SMFG is involved

Committees, etc.	Participation	Host
Advisory Committee for Natural Resources and Energy, Strategic Policy Committee	Member	Ministry of Economy, Trade and Industry
Expert panel on Sustainable Finance	Member (Japanese Bankers Association)	Financial Services Agency
ESG Finance High Level Panel	Member	Ministry of Environment
Study Group for Discussing Development of Environment for Climate Transition Finance	Member	Ministry of Economy, Trade and Industry; Ministry of the Environment; Financial Services Agency
Safety Subcommittee on Carbon Dioxide Storage Projects	Member	Ministry of Economy, Trade and Industry
Working Group on Financial Infrastructure for Carbon Credit Transactions	Member	Financial Services Agency

Initiatives for decarbonization in Asia

- Recommendations on support systems and funding approaches for commercialization, based on global trends and customer challenges

Examples

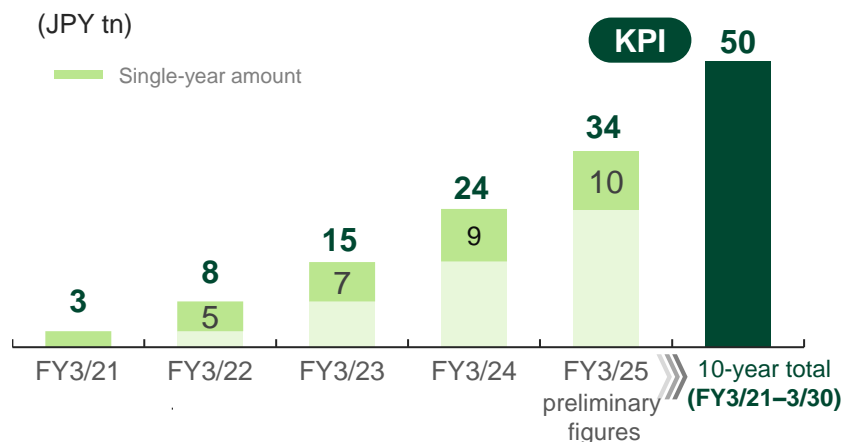
- AZEC (Asia Zero Emission Community)**
 - Provide recommendations on the integration of economic policy and financial support policy, as well as the advantages of policy-driven initiatives
- Asia Transition Finance Sub-Working Group**
 - Provide recommendations based on practical project initiatives regarding the importance and limitations of ICMA, and realistic alternative options
- International Organizations and Government Agencies (ADB, IFC, MAS, etc.)**
 - Continue concrete discussions on policy and business challenges and solutions, beyond just financing methods, to ensure the economic viability of the early retirement and cessation of coal-fired power plants

(Ref.) Key initiatives SMFG is involved



Steady progress towards the sustainable finance target of JPY 50 trillion.

Amount of sustainable finance (cumulative)



League Tables



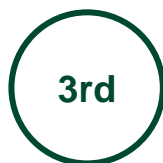
Global



Green Loan, Sustainable Loan,
Social loan*1



Japan



SDGs Bonds
Lead Manager*2

Finance examples

US

Sustainable link supply chain
finance for clothing companies



India

Blue Loans for water provision
Green Loans for EV batteries



UK

Social loans for
affordable housings



Slovenia

Samurai sovereign social bond



SMBC-JICA sustainable finance framework



SMBC-JICA
Sustainable
finance
framework



Renewable energy,
water provision,
battery, and energy
optimization in Africa

*1 Dealogic (FY3/25 initiative amount)

*2 Includes corporate bonds (excluding affiliates), municipal bonds (lead manager system, JFM, public corporations), FILP agency bonds (including ABS type), and Samurai bonds.

Amid growing importance of an integrated approach to the environment, SMBC Group leverages its strengths to create new edges in the areas of circular economy and natural capital.

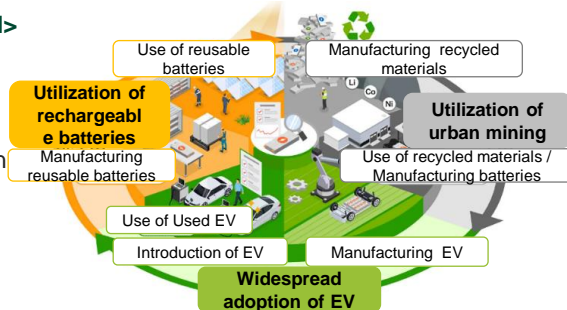
Realizing a circular economy

- Maximizing consulting, financing, and leasing functions to contribute to building value chains for high-demand recycled materials and promoting collaboration between upstream (arterial) and downstream (venous) industries.

Initiatives in areas with high demand for recycled materials (Ex. EV batteries)

<EV Battery Smart Use Council>

- Supporting EV user companies and promoting regulation and standardization



<Investment in MobiSavi>

- Enabling performance guarantee services by utilizing EV performance prediction technologies

Support for collaboration between upstream and downstream industries

- Financial institution with a wide customer base acts as intermediaries to promote the collaboration between upstream and downstream industries, which is essential for realizing a circular economy

upstream (arterial) industry

- Design/manufacture of products

downstream (venous) industry

- Collect/recycling of products



Conservation and restoration of natural capital

- In order to capture medium to long-term funding needs, accumulating knowledge through our initiatives, awareness activities, and practice formation.

Analyzing risks and opportunities

- Taking regional characteristics into account with "dependency" analysis

Awareness activities and practice formation

- Informing through FANPS*
- Holding events, publishing reports

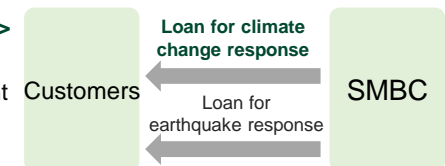


Adaptation—avoidance and reduction of damage due to climate change

- Focusing also on adaptation support for customers, with adaptation to climate change becoming increasingly important in addition to decarbonization

<Loan for climate change response>

- Loans with special clauses for partial debt forgiveness in the event of wind and flood damage

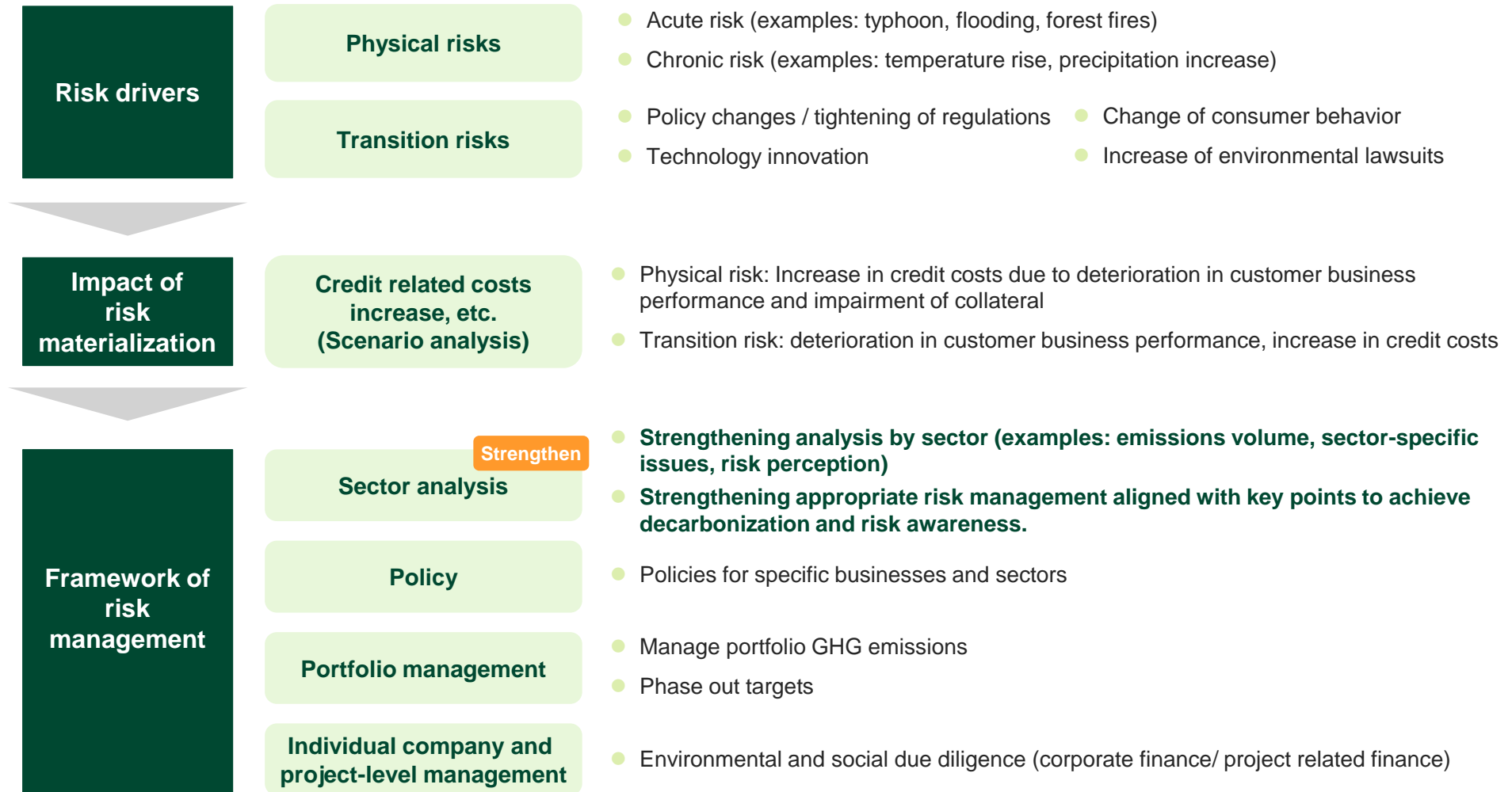


<Case study (Natural capital × Climate Change) >

- Project finance for land-based salmon aquaculture business (JPN)
 - The world's first project finance for a land-based aquaculture facility.
 - Preventing marine pollution and ecosystem destruction caused by offshore aquaculture
 - Reducing CO2 emissions from previously import-dependent supply chains through local production for local consumption

Framework of climate-related risk management

Continue appropriate risk management based on the unique characteristics of each sector and from the viewpoint of policy, portfolio, and individual company/project level.



(Ref.) Progress in setting mid-term targets by sector

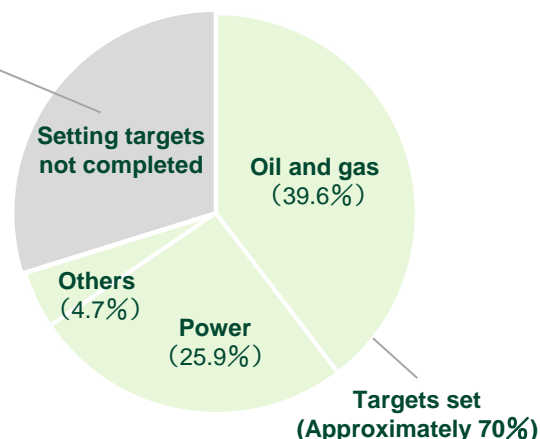
Completed setting medium-term targets for 70% of Scope3.

Conduct dialogues with clients in chemical sector and support their initiatives.

Breakdown^{*1} of Scope 3 category 15

Breakdown

- Chemicals (19.6%)
- Agriculture, etc. (3.2%)
- Others (7.0%)



Approaches to the Chemical Sector

Sector's uniqueness

- Setting uniform reduction targets for the industry as a whole is deemed impractical because of wide-ranging business and various emission reduction methods

We will conduct in-depth dialogues with each company to determine the best decarbonization approach and provide financial and non-financial support

Examples

Continuation of petrochemical business

- Transition to low-/decarbonized fuels and raw materials (e.g.) Ammonia combustion in naphtha crackers

Business Transformation

- Restructuring the business portfolio

(Ref.) Progress with setting targets

	Power	Oil & Gas	Coal	Automobile	Steel	Real estate	Chemical	Agriculture	Aluminum	Cement
Setting targets	May 2022	Aug.2022	Aug.2022	Mar.2024	Mar.2024	May 2024	-	-	-	-
Transition risks	Very High	Very High	Very High	High	High	Low	Middle	Low	Middle	High
Balance ^{*1} (JPY tn)	6.4	4.0	0.0	2.0	1.6	14.0	2.5	0.4	0.1	0.1
FE ^{*1} (MT-CO ₂ e)	237	362	0	12	27	3	180	5	1	1
Maturity of calculation standard ^{*2}	○	○	○	○	○	○	△	△	○	○

^{*1} Sustainability Report 2024, balance is loan balance, and financed emission (FE) is a total of Scopes 1-3

^{*2} Created by SMBC Group based on the progress of guideline development in international initiatives such as SBTi and TPI

Strengthen sectoral analysis

Maintain appropriate control based on understanding of climate-related risks and keys to achieving decarbonization.

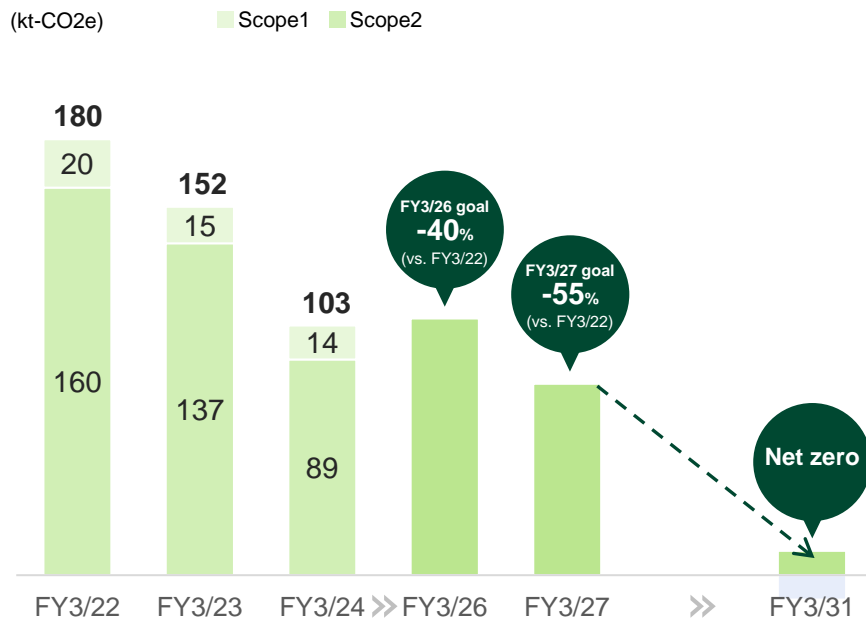
Sector	Keys to achieving decarbonization	Transition risks	Awareness of climate-related risks
Power	<ul style="list-style-type: none"> It is necessary to respond to increases in demand for electric power while converting to renewable energy and low carbon fuel Regional characteristics are particularly strong, closely linked to national policies 	Very High Note: thermal power generation that has no emissions countermeasures.	<ul style="list-style-type: none"> Increase in costs due to emission regulations, mandatory renewable energy implementation, and carbon pricing Continued operation of power plants, replacement, coordination with residents when establishing a plant Investor demands / funding
Oil and Gas	<ul style="list-style-type: none"> Oil: We are aware of the immediate demand for petrochemical raw materials Gas: It is important as transition fuel. CCUS and other technological innovations are important as demand for fuel will likely remain 	Very High	<ul style="list-style-type: none"> Increase in costs due to environmental regulations, compliance with production and export permits, and carbon pricing Risk of a decline in value due to reduced demand through the increased usage of low carbon technology and subsidy cuts Environmental burden and impact on human rights and regional communities due to development
Coal (thermal coal)	<ul style="list-style-type: none"> Due to high levels of emissions, a systematic shift to alternative businesses is necessary 	Very High	<ul style="list-style-type: none"> Increase in costs due to emission regulations and carbon pricing. Risk of a decline in value due to reduced demand through the increased usage of low carbon technology Investor demands / funding
Automobile	<ul style="list-style-type: none"> It is important to lower fuel consumption and decarbonize electric power and fuel It is necessary to support strategy and technology development based on each country's energy situation, infrastructure development status, consumer orientation, etc. 	High	<ul style="list-style-type: none"> Increase in costs due to compliance with regulations such as restrictions on exhaust emissions, fuel efficiency and sales limitations of internal combustion engine vehicles, as well as carbon pricing Intensified competition in the development of technologies and standards related to environmentally friendly vehicles
Steel	<ul style="list-style-type: none"> It depends largely on technological innovation (Key factors include increasing scrap recycling, developing low-carbon steelmaking technologies, and capturing unreducible carbon through CCUS) 	High	<ul style="list-style-type: none"> Increase in costs due to carbon pricing Increase in demand for low-carbon steel products and alternative products
Real estate	<ul style="list-style-type: none"> As emissions are mainly due to property use (especially electric power), it is important to improve property performance and decarbonize electricity 	Low	<ul style="list-style-type: none"> Increase in all cost categories and loss of property asset value due to compulsory obligations for low energy equipment and tightening environmental regulations for buildings Increase in environmental response needs of tenants

Operational GHG emissions reduction (Scope1, 2)

Steadily promoting initiatives to achieve net zero by 2030.

Newly set a target for 100% conversion of domestic company vehicles to environmentally friendly car.

Results/Target



Core measures

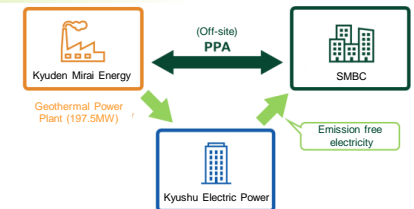
SMBC Forest (Isehara City, Kanagawa Prefecture)

- Conduct environmental education for elementary school students
- Vegetation survey for the generation of credit
- Biomass power generation with timber from forest thinning



Procurement of geothermal power electricity

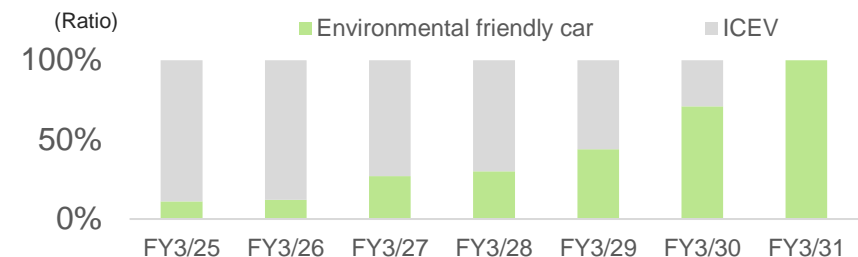
- SMBC has signed geothermal power purchase agreements (PPAs)x



Environmentally friendly car Target

New

- Aim to replace all domestic company cars with environmentally friendly cars by FY3/31



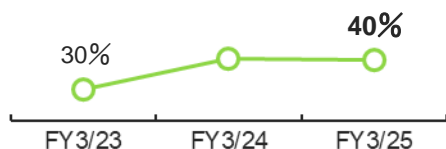
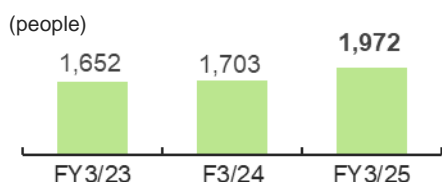
SMBC Talent Policy

Realize the workplace and teams where diverse professional talents aim high and feel rewarding

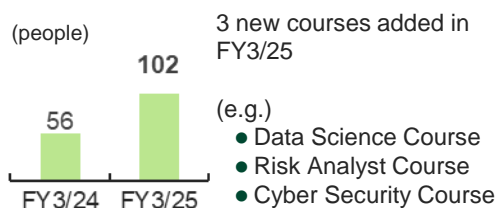
Human capital investment **+8% YoY**

Manage HR portfolio

Mid-career recruitment ratio

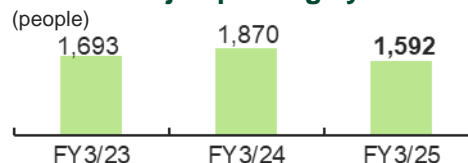
# of experts across the group*¹

of new graduate hires by course

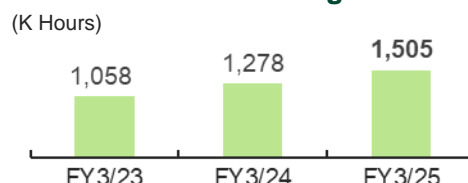


Promote employee growth and well-being

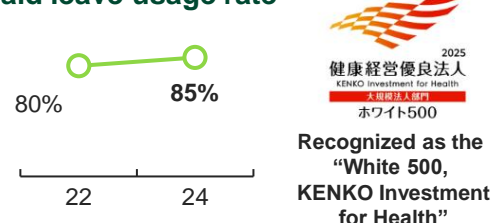
of applicants for internal job posting system



Total annual training hours



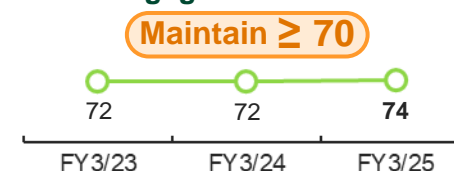
Paid leave usage rate



Maximize team performance

	Mar.25	Target* ⁴
Female directors	27.3%	30%
Female Managers* ²	22.1%	25%
Foreign directors (people)	23* ³	25

Engagement Score



Enhancing employees' sense of participation in our strategy

Increase of participation in the employee stock ownership plan **23%*⁵**Expansion of stock compensation plan to group companies*⁶ **from FY3/26**

*1 Investment banking, digital governance, etc. *2 Result and target are based on the Act on the Promotion of Women's Active Engagement in Professional Life *3 As of the end of April 25 *4 FY3/26 (FY3/31 ratio of female directors) *5 Percentage increase compared to last year *6 SMBC Nikko Securities, Sumitomo Mitsui Card Co., Ltd., Japan Research Institute

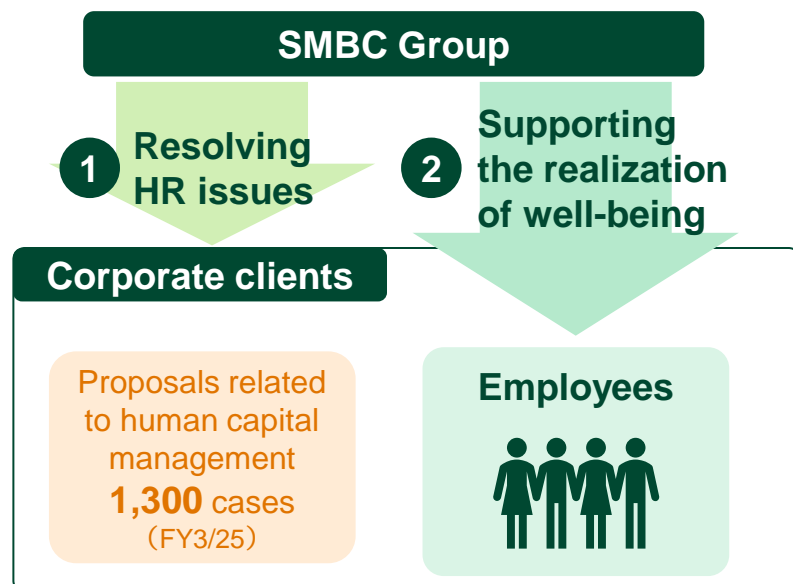
Supporting customers' human capital management

As the importance of human capital management increases for companies and attention shifts toward employee well-being, we leverage our expertise in wholesale and retail business to support our clients' initiatives.

SMBC Group's support

The growing importance of human capital management

(Talent shortages, changing values, investor expectations, and increased focus on well-being)



1 Resolving HR issues

Current
situation
assessment

- Web tool for visualizing HR efforts
- Human capital management promotion analysis-based loan

Talent
strategy

- Talent management system (Collaborating with key industry players)

Recruitment
activities

- Introducing human resource
- Support services for new graduate recruitment

2 Supporting the realization of well-being

Financial
well-being

- Corporate defined contribution plan / iDeCo
- Performance-based compensation
- Financial and economic education / Olive

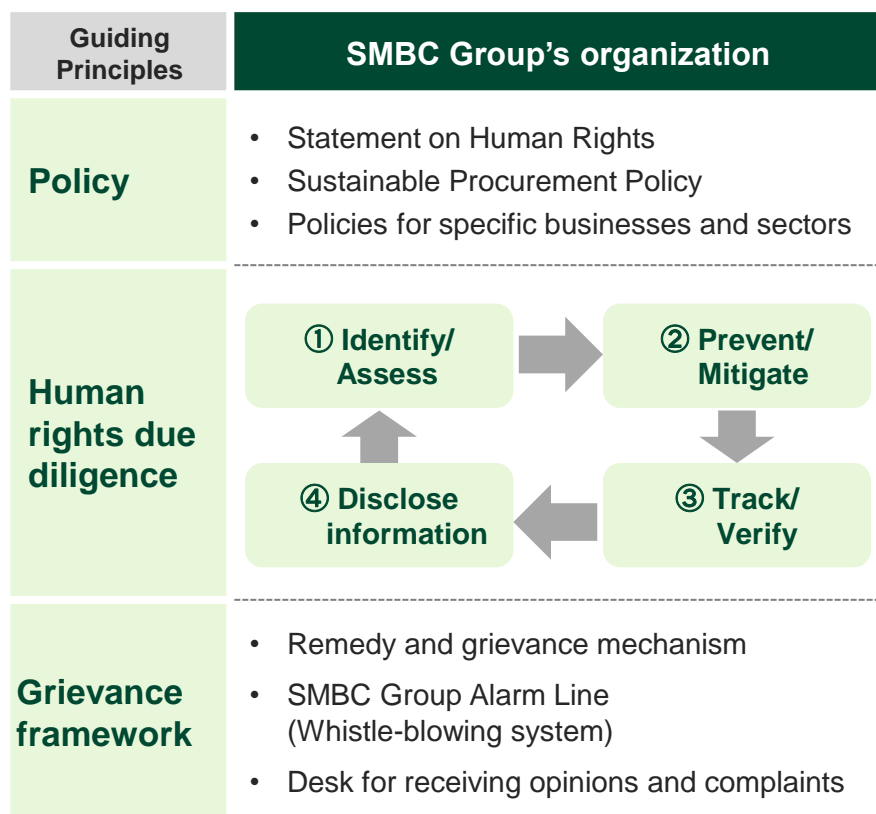
Health
management

Employee benefits

Establishing system aimed at respecting human rights

Constant efforts to enhance our system for respecting human rights throughout the supply chain.

SMBC Group's human rights respect system



Enhancement of the system

Policy update

Renewal

- Update policies based on the diversification of human rights issues

Just transition

Development of
AI and other
technologies

Mining (general)

Upgrade of grievance framework

- Established “remedy and grievance mechanism” by utilizing platform of Japan Center for Engagement and Remedy on Business and Human Rights

SMBC Group Alarm Line

- Executives and employees

Desk for opinions and complaints

- Customers

New

Remedy and grievance mechanism

- All stakeholders

Just transition (Human rights × Climate change)

- Ensuring reasonable employment so that no one is left behind when transitioning to a decarbonized society
- Positioned as one of the four principles in “Transition Finance Playbook”.



To break a negative cycle of poverty and Inequality for the next generation, we provide children with opportunities for education and experience.

Providing children with opportunities for education and trying new things

Collaborative project with Chance for Children ~CHANCE!~

- Launching the educational disparity project "CHANCE!" for children
- Contributing to providing children with opportunities for education and trying new things through financial support and the seconding its staff to the organization.

SMBCグループ 子どもの教育機会提供事業

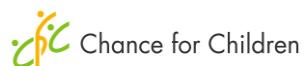
CHANCE!

<SMBC Group Study Coupon Program>



<Support for local governments>

- Start providing support to local governments to address educational disparities and, as the first step, initiated a project with Kamakura City



Creating spaces and experiential opportunities for children

Atelier Banrai -ITABASHI-

- Creating spaces and experiential opportunities using an idle SMBC's branch



<Background>

Changes in family structure due to declining birthrates and an aging population



Weakening of community ties



Children have nowhere to go after school and during long vacation

<What children can experience>

Corporate / organizational program



Approximately 4,000 books



Children's cafeteria



Supporting the social independence of the underprivileged through our initiatives of financial inclusion.

Initiatives to support social independence

- Providing microfinance to women in rural areas with limited financial access
- In addition, by offering comprehensive support beyond financial services, we assist customers in achieving social independence and contribute to poverty alleviation

SMBC Indonesia ~ "Well-being" Program



Financial and
Economic
Education

Health and
Welfare

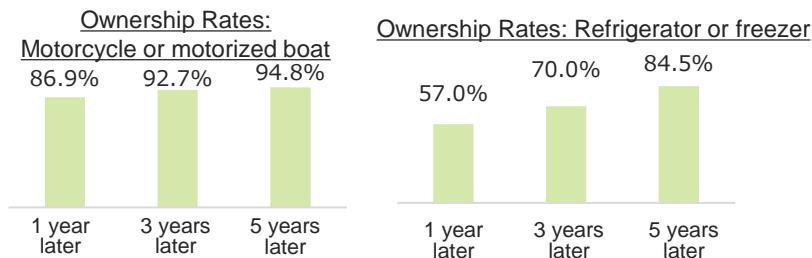
Vocational
Training

SMICC

- Offering a wide range of programs, such as health check-ups for dairy cows, in collaboration with NGOs

<Social impact of BTPN Sharia Initiatives*1>

- Measuring changes in customers' living conditions and poverty status to calculate impact



Affordable housing

- SMHFC *2, a subsidiary of SMICC, offers affordable home loans to meet the housing needs of everyone, including low-income groups

<FY24 Results>

Provided home
loans to
13,250 people

Half of the
customers are
from low-
income groups



Contribution through impact investing

- As the first impact investment project, invested HAKKI AFRICA, which provides microfinance to taxi drivers in Kenya



Improving the income of low-income groups and financial inclusion in emerging countries



Reduction of people's various anxieties

Reducing people's various anxieties in conjunction with the progression of a declining birthrate and aging population.

Wealth Building Support

Promoting NISA and investment products, as well as digital consultations tailored to customers' life stages

Integrated proposals combining banking, trust, and securities services



Strengthen asset and wealth management business

<SMBC group AUM*1>



Distribution

Deepen Group-wide collaboration
Eliminate entry barriers

Development of investment products

Enhance Capabilities
Expand domains
Globalize operations

Life Shift Service (service for the 100-year life)

Provide services that enhance the "finances", "health", and "sense of purpose for senior"

SMBC
エルダープログラム

三井住友銀行の
遺言信託

デジタル
セーフティボックス

Enhancement of SMBC Elder Program

- Alleviate customer concerns and support retirement life by providing both financial and non-financial services
- Overall satisfaction rate: 91.0%*2

Services are being expanded

A reliable advisor

Regular meetings

Daily life assistant

Problem-solving through partner services

Your personal banker

Asset-related consultation (Will trusts, etc.)

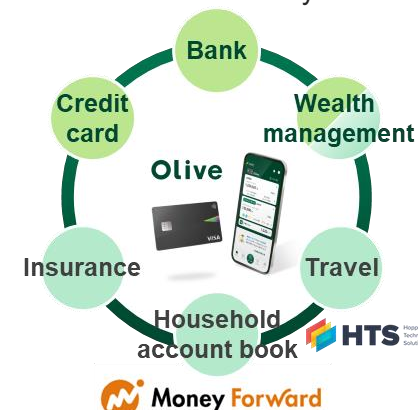
Digitalization of Financial Infrastructure

Through Olive, providing a wide range of financial services regardless of regions



Build digital-based retail business centered on Olive

- # of Olive accounts: 5 mn
- Collaborate with external partners to further enhance Olive's functionality



*1 Total managing assets (investment trusts, foreign deposits, etc.) of SMBC, SMBC Trust and SMBC Nikko

*2 Percentage of "Satisfied" responses in follow-up call surveys (April to August 2024 results).

(Ref.) Financial and economic education

Provide a variety of financial and economic education targeted at multiple generations by utilizing the knowledge and expertise of each SMBC group company.



SMBC Group's financial and economic education

- Increasing the necessity and importance of financial and economic education for both students and working adults due to various backgrounds.

Students

Concern over the increase in financial troubles among young people



Making asset-building classes mandatory in high school



Working adults

The growing importance of asset building



Promotion of the government's "Policy Plan for Promoting Japan as a Leading Asset Management Center"



Expanding activities by leveraging industry-leading expertise



Enhance the content

Experiential program: "Dream Planning LABO"



Online game learning material "Quest of Finance"



Kinzai Institute for Financial Affairs Financial Literacy Certification (FY3/25)



of passers:
Ca.. 47,000

SMBC Group supported in establishment of the certificate

Public-private partnership initiatives

- Partnering with J-FLEC to hold the first public-private co-hosted event
- Collaboration in co-hosted events by Financial Services Agency and Tokyo Metropolitan Government



Maximum contribution as a financial institution

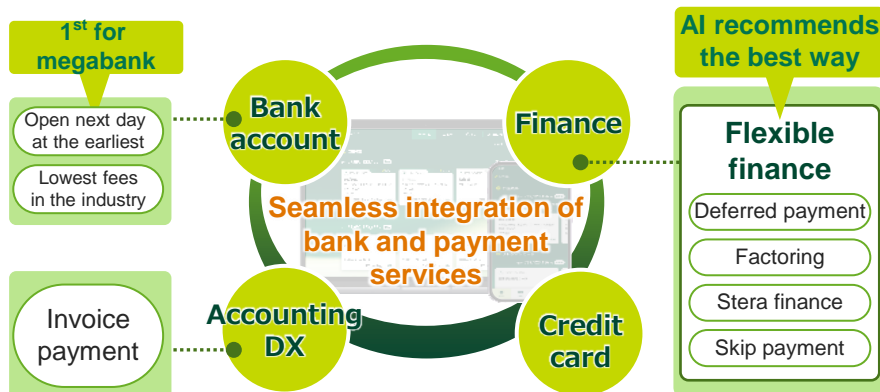
The mission of SMBC Group, as a megabank rooted in Japan, is to devote all its energy to contributing to Japan's regrowth.

Overview of domestic wholesale business

Large corporates	Integrated approach Collaboration with Jefferies	Overseas transaction with Japanese client Industry research capability
Medium-sized companies	Qualified human resources	Our strengths motivation to contribution evaluation
Small-sized companies	Expanding the customer base through digitalization	

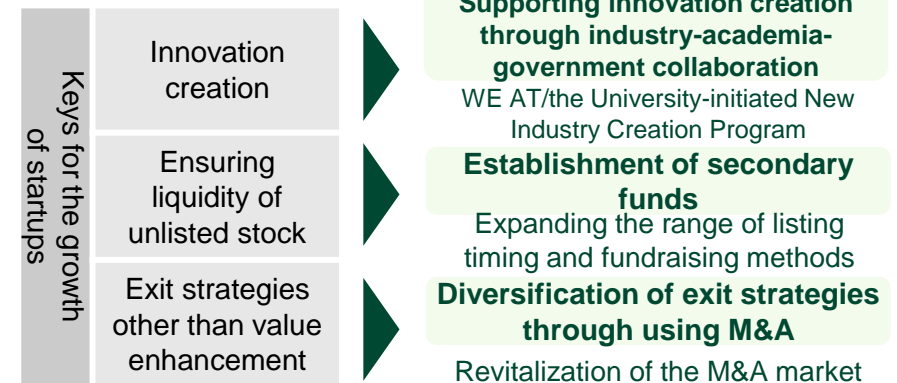
Comprehensive digital financial services"

- Providing seamless money-related services that contribute to improving the productivity of small-sized companies, with digital, mobile, and AI as key themes.

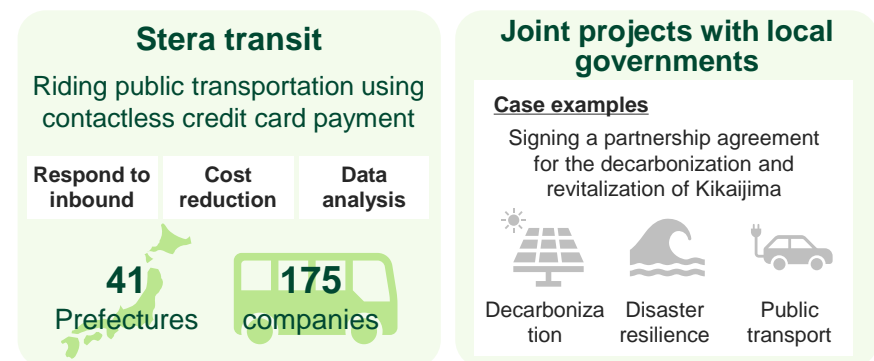


Support for startups

- Continue expanding the support menu



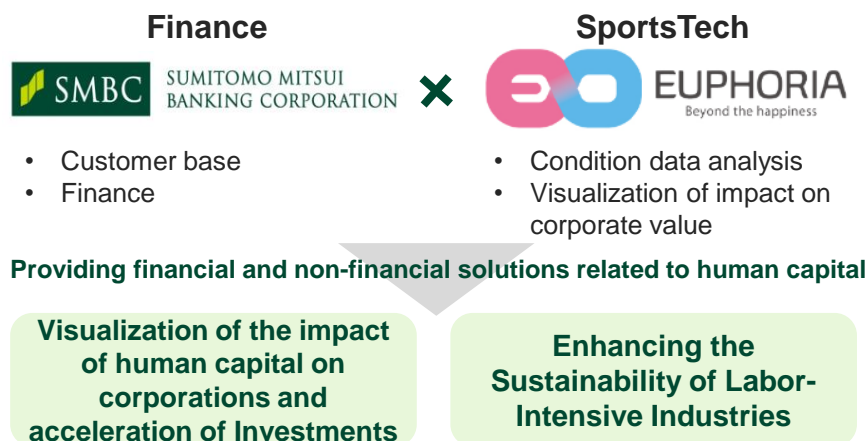
Regional revitalization



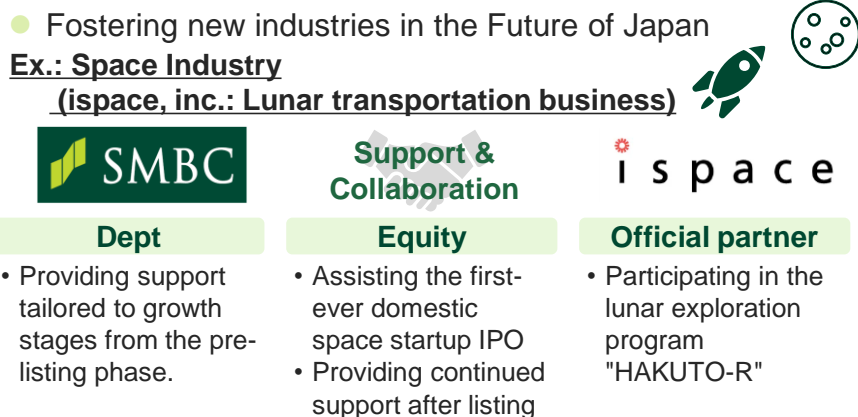
Initiatives beyond the boundaries of financial institution

Boost Japan's return to growth by resolutely taking on the challenge of new projects beyond the scope of a financial institution.

Resolving issues in industries



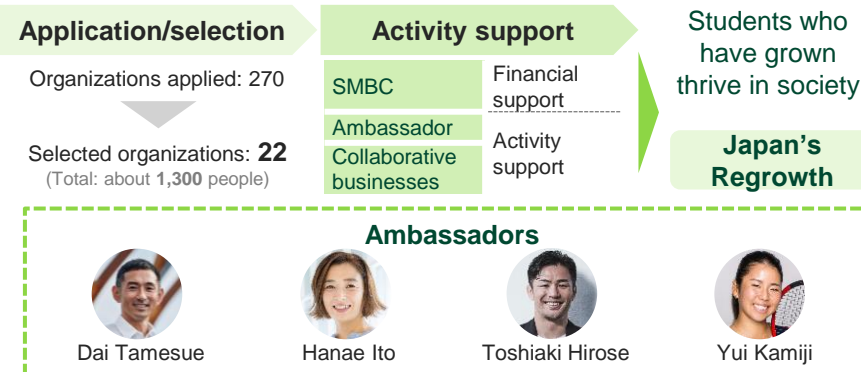
Development of new industries



Initiatives for supporting challengers

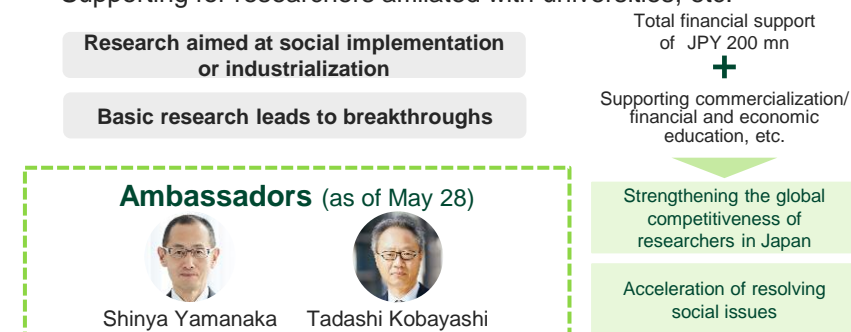
Shaka-kachi BOON BOON PROJECT

- Supporting the growth of student athletes in university



Shaka-kachi RISE PROJECT

- Supporting for researchers affiliated with universities, etc.





Governance

Improvement of governance (board diversity)

Plan for
Fulfilled Growth

Composition*

Internal Directors (non-executive)

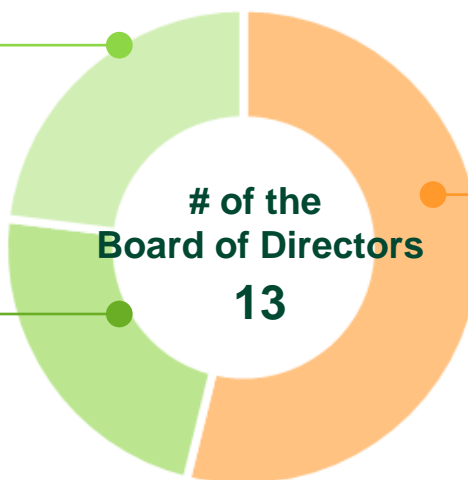
3 directors

- Makoto Takashima
- Toshihiro Isshiki
- Honami Matsugasaki

Internal Directors (executive)

3 directors

- Toru Nakashima
- Teiko Kudo
- Kazuyuki Anchi



Outside Directors

7 directors

- Sonosuke Kadonaga
- Jun Sawada
- Yoriko Goto
- Isao Teshirogi
- Norimitsu Takashima
- Charles D. Lake II
- Jenifer Rogers

<Ratio of Outside directors>

54%

Female



30%

Foreign nationals



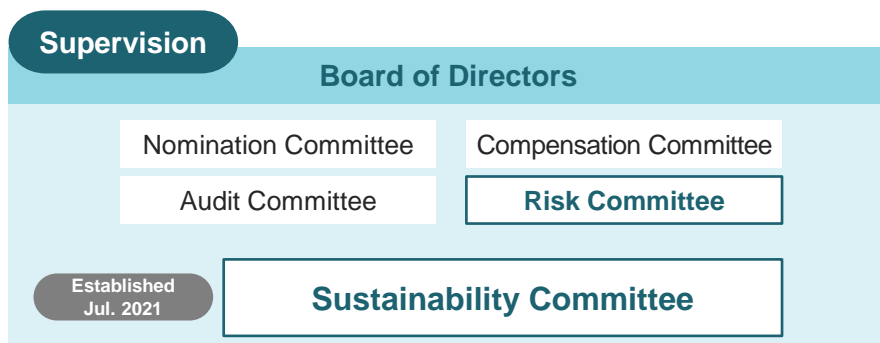
15%

(Ref.) Enhancement of our sustainability management system

Plan for
Fulfilled Growth

Continuously enhancing both execution and supervision. This fiscal year, established a dedicated organization focused on sustainability-driven advisory and solution development.

Sustainability management system



Expertise of Sustainability Committee members

Outside Director Eriko Sakurai (Until Jun. 2025)	<ul style="list-style-type: none"> Advanced sustainability initiatives at Dow Inc.
Outside Director Yoriko Goto (as of Jun. 2025)	<ul style="list-style-type: none"> Certified public accountant (Japan). Served as the Chair of the Board of Deloitte Tohmatsu Group, fostering sustainability from a governance perspective by proposing the establishment of management targets aimed at increasing social value
Outside Director Jenifer Rogers	<ul style="list-style-type: none"> Served as the Chairman of the American Chamber of Commerce in Japan in 2021 Focused on enhancing U.S.-Japan economic ties and global business environment with an emphasis on sustainability
Outside expert Yukari Takamura	<ul style="list-style-type: none"> Professor at Institute for Future Initiatives, the University of Tokyo Specializing in international law and environmental law
Expert Eiichiro Adachi	<ul style="list-style-type: none"> Head of the Institute for Societal Values in Future Generations at the Japan Research Institute, Limited Specializing in industrial research and corporate assessments from the perspective of corporate social responsibility

Executive compensation system

Stock Compensation Plan	Quantitative indicators	Sustainable finance, employee engagement score, etc.
	Qualitative indicators	Efforts to address material issues
Bonus	Quantitative indicators	KPI achievement : Sustainable finance, operational GHG emissions, etc.
	Qualitative indicators	Sustainability ratings of major agencies

(Ref.) Skills matrix of the board*

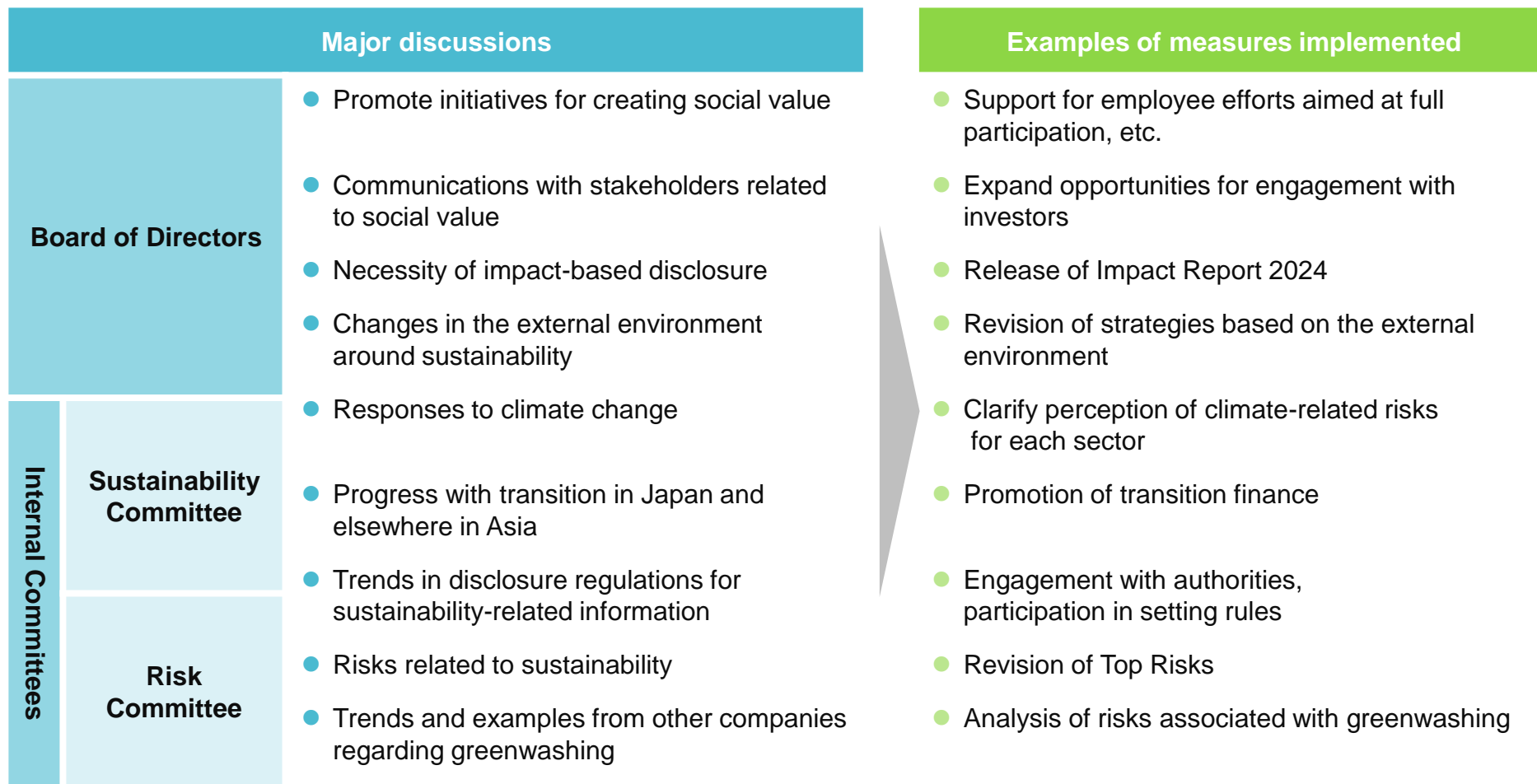
Appointed directors using a skills matrix that summarizes the knowledge and experience expected by the Nomination Committee. Also, explicitly included sustainability as one of the standards for the selection of outside director candidates.

Knowledge and experience we expect in particular							
	Management	Finance	Global	Legal / risk management	Accounting	IT/DX	Sustainability
Makoto Takashima							
Toru Nakashima							
Teiko Kudo							
Kazuyuki Anchi							
Toshihiro Isshiki							
Honami Matsugasaki							
Sonosuke Kadonaga							
Jun Sawada							
Yoriko Goto							
Isao Teshirogi							
Norimitsu Takashima							
Charles D. Lake II							
Jenifer Rogers							

* Subject to resolution at the Ordinary General Meeting of Shareholders in June 2025

Discussions on supervision related to sustainability

Promptly reflect professional and objective discussions on supervision to execution measures.



(Ref.) Enhancing capabilities of executives and employees

Plan for
Fulfilled Growth

Continuously enhancing expertise and fostering awareness to encourage initiatives for creating social value.

Enhancing expertise of executives

Sustainability Study Session for the Management

- In addition to continuous information provision through discussions at the Management Committee / Board of Directors, held a sustainability study session and invited outside lecturers

<Agenda>

International trends

Regulations

Examples of other companies

<Questions and comments from attendees>

How much will electric power demand decline due to the decrease in population / technical innovation?

Reaffirm the importance of addressing the gap between ideals and reality



SMBC Group Global Advisory Meeting

- Held a “Social Value Creation” session at the Global Advisory Meeting, which is a consultative body for the Management Committee (Outside Directors also participated)

Don't be satisfied with the status quo

It is critical to align long-term financial targets with social and environmental impact targets

Things should be viewed as opportunities, not risks



Global Advisor
Mr. Paul Polman

Fostering employees' awareness

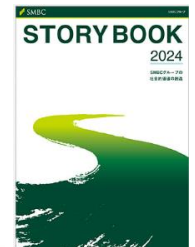
Sharing effort examples

Shaka-kachi case studies

- In-house sharing tool for various good practices

STORY BOOK 2024

- A booklet summarizing the thoughts and initiatives of employees working on creating social value



Enhancing employees' skills

Impact logic model creation training

- Using impact thinking in business activities

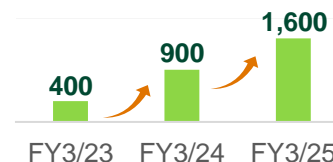


CSuO Channel

- Group CSuO's study session for employees

Total of over
3,000
participants

Employees who passed the Kinzai Sustainability Test



Achieved the goal of 1,200
ahead of schedule by
FY3/26



Opinion on the Shareholder Proposal requesting partial amendment to the Articles of Incorporation

Opinion of SMFG's board of directors on the shareholder proposal requesting partial amendment to the Articles of Incorporation

Plan for
Fulfilled Growth

SMFG's Board of Directors has resolved to oppose the Shareholder Proposal for the following reasons;

1 Current initiatives/disclosures

Proposal 1

- The Audit Committee conducts audits on the status of business execution through attendance at important meetings, receiving reports from directors and executive officers, etc.
- As a result, the Audit Committee has not found any points of concern, and this has been disclosed to the Audit Report, as stipulated by laws and regulations.
- The Board of Directors also received regular reports on the status of business execution and appropriately exercised supervision.
- Information related to the risk management framework and the activities of the Audit Committee has been disclosed in a timely manner through securities reports, Annual Reports, Corporate Governance Reports, etc.

Proposal 2

- Developed and disclosed the "Transition Finance Playbook," which verifies the eligibility of our customer's transition plans.
- Implemented measures such as managing GHG emissions across our loan and investment portfolio, in order to align with the 1.5° C scenario, and appropriately address climate-related risks within SMBC Group.
- Introduced the "environmental and social due diligence" and established a risk management system that incorporates evaluations of customers' transition plans.
- Estimated and disclosed the financial risks associated with transitioning to a decarbonized society through scenario analysis.

2 Our view on this proposal

Proposal 1

- Given the statutory nature of the audit report as a disclosure document, the details requested by the shareholder proposal for disclosure are inappropriate as parts of the audit report.
- The Articles of Incorporation stipulates the basic framework of a company, and it is inappropriate to stipulate the audit framework and the manner of information disclosure within them.

Proposal 2

- It is inappropriate to stipulate specific matters concerning individual business execution in the Articles of Incorporation.

<Overview of the Shareholder Proposal> Adding clauses to the Company's Articles of Incorporation to disclose the following matters:

Proposal 1

Evaluation of the Audit Committee on the adequacy of strategies and policies for reducing financial risks caused by fraudulent activities, climate change, etc., its basis, evaluation criteria and framework

Proposal 2

Criteria and methods for assessing consistency between transition plans for customers in high-emission sectors and the 1.5° C scenario, the consequences of these clients, and assessment of the Company's financial risks associated with having the above customers

For details, please refer to our disclosure dated 5/14/2025. (https://www.smfg.co.jp/news_e/pdf/e20250514_01.pdf)



Concluding remarks

Achieving growth through Social Value Creation

Plan for
Fulfilled Growth



SMBC Group 2024
Shaka-kachi AWARD



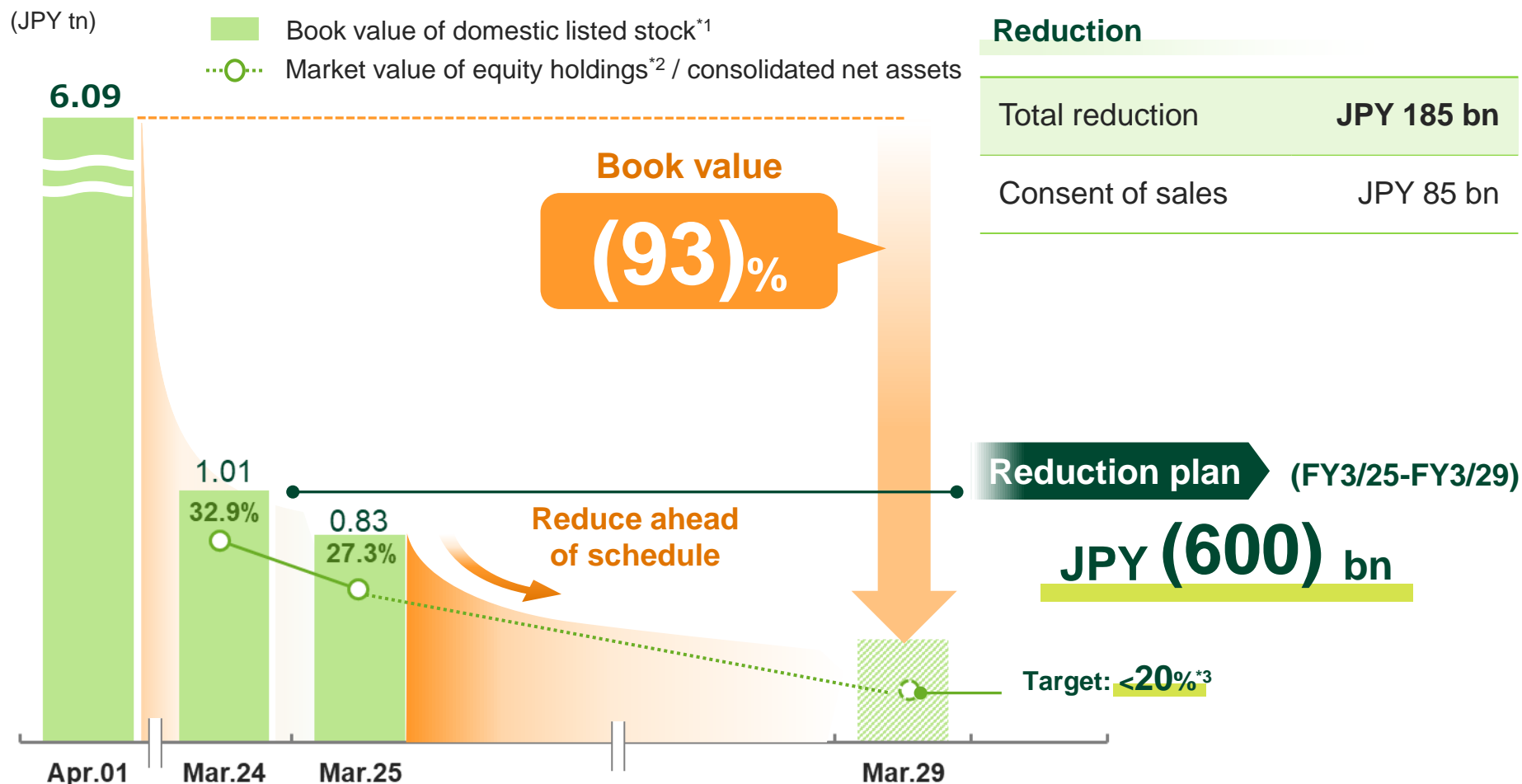


Appendix

Reduction of equity holdings

Achieved a reduction of JPY 185 bn in FY3/25, including a few large sales.

Negotiations with clients will continue to aim for reductions exceeding the annualized pace of JPY 120 bn.



*1 Excl. investments after Mar.20 for the business alliance purpose

*2 Incl. balance of deemed held shares

*3 Expect c.16% based on Nikkei Index of JPY 35,618 as of Mar.25

Key targets and actions for addressing climate change

Plan for
Fulfilled Growth

		Current Medium-term Management Plan							
		2021	2022	2023	2024	2025	2030	2040	2050
Scope1,2 (Operational GHG)		2030 Net Zero commitment	Introduction of renewable energy to SMBC head office buildings	Introduction of renewable energy to company-owned properties	Introduction of renewable energy to data centers	Mid-term goals -40% (vs. FY3/22)	Net zero / 100% environmentally friendly cars (Japan)		
Scope3 (Portfolio GHG)		2050 Net Zero Target setting	Set mid-term target Power, Coal, Oil & Gas	Set mid-term target Steel, Automobile	Set mid-term target Real estate		Mid-term targets 6 sectors		Net Zero
Coal	Loan balance for coal fired power generation				Tightening policies for specific businesses and sectors		Project finance 50% reduction from FY3/21	Zero Balance for Project finance and Corporate finance tied to facilities	
	Loan balance for thermal coal mining sector				Tightening policies for specific businesses and sectors		Zero Balance OECD countries	Zero Balance Non-OECD countries	
Sustainable finance							JPY 50 tn Cumulatively		
Transition finance (TF)				TF Playbook	TF Scorebook				
Transition plan Assessment		ESG risk summary tool		Trial run for the framework to confirm the transition plan of each company	Introduction of environmental and social due diligence (Corporate)	Increase applicable targets / Monitoring transition plan assessment			

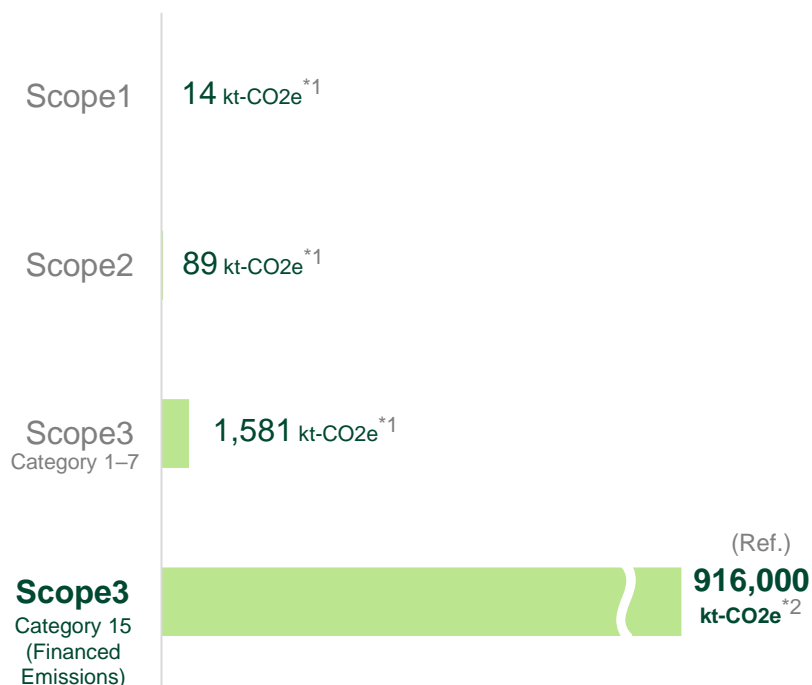
Overview of Net Zero Transition Plan

Components	Items	Major Contents
Foundations	Corporate policy on climate change and the approach for initiatives	<ul style="list-style-type: none"> Revising the SMBC Group Statement on Sustainability and the Group Environment Policy Achieve net zero GHG emissions for Scope 1 and 2 by 2030 Achieve net zero GHG emissions for Scope 3 (portfolio GHG) emissions by 2050
Governance	Strengthening governance on climate change	<ul style="list-style-type: none"> Supervision by the Board of Directors and internal committees, including the Sustainability Committee Establishing the Group CSuO position to oversee and promote initiatives across all aspects of sustainability, including responses to climate change Advance executive compensation system, management of internal control process Strengthen capabilities of executives and employees
Implementation Strategy	Decarbonization businesses	<ul style="list-style-type: none"> Expansion of decarbonization solutions: carbon credits Co-creation of business towards decarbonization: support for installation of renewable energy Expanding sustainable financing through further risk-taking approaches: new energy and new technologies
	Climate-related risk assessment and management	<ul style="list-style-type: none"> Environmental and social due diligence Policies for specific businesses and sectors
	Portfolio GHG emissions	<ul style="list-style-type: none"> Portfolio GHG calculations and target setting Development of targets and indicators to support decarbonization of real economy
	Operational GHG emissions	<ul style="list-style-type: none"> Introduction of renewable energy electric power, switch vehicles to EVs, switch to use of renewable energy electricity sources at data center
Engagement Strategy	Engagement with customers	<ul style="list-style-type: none"> Transition Finance Playbook, Transition Finance Scorebook Dialogue related to transition plans
	Engagement with industry	<ul style="list-style-type: none"> Participate in initiatives such as PCAF, IIF, Japan Hydrogen Association, etc.
	Engagement with governments and authorities	<ul style="list-style-type: none"> Participate in committees held by the Government of Japan
Metrics and targets	Sustainable finance KPI	<ul style="list-style-type: none"> Cumulative JPY 50 trillion by FY3/30
	Portfolio GHG emissions reduction targets by sector	<ul style="list-style-type: none"> Setting targets on power, coal, oil & gas, steel, automobile, and real estate sectors
	Operational GHG emissions reduction targets (Scope 1 and 2)	<ul style="list-style-type: none"> 40% and 55% decrease in FY3/26 and FY3/27 respectively from FY3/22

Portfolio GHG emissions

The great majority of GHG emissions is Scope 3, Category 15 (financed emissions).

GHG emissions (FY3/24)



*1 Targets/scope for aggregation: Domestic and overseas locations of Sumitomo Mitsui Financial Group Inc. and its consolidated subsidiaries as of FY3/22 (excluding equity-method affiliates)

*2 Scope of coverage/aggregation: Loans and bills discounted at Sumitomo Mitsui Banking Corporation and its main subsidiaries (internal controls basis; for details, refer to the Sustainability Report 2024)

Details by sector in Scope 3 category 15 (FE)

	(Mt-CO ₂ e)		
Sector	Scope1 + 2	Scope3	Total ^{*2}
Power	174.0	62.8	236.8
Oil & Gas	313.6	48.7	362.3
Coal	0.1	0.2	0.3
Air cargo	0.1	0.0	0.1
Passenger aviation	3.8	2.0	5.7
Shipping	5.4	5.5	10.9
Railroad	0.9	0.8	1.8
Truck services	2.5	1.8	4.3
Automotive & components	0.9	11.0	11.9
Metals & mining	4.3	4.0	8.4
Aluminum	0.5	0.6	1.1
Chemicals	161.1	18.8	179.9
Construction materials	0.3	4.1	4.4
Cement	0.0	0.5	0.5
Capital goods	2.5	25.3	27.8
Real estate	0.6	2.8	3.4
Steel	9.1	18.2	27.3
Beverages	0.3	1.0	1.3
Agriculture	3.2	1.6	4.8
Packaged foods & meats	13.6	6.7	20.3
Paper and forestry products	0.7	1.9	2.6
Total	697.4	218.5	915.9

Detail of portfolio GHG emissions reduction targets

Plan for
Fulfilled Growth

Set medium-term targets to six sectors, steadily promoting initiatives aimed at reducing emissions.

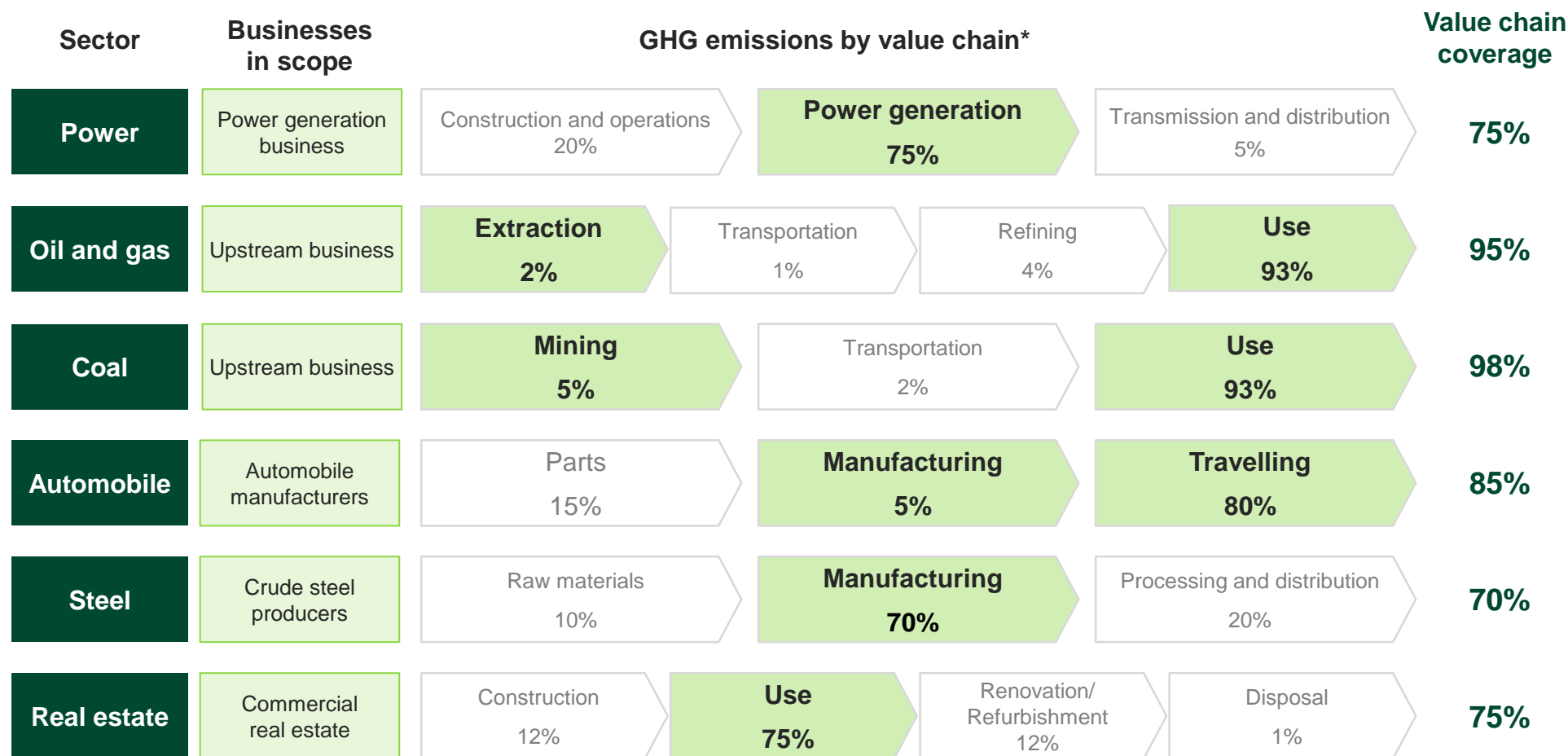
Sector	Scope of Emissions	Metric	Mid-term target for FY3/31	FY3/24 Results		Baseline (Base year)
					vs. baseline	
Power	Scope1	Emission intensity (g-CO2e/kWh)	138 – 195	276	-17%	332 (FY3/21)
Oil and gas	Scope1-3	Absolute emissions (Mt-CO2e)	-12 – 29% (vs FY3/21)	24.1	-41%	40.8 (FY3/21)
Coal	Scope1-3	Absolute emissions (Mt-CO2e)	-37 – 60% (vs FY3/21)	2.2	-84%	13.6 (FY3/21)
Automobile	Scope1-3	Emission intensity (g-CO2e/vkm)	120 – 161	197	-4%	205 (FY3/22)
Steel	Scope1-2	Emission intensity (t-CO2e/t-Steel)	1.2 – 1.8	2.0	-	2.0 (FY3/22)
Real estate	Scope1-2*	Emission intensity (kg-CO2e/m)	33.1 – 42.9	79.9	-1.4%	81.0 (FY3/22)

* Domestic commercial real estates (non-recourse loans and REITs), including Scope 3 Category 13 for REITs

Scope of portfolio GHG emissions reduction target

Plan for
Fulfilled Growth

Set emission reduction targets in six sectors aiming at covering key items in the value chains.



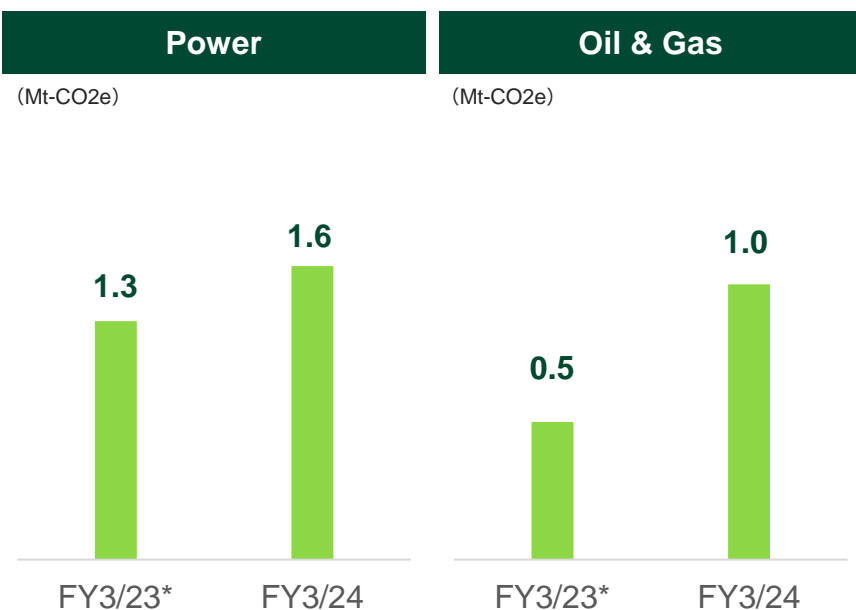
 Scope of emissions considered in our portfolio GHG calculation

GHG emissions for securities and asset management Plan for Fulfilled Growth

SMBC Nikko Securities and Sumitomo Mitsui DS Asset Management Company (SMDAM) calculate GHG emissions in line with their businesses.

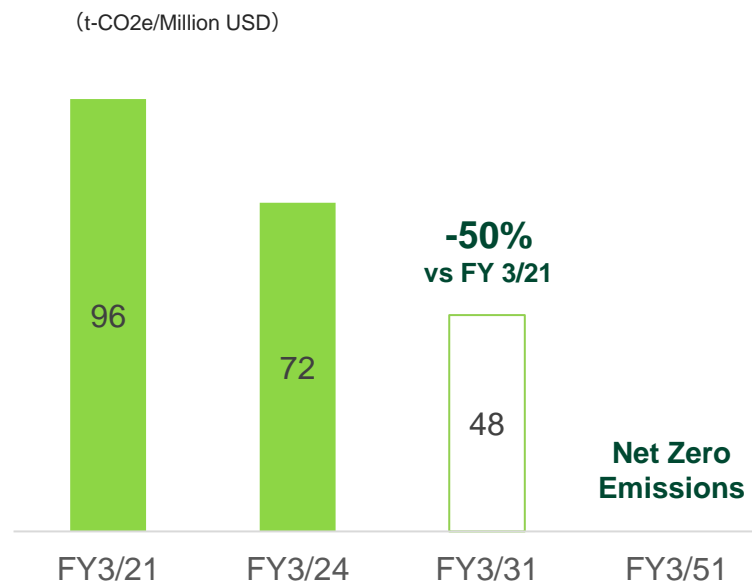
SMBC Nikko Securities: Facilitated Emissions

- Calculated GHG emissions in the power and oil & gas sectors for underwriting, which is the core businesses of securities business
- Based on the final version of the PCAF guidelines, the calculation method has been advanced



SMDAM: Reduction target and results

- Set portfolio GHG emissions (carbon footprint) per USD 1 million of investment market value as a KPI
- In addition to the long-term target for 2050, set a mid-term target for 2030 and disclose progress



Policies for specific businesses and sectors

To appropriately identify and manage environmental and social risks, SMFG has established "Policies for specific businesses and sectors" and clarified sectors that require special attention when providing support.

Cross-sectoral and cross-business policies

Support that may breach social norms
such as laws and regulations

Support that may have significant negative impacts on the
environment

Support in conflict with public order and morals

Support considered problematic
in terms of public responsibility

Support for new projects that are perceived to have a significant negative impact on
wetlands specified in the Ramsar Convention and/or UNESCO-designated World Natural Heritage sites

Support for projects that are recognized to involve child labor, forced labor, and/or human trafficking

Policies by businesses and sectors

**Coal-fired power
generation**

**Biomass energy
generation**

**Hydroelectric power
generation**

Oil and gas

Mining

Tobacco manufacturing

Palm oil plantation development

Deforestation

**Manufacturing of cluster bombs
and
other weapons of destruction**

Environmental and social due diligence

Evaluate environmental and social risks in both corporate and project level and enhance credit assessment and customer engagements.

	Corporate finance	Project related finance
Overview	<ul style="list-style-type: none"> Regularly assess environmental and social risks of credit obligors Conduct engagement with obligors evaluated as having high environmental and social risks 	<ul style="list-style-type: none"> Evaluate the environmental and social impacts of large-scale projects (including periodic monitoring after project commencement) Escalate when considering projects that are deemed to have particularly high environmental and social risks
Target scope	<ul style="list-style-type: none"> Companies in the oil & gas, coal, power, steel, automotive, mining, agriculture, apparel, and tobacco sectors 	<ul style="list-style-type: none"> Support for large-scale new development/expansion project Support for projects relevant to policies for specific businesses and sectors
Items to confirm	<p>Sector-specific environmental and social risks</p> <ul style="list-style-type: none"> ✓ Example of power sector: climate, resources, regional community, occupational safety and health <p>Reduction policy</p> <ul style="list-style-type: none"> ✓ Climate change: Transition plan P.59 ✓ Resource management: Optimize use of resources ✓ Occupational safety and health: Safety management system, health and safety education <p>Governance structure</p> <ul style="list-style-type: none"> ✓ Supervisory function for initiatives addressing environmental and social issues 	<p>Environmental and social risks and reduction policies consequent upon the project</p> <ul style="list-style-type: none"> ✓ Status of compliance to laws in each region and international standards (IFC performance standards, etc.) ✓ Pollution countermeasures including environment-related risks ✓ Biodiversity ✓ Protect indigenous communities ✓ Stakeholder engagement / complaint processing mechanism ✓ Occupational safety and health ✓ Risk management system / action plan
Enhance credit assessment*		Customer engagements

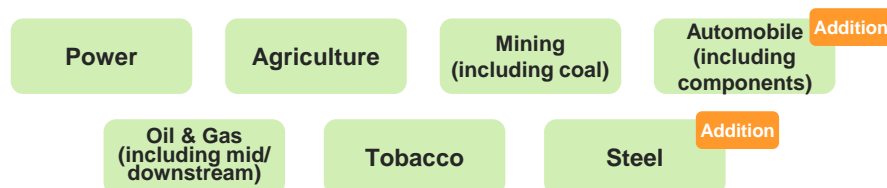
* In addition to conventional credit reviews, comprehensively assess the potential impact of environmental and social risks spreading to credit or reputational risks for an overall judgment

Assessment of transition plan

In the process of environmental and social risks evaluation, assess transition plan of obligors in sectors with high climate risk.

Assessment methods related to transition plans

Target sectors



Assessment details

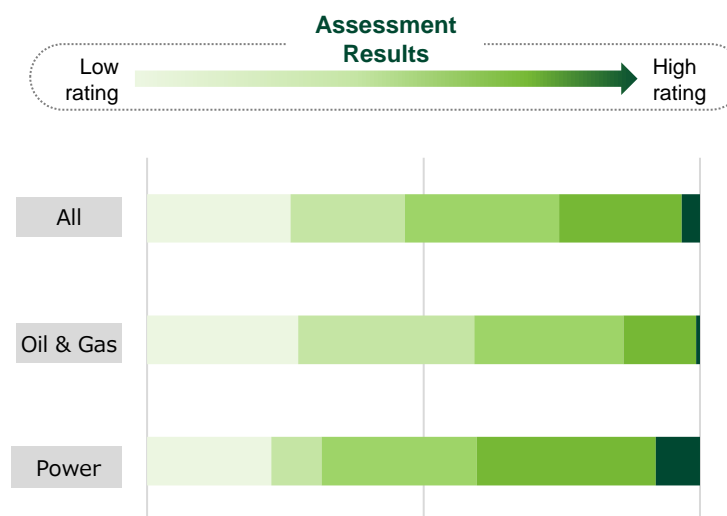
- Conduct assessments from the viewpoint of GHG reduction targets, strategy/plan, governance
- Conduct a comprehensive evaluation based on the response status for each item

	Items to confirm (examples)
GHG reduction targets	<ul style="list-style-type: none"> ✓ Short/medium/long-term targets ✓ Scope of reduction target ✓ Consistency with the Paris Agreement
Strategy/plan	<ul style="list-style-type: none"> ✓ Strategy aimed at achieving the target ✓ Plans for capital spending, etc. ✓ Progress of efforts, including in the supply chain
Governance	<ul style="list-style-type: none"> ✓ Governance by the Board of Directors ✓ Capability of the Board of Directors ✓ Remuneration system

Progress of assessment

- Evaluated approximately 300 companies above a determined credit amount among targeted sectors
- Periodically conduct assessments, implement engagement as necessary

<Results of April 2024 -March 2025>



Risk control by sector (Power)

Support the transition to renewable and low-carbon energy sources to contribute to increasing electricity demand and stable supply.

Keys to achieving decarbonization

- It is necessary to respond to increases in demand for electric power while converting to renewable energy and low carbon fuel
- Regional characteristics are particularly strong, closely linked to national policies

Transition risks

Very High

Note: thermal power generation that has no emissions countermeasures.

Climate-related risks

- Increase in costs due to emission regulations, mandatory renewable energy implementation, and carbon pricing
- Continued operation of power plants, replacement, coordination with residents when establishing a plant
- Investor demands / funding

SMBC's control policies and measures

Policy

- Respond in accordance with policies for specific businesses and sectors
 - ✓ Projects for establishing or expanding coal-fired power generation, project that extend beyond FY3/41
 - ✓ Companies whose main business is coal-fired power generation and with whom there are no existing transactions

Individual company/deal management

- Conduct risk assessments and customer engagement through environmental and social due diligence
- Utilize the TF Playbook to define transitions and actively advance initiatives



Renewables



Hydrogen mixed combustion



High efficiency gas-fired power



CCS-equipped thermal power plant

Case examples

(UK) Project finance for CCS infrastructure

P.19

- ✓ World's first gas-fired power plant equipped with carbon capture and storage facilities

(Australia) Renewable energy and gas-fired power

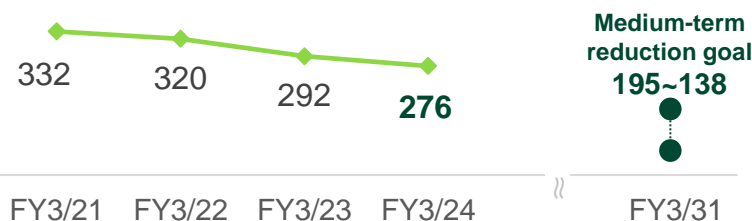
P.20

- ✓ Renewable energy generation plant equipped with gas-fired power as a flexible load

Portfolio management

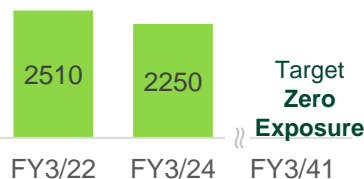
- Set carbon intensity of power generation as a management indicator. Manage portfolio while paying attention to business, where emissions are high
- Established phase-out target from coal-fired power*

(g-CO2e/kWh)



Project finance

(JPY 100 mn)



Equipment-linked corporate finance

(JPY 100 mn)



* Recognizing the particularly high stranded asset risk of coal-fired power, phase-out targets are set, excluding projects that contribute to the transition to a decarbonized society

Risk control by sector (Oil and gas)

Contribute to stable supply of energy and customers' business transformation through support for natural gas and new energy sources while paying attention to environmental and social risks.

Keys to achieving decarbonization

- Oil: We are aware of the immediate demand for petrochemical raw materials
- Gas: It is important as transition fuel. CCUS and other technological innovations are important as demand for fuel will likely remain

Transition risks

Very High

Climate-related risks

- Environmental regulations, compliance with production and export permits and carbon pricing
- Risk of a decline in value due to reduced
- Environmental burden and impact on human rights and regional communities due to development

SMBC's control policies and measures

Policy

- Respond in accordance with policies for specific businesses and sectors
- ✓ Unconventional types, mining for oil or gas in the Arctic Circle, pipeline businesses

Individual company/deal management

- Conduct risk assessments and customer engagement through environmental and social due diligence
- Utilize the TF Playbook to define transitions and actively advance initiatives



Gas upstream



Gas purification and storage facilities



Flaring reduction

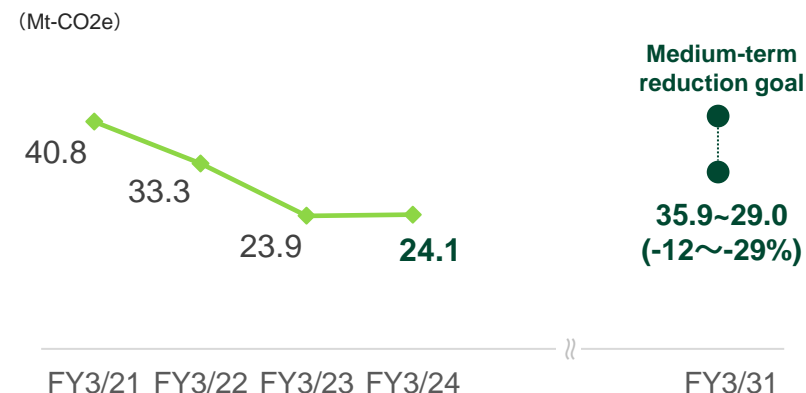
Case examples

Support Oil and Gas company with TF Playbook (BKV)

- ✓ BKV Corp. (NYSE:BKV) is a U.S. energy company producing natural gas and Carbon Sequestered Gas, a decarbonized natural gas product.
- ✓ The company has set a target to achieve net zero for upstream and midstream by the late 2030s through CCUS, permanent sequestration, and other carbon-negative initiatives for gas processing facilities and large-scale industrial facilities.

Portfolio management

- Set absolute emissions from mining and use as management indicators
- Manage portfolio while paying attention to the oil business, where emissions are high



Risk control by sector (Coal)

Provide support for clients' systematic business transformation.

Keys to achieving decarbonization

- Due to high levels of emissions, a systematic shift to alternative businesses is necessary

Transition risks

Very High

Climate-related risks

- Increase costs due to emission regulations and carbon pricing.
- Risk of a decline in value due to reduced demand through the increased usage of low carbon technology.
- Investor demands / funding

SMBC's control policies and measures

Policy

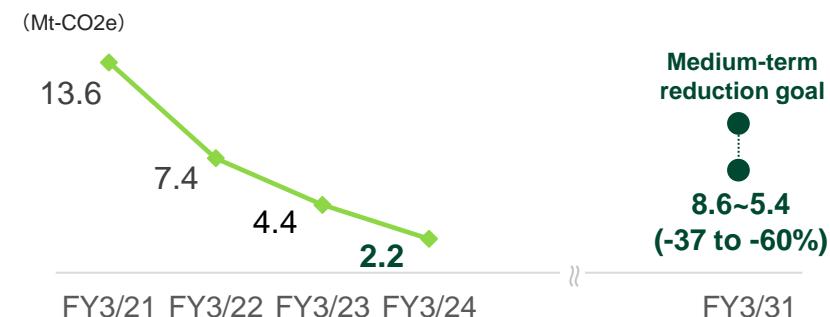
- Respond in accordance with policies for specific businesses and sectors
 - ✓ Projects to newly establish or expand thermal coal mining and related infrastructure
 - ✓ Projects for thermal coal mining businesses that extend beyond FY3/31 or FY3/41

Individual company/deal management

- Conduct risk assessments and customer engagement through environmental and social due diligence

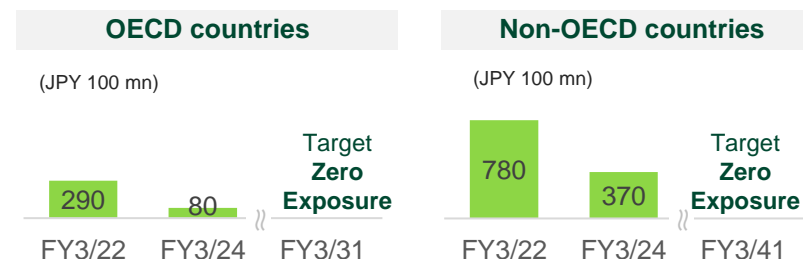
Portfolio management

- Set absolute emissions from mining and use as management indicators. Incremental portfolio reductions in line with policies
- Set phase-out targets for thermal coal mining businesses*



Examples of initiatives (engagement with thermal coal operators)

- Explanations on policies for specific businesses and sectors and support stance
- Conduct discussions on transitioning away from the thermal coal business



* Recognizing the particularly high stranded asset risk of thermal coal mining, phase-out targets are set, excluding projects that facilitate the conversion from fossil fuel businesses

Risk control by sector (Automobile)

Support the expansion of environmentally friendly vehicles within the entire industry, including OEMs and players in the supply chain.

Keys to achieving decarbonization

- It is important to lower fuel consumption and decarbonize electric power and fuel
- It is necessary to support strategy and technology development based on each country's energy situation, infrastructure development status, consumer orientation, etc.

Transition risks

High

Climate-related risks

- Increase in costs due to compliance with regulations such as restrictions on exhaust emissions, fuel efficiency and sales limitations of internal combustion engine vehicles, as well as carbon pricing
- Intensified competition in the development of technologies and standards related to environmentally friendly vehicles

SMBC's control policies and measures

Individual company/deal management

- Conduct risk assessments and customer engagement through environmental and social due diligence
Targets: OEM, suppliers
- Utilize the TF Playbook to define transitions and actively advance initiatives



PHEV



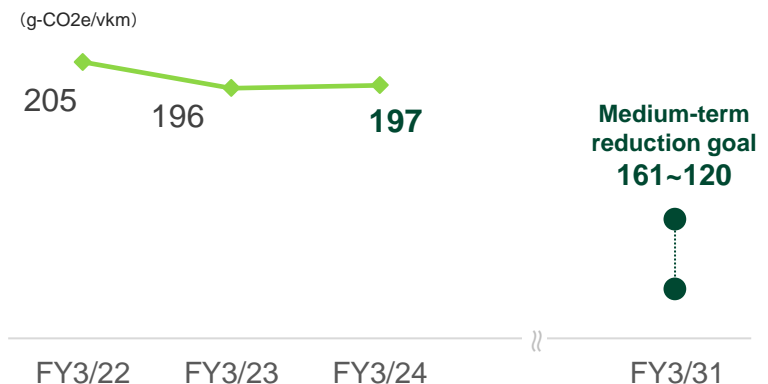
HEV



Manufacturing process energy conservation

Portfolio management

- Set carbon intensity for emissions from (OEM) manufacturing and travelling as management indicators
- Manage portfolio while paying attention to businesses with high emissions



Case examples

Support for building a sustainable finance framework (Mazda)

- Support for building this finance framework as a structuring agent
- The funds are scheduled to be used to finance making the company's global factories carbon neutral as well as developing and manufacturing BEVs and PHEVs

Risk control by sector (Steel)

Contribute to a stable supply of steel through recycling by using electric furnaces and supporting decarbonization in accordance with production processes.

Keys to achieving decarbonization

- It depends largely on technological innovation
(Key factors include increasing scrap recycling, developing low-carbon steelmaking technologies, and capturing unreducible carbon through CCUS)

Transition risks

High

Climate-related risks

- Increase in costs due to carbon pricing
- Increase in demand for low-carbon steel products and alternative products

SMBC's control policies and measures

Individual company/deal management

- Conduct risk assessments and customer engagement through environmental and social due diligence (Crude steel manufacture and resource mining business)
- Utilize the TF Playbook to define transitions and actively advance initiatives



Process optimization



Hydrogen reduction



CCUS



Electric furnace



Reduced iron

Portfolio management

- Set carbon intensity from crude steel manufacture as a management indicator
- Manage while paying attention to each company's transition plan

(t-CO2e/t-steel)



Medium-term reduction goal
1.8~1.2

FY3/22

FY3/23

FY3/24

FY3/31

Case examples

Green Bond (Nippon Steel)

- Supporting Nippon Steel's fundraising efforts as they challenge the realization of carbon neutrality by 2050
- The raised funds will be allocated to production facilities for products intended for eco-friendly vehicles

Risk control by sector (Real estate)

Promote sustainable finance for green buildings and other structures with high environmental performance.

Keys to achieving decarbonization

- As emissions are mainly due to property use (especially electric power), it is important to improve property performance and decarbonize electricity

Transition risks

Low

Climate-related risks

- Increase in all cost categories and loss of property asset value due to compulsory obligations for low energy equipment and tightening environmental regulations for buildings
- Increase in environmental response needs of tenants

SMBC's control policies and measures

Individual company/deal management

- Promote sustainable finance for green buildings and other structures that have obtained environmental certification

GRESB

DBJ Green building

CASBEE

BELS

LEED

Portfolio management

- Set carbon intensity at time of building use (equivalent to floor space) as a management indicator
- Manage portfolio while paying attention to the environmental performance of buildings

(kg-CO₂e/m²)



Case examples

Frontier Real Estate Investment Corporation



- ✓ Provided a green loan for the acquisition of Mitsui Shopping Park LaLaport Aichi Togo
- ✓ Achieved the highest 5-star rating in the DBJ Green Building Certification, recognizing the building's outstanding consideration for the environment and society

Medium-term reduction goal
42.9~33.1

FY3/22

FY3/23

FY3/24

FY3/31

Scenario analysis for climate change

Make certain assumptions regarding the disasters considered and the subject of analysis, etc., and conduct scenario analysis.

	Physical risks		Transition risks
Risk event	Acute physical risks (Water disaster)	Chronic physical risks (Decreased productivity due to rising temperatures, etc.)	Policy changes Changes in supply-demand balance
Scenario	IPCC ^{*1} /RCP ^{*2} 2.6 (Overseas) SSP ^{*3} 1-2.6 (Domestic) (2°C scenario) IPCC/RCP 8.5 (Overseas) SSP 5-8.5 (Domestic) (4°C scenario)	NGFS ^{*4} / Current Policies (3°C scenario)	NGFS / Net Zero 2050 (1.5°C scenario) IEA ^{*5} / Net Zero Emissions (1.5°C scenario) NGFS / Current Policies (3°C scenario)
Analysis Target	Corporate customers		Energy, power, automobiles, ^{*6} steel
Region	Global		
Analysis Period	Up to 2050		
Risk indicator	Credit costs that are expected to increase (Credit costs)		
Analysis results ^{*7}	Cumulative JPY 67 - 85 bn		JPY 2.5 - 28 bn per year
	Domestic	JPY 45 - 58 bn	
	Americas	JPY 7.5 - 8 bn	
	Europe, Africa, Middle East	JPY 11.5 - 12 bn	
	Asia and Oceania	JPY 2.5 - 8 bn	
		Up to JPY 30 bn per year	

*1. Intergovernmental Panel on Climate Change

*2. Representative Concentration Pathways: For example, "RCP 2.6" means that the end-of-the century radiative forcing (the magnitude of radiation that the energy entering and exiting Earth's surface has on Earth's climate) will be 2.6 w/m².

*3. Shared Socioeconomic Pathway scenario: Scenario that combines future socioeconomic changes (e.g. population) with radiative forcing.

*4. Network for Greening the Financial System

*5. International Energy Agency

*6. Analysis targets are OEMs (original equipment manufacturers).

*7. Targets include Sumitomo Mitsui Banking Corporation and its major local subsidiaries.

Various solutions across SMBC Group

Plan for
Fulfilled Growth

Major solutions for decarbonization

Banking



- Project finance
- Sustainable finance, etc.



Trust banking



- Green ABL Trust
- Sustainability related real estate



Leasing



- Solar power PPA
- EV adoption support, etc.



Securities



- Green bond
- Transition bond, etc.



Card payments



- CO2 emissions calculation based on card payment data



Consulting



- Target/strategy setting, disclosure support
- Decarbonization consulting



Asset management



- Sustainability investments
- Impact investments



Risk-taking in new energies and new technologies

Hydrogen fund

- Participating in the investment and management of Japan Hydrogen Fund as SMBC Group









Change in individual behavior

Everyone's CO2 Reduction (Minna De Genkotsu) Project

- Cooperating with local governments on initiatives to change the behavior of individuals toward decarbonization

- Promoting eco-labels that identify environmentally friendly products and services, providing education through workshops, etc.



		Date of issue	URL	QR Code
1	Annual Report	Jul. 2024	https://www.smfg.co.jp/english/investor/library/annual/fy2023e_f01_pdf/fy2023e_f01_00.pdf	
2	Sustainability Report	Aug. 2024	https://www.smfg.co.jp/english/sustainability/report/pdf/sustainability_report_e_2024.pdf	
3	Sustainability Data Book	Jul. 2024	https://www.smfg.co.jp/english/sustainability/report/databook/pdf/SMBCGROUP_SUSTAINABILITY_DATA_BOOK_e.pdf	
4	Transition Finance Playbook 2.0	May 2024	https://www.smfg.co.jp/english/sustainability/materiality/environment/business/pdf/transition_finance_playbook_2.0_en.pdf	
5	Transition Finance Scorebook	Nov. 2024	https://www.smfg.co.jp/english/sustainability/sdgs/pdf/transition_finance_scorebook_en.pdf	
6	Impact Report	Aug. 2024	https://www.smfg.co.jp/english/sustainability/report/pdf/impact_report_e_2024.pdf	
7	STORY BOOK	May 2025	https://www.smfg.co.jp/english/sustainability/social_value/interview/story_book_e_2024.pdf	