

For Environment

SMBC Group's Approach

SMBC Group



The global environment is an important asset that is shared by all of humanity, regardless of region or age, and a healthy environment is prerequisite to the realization of a sustainable society. SMBC Group is earnestly engaging with climate change and various other environmental issues. By helping resolve such issues through our business, we aim to ensure that we can pass on a healthy environment to future generations.



Promotion of
➤ Environmental
Businesses

Management of
➤ Environmental
Risks

Reduction of
➤ Environmental
Impacts

Response to
➤ climate change
(Working on TCFD
Recommendations)

➤ SMBC Group
Green Bond

Contribution
➤ Activities to
Environment

Promotion of Environmental Businesses

SMBC group considers that environmental businesses are means to preserve and improve the global environment in its core business operations as a financial institution.

We will outline our environmental businesses, including solar power-based renewable energy operations and investment projects with a positive environmental contribution, as well as other environment-related products and services.

Main Measures

[1.Measures Being Taken for Green Finance](#) ▼

[2.Environmental business creation](#) ▼

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Measures Being Taken for Green Finance

SMBC Group

The SMBC Group proactively endeavors to solve environmental and social problems through the core businesses of the respective Group companies. Particularly concerning environmental problems, a goal has been set to handle green finance deals dedicated to the environmental field involving total financing in the amount of ¥10 trillion over ten years by fiscal 2029.

For instance, in the area of power generation via renewables (where certain forms of nature's power are employed, e.g., solar energy, wind power), various services are being provided by relevant Group companies leveraging their respective advantages, for example, lending by SMBC; trust service by SMBC Trust Bank concerning power generation facilities, construction sites, etc.; provision of leases by SMFL for power generation facilities; and equity investment by SMBC Nikko Securities. Altogether, we will pursue such initiatives as an integrated group for general financial services.

Project Financing for Renewable Energy

SMBC

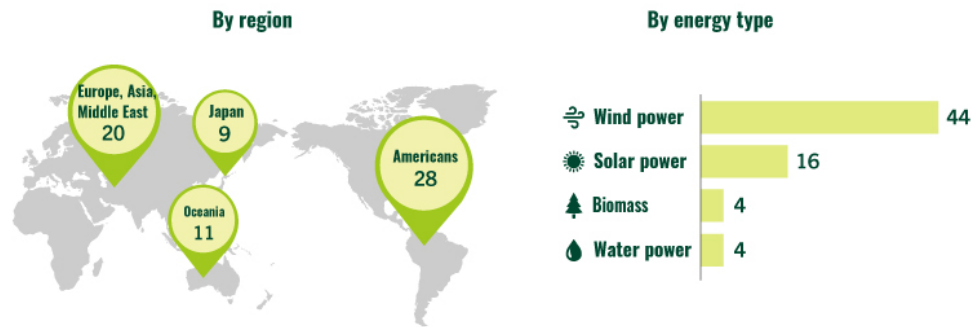
For many years now, SMBC has been providing project finance for renewable energy businesses such as solar power generation and wind power generation in Japan and overseas. The bank has a strong track record in this area. Since no carbon dioxide is emitted in renewable energy in principle, these operations are deemed to reduce CO2 emissions because the power they generate can replace energy from non-renewable sources such as coal, oil and natural gas. Support for such projects contributes to reductions in CO2 emissions and environmental impact.

For further details on project finance, please refer to the following website.

 [SMBC: Project Finance \(Japanese only\)](#)

Fiscal 2019 results

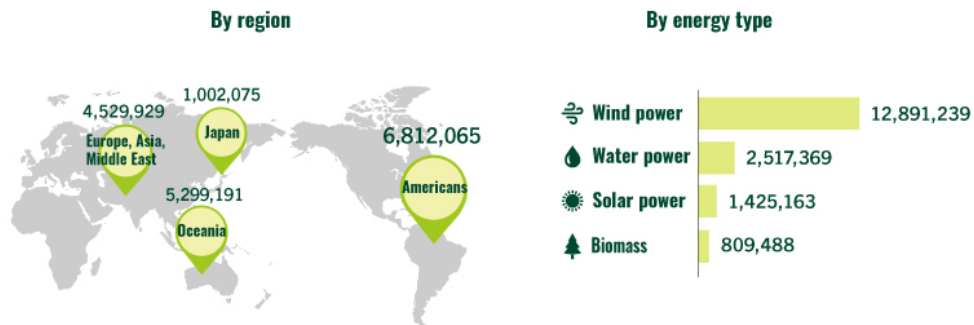
SMBC has conducted **68** renewable energy projects in fiscal 2019



FY2019: CO2 emissions reductions from renewable energy projects (*)

Renewable energy projects in fiscal 2018 contributed to total reductions in CO2 emissions equivalent to

17,643,260 tons.



(*) Estimated volume of reduction in carbon emissions: The estimated volume of power generation is calculated by referencing the type of renewable-based generation and employing generation capacity as well as the operation rate of target facilities by country; then the estimated volume of power generation is multiplied by the emissions coefficient for the power generation sector of the respective countries to calculate the estimated reduction volume in carbon emissions. Note that for the above calculations, the share of loans extended by SMBC among the total project budget was not considered.

Source: In terms of facility operation rate, data were quoted from Wind Europe "Wind Energy in Europe in 2019 - Trends and Statistics" concerning wind power generation (overseas), with a breakdown for offshore vs. onshore; and data were additionally quoted from the "Report on Validation of Power Generation Cost, as Submitted to the Subcommittee of the Outlook on the Long-term Energy Supply-Demand Balance (held on May 26, 2015)" concerning PV, wind power (domestic), water power, and geothermal power. Regarding biomass power generation, operation rates were calculated by referencing the information disclosed by respective companies.

The emissions coefficient for the power generation sector: Quoted from IEA "CO2 Emissions from Fuel Combustion, 2019 edition."

Initiatives for Renewable Energy Through Business

SMBC Trust

SMBC Trust Bank conducts renewable energy business initiatives that include receiving on trust for solar power facilities and site usage rights (ownership, leasehold, and surface rights) and managing them as trust assets as the trustee paying dividends to beneficiaries on income from the electricity sold.



Initiatives for leasing "solar sharing" projects that combine agriculture with power generation

SMFL

Sumitomo Mitsui Finance and Leasing provides leases for solar power generation equipment used in a solar sharing project where support columns are erected on farmland for the installation of solar panels while leaving space underneath to farm. The project is generating solar power on unused farmland in Fukushima Prefecture, while enabling production of ginger crops. Sales of electricity supplement the crop production to ensure a reliable income stream. This approach is attracting attention as a potential way to develop farmland in Japan, where many farmers are elderly and young people are moving to cities rather than take up farming.



Solar panels attached to pillars built on farmland by Toyo Energy Farm Co., Ltd.

Support for Green Bond Issuance

SMBC Nikko

In September 2018, SMBC Nikko formed the SDGs Finance Dept., which is responsible for providing advice on funding through SDG bonds (e.g. green bonds) and presenting related proposals. Also, SMBC Nikko became a member of the Climate Bonds Partners Programme(*), which is run by the Climate Bonds Initiative (CBI), in order to further promote support for activities related to the SDGs and climate change problems. SMBC Nikko will continue to support many green bond issuance deals and pursue relevant investments going forward as well while strengthening the collaboration with CBI through its membership in the said Programme.

(*) The Programme is being promoted by the Climate Bonds Partners membership to support activities of relevant investors and stakeholders as well as related educational projects, for the purpose of ensuring sustainable growth of the green bond market which can contribute to adequate adaptation to climate change and effective investments for carbon reduction

 **SMBC Nikko:underwriting such as SDGs bonds (Japanese Only)**

Environmental business creation

Initiatives Towards Realizing a Low-Carbon Society

SMBC

As part of its initiatives to realize a low-carbon society, SMBC has promoted business activities related to emissions trading since 2005.

Specifically, SMBC provides financial support for energy conservation and renewable energy development projects conducted overseas with environmental technologies from Japan in connection with the Joint Crediting Mechanism (JCM), a new framework promoted by the Japanese government in the post-Kyoto Protocol era. Since fiscal 2010, the bank has conducted various business feasibility study for over thirty projects, primarily in Asia and Central and South America, while planning and developing financing schemes. Going forward, SMBC intends to utilize JCM to support overseas application of exceptional Japanese environmental technologies. It will take on environmental issues such as climate change, and continue to contribute to the development of a sustainable society.

*A mechanism utilized to achieve Japan's reduction targets that involves quantitatively assessing Japan's contribution to greenhouse gas reduction and absorption realized through promotion of low-carbon technologies, an area of specialty for Japanese companies, in developing countries and contributing to measures to combat global warming at the global level.

Please click on the link below for details regarding emissions credits and specific related initiatives.

 [SMBC: Emissions credit business \(Japanese only\)](#)

Initiative Examples

Close 

Initiative Examples	Content
Study on Energy-Saving Systems for Caustic Soda and Chlorine Manufacturing Processes	<p>In fiscal 2014, we participated in a study of an energy conservation project at a caustic soda and chlorine manufacturing plant in Central and South America by converting from the mercury method to the ion exchange membrane method, utilizing the bilateral credit system. Caustic soda and chlorine manufacturing facility in Central and South America. The study focused on converting from the conventional, energy-inefficient mercury-based process to the highly energy efficient ion exchange membrane method.</p> <p>The ion exchange membrane method is environmentally friendly, and conserves energy while also helping reduce use of mercury. Use of mercury in the manufacturing process for caustic soda and chlorine will be banned beginning in 2025 under the Minamata Convention on Mercury, which goes into force in August 2017. Thereafter, mercury use is expected to decrease as worldwide caustic soda and chlorine manufacturing plants convert from a mercury-based process to ion exchange membranes.</p>
Study on Capture, Utilization and Storage of Carbon Dioxide	<p>of carbon capture, utilization and storage (CCUS) projects utilizing bilateral credit mechanisms in the Mideast and Central America. Such projects would utilize Japan's carbon capture technologies to capture carbon dioxide emitted from power stations from other gases to prevent its emission into the atmosphere and effectively utilize the captured carbon dioxide. The projects are expected to contribute to the achievement of new greenhouse gas reduction goals established in the Paris Agreement, which went into effect at the end of 2016.</p>

Initiatives for Growth Sectors

SMBC

SMBC Sustainable Business Promotion Department has identified three specific growth sectors : new energy/energy management, the environment and agriculture society to promote the creation of new business opportunities in these sectors for customers. Drawing on broad-ranging knowledge and networks developed through industry-government-academia alliances in Japan and overseas, the bank provides business support in respective areas.

Initiative Examples	Content
Smart Grid Demonstration Project in Poland	A smart grid demonstration project utilizing Japan's grid stabilization and power storage technologies has been carried out in Poland by SMBC and other Japan-affiliated companies since fiscal 2016 on a contract from the New Energy and Industrial Technology Development Organization (NEDO). While renewable energies are being utilized at an accelerating pace, their power output varies depending on weather conditions, so as the amount of renewable energy sources increase, problems arise related to the power grid; specifically, maintaining the balance of power supply and demand on distribution networks and dealing with overloads. The demonstration project seeks to solve these grid issues by utilizing Japanese technologies to expand use of renewable energies in Poland and create a grid stabilization system that simultaneously reduces capital investment in power infrastructure and stabilizes the power grid.
Study on Utilization of Green Climate Fund	The Green Climate Fund (GCF) is a multilateral fund established based on the United Nations Framework Convention on Climate Change in order to support reductions to greenhouse gases and measures to address the impact of climate change in developing countries. SMBC conducted a feasibility study in fiscal 2016 and fiscal 2017 with multiple Japan-affiliated companies on geothermal power projects using the GCF in Papua New Guinea under the sponsorship of the Ministry of Economy, Trade and Industry. Going forward, through further studies and other initiatives, SMBC will work to form projects that utilize the GCF and support measures to address climate change in developing countries.

General Contractor Business for the Disposal of Facilities and Plant Sites

SMFL

SMFL and SMFL MIRAI Partners started a general contractor business for the disposal of facilities and plant sites, through the establishment of SMART Incorporated jointly with ARBIZ Corporation. Concerning machines and facilities for which the lease period expired or is held by our clients but no longer needed, reusable items would be employed by SMFL for resale, while items that cannot be reused would be purchased or taken over free of charge by the new company. Machines and facilities to be disposed of would then be segregated into marketable items (e.g. metal scrap; waste plastics) and industrial waste. Marketable items are sold to scrap traders, while industrial waste is handed over to waste treatment dealers. Through facilitating the reuse of recycled items, companies are curbing the volume of industrial waste and adequately supporting final disposal processes, while promoting 3R activities by leveraging knowledge and know-how concerning a wide range of tangible products that are advantageously held by leasing companies, to contribute to the realization of a circulating type of society.

Consultation for Environment-Related Business

JRI

Environmental Advisory Business

It engages in numerous environmental projects mainly in the energy and smart community fields. It strives to contribute to the resolution of global-warming issues and development of environment-friendly businesses by the creation of new businesses.

JRI

Proposals for Energy-Related Policies

The Great East Japan Earthquake led to the substantial review of the Japan's energy policy. JRI makes recommendations and proposals for energy systems of next-generation and energy strategies for Japan. For detailed examples from JRI, please refer to the following website.

 [JRI: Economy & Policy report\(Environment, Energy\) \(Japanese only\)](#)

Overseas Alliances Related to Environmental Business

SMBC

In emerging countries, the need for economic development that is balanced with the global environment is driving remarkable progress in local environmental business markets. SMBC has signed multiple memorandums of understanding (MOUs) for building bridges with Japanese companies with environmental technologies in emerging countries, financing environment-related projects, and providing know-know on emissions credit trading. Through these and other efforts, the bank continues to work to strengthen its environmental business networks with emerging countries. Going forward, we will utilize our environmental business knowledge and experience as a diverse financial group to meet a variety of needs in environment and energy and other fields.

List of Service Agreements

Close 

Provision Period	Country	Content
October 2014	Chile	signed with Chilean government organization and Production Development Corporation (CORFO) to collaborate on the procurement of funds for renewable energy and mining projects.
July 2014	Mexico	A Memorandum of Understanding (MOU) was concluded with Petróleos Mexicanos (PEMEX), Mexico's largest state-owned company, relating to cooperation in environmental sectors (to reduce greenhouse gas emissions).


Provision Period	Country	Content
March 2013	Colombia	In partnership with the Japan Bank for International Cooperation (JBIC), SMBC instituted a JBIC Green credit line for Banco de Bogotá, the second-largest commercial bank in Colombia. This helped to fund local projects that contribute to greenhouse gas reduction in a two-step loan format.
March 2013	Mongolia	An MOU was concluded with Mongolia's largest commercial bank, Khan Bank, to forge an alliance related to cooperation in areas ranging from resource and infrastructure development, financing for renewable energy and new energy sectors, and trade finance, customer referrals, and exchange of market entity related information, etc.
March 2012	Mexico	An MOU was concluded with Petróleos Mexicanos (PEMEX), Mexico's largest state-owned company, aimed at providing support initiatives for reduction of greenhouse gases at the company's own facilities.
March 2012	Mongolia	An MOU was concluded with Mongolia's only state-affiliated development bank, Development Bank of Mongolia (DBM), to support cooperation in the financing of environmental businesses and infrastructure projects that target greenhouse gas emissions reductions.
June 2011	Estonia	Estonia, a government institution that handles foreign investment incentives and trade promotion in the Republic of Estonia, in connection with a business alliance to provide financial services to local companies and Japanese-owned companies entering the Estonian market. The alliance will also target the acquisition of new business opportunities in the environmental sector, including development projects in Estonia and emissions-trading ventures
February 2011	Uzbekistan	An MOU was concluded with the National Bank for Foreign Economic Activity of the Republic of Uzbekistan, the country's largest state-run bank in terms of assets, in connection with a business alliance to provide various trade financing related to trade between Japan and Uzbekistan and the provision of financial services to Japanese-owned companies entering the Uzbekistan market and local companies. The alliance will target the acquisition of new business opportunities in the environmental sector, including development projects in Uzbekistan and emissions-trading ventures, and to strengthen a collaborative framework for yen settlement operations.

Initiatives for Environmental Conservation Through Financial Products

SMBC Group

SMBC Group develops and supplies financial solutions and products for customers engaged in addressing various social issues, notably climate change and other environmental issues through promotion of energy and resource conservation and countermeasures for global warming.

Please visit the link below for more details on SMBC Group's financial solutions lineup

 [SMBC Group Businesses and SDG](#)

Initiatives for Environmental Protection Through Investment

SMBC

In October 2017, SMBC invested in Tokyo Green Bonds (*) issued by the Tokyo Metropolitan Government, an initiative for contributing to society through asset management.

*Green bonds are bonds issued to raise funds for green projects. Tokyo Green Bonds have been assessed by an independent institution as being consistent with the characteristics of "green bonds" as defined by the International Capital Market Association (ICMA).

SMBC plans to allocate funds raised through the issue of Tokyo Green Bonds to environmental measures, urban development projects based on smart energy and a vision of the cool, clean and pleasant city, and projects for adapting to the impact of climate change.

Bond name	Tokyo Green Bond (5-yr. / 30-yr.), first issue
Ratings	A+ (S&P)
Total amount issued	¥10.0 billion

SMBC will continue to contribute to the Sustainable development of society as a whole through initiatives for the environment, which SMBC Group has specified as one of its key priority issues, and will continue to work to secure investment income and raise corporate value through diverse investment initiatives for more highly advanced, multifaceted forms of investment and by demonstrating its core functions as an institutional investor.



[SMBC: Invested in Tokyo Green Bonds issued by the Tokyo Metropolitan Government \(Japanese only\)](#)

Management of Environmental Risks

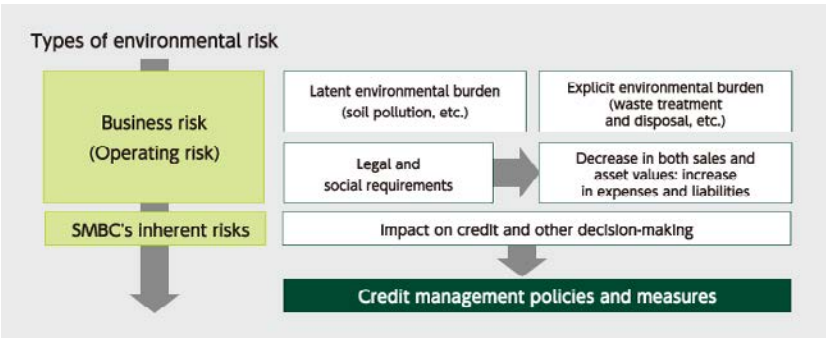
“Managing environmental risks” is one of the SMBC Group’s three key environmental themes, articulated in the Group’s environment policy. As a global financial group, SMBC is working to strengthen its structure for managing environmental and social risks.

Environmental Risks That Financial Institutions Should Address

Financial institutions confront various types of environmental risk including:

- Credit risks associated with a deterioration in the customer’s debt repayment capability. This can be attributed to such factors as the suspension of business operations due to a breach of environmental regulations and restoration expenses incurred as a result of soil pollution.
- The risk of a decline in the value of assets due to the disclosure of soil pollution or asbestos in real estate as collateral.
- Lender liability risks that accrue to the lender in connection with business and other loan proceeds that adversely impact the environment.
- Reputation risks attributable to any of the aforementioned.

SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing social and environmental risks in finance to large-scale development projects and has established the Environment Analysis Department (ENAD) to assess the social and environmental risks in accordance with the principles.



Consideration of ESG risks

SMBC Group

In SMBC's Credit Policy, which contains our overall financing policy, guidelines and rules, we declare that we will cease to provide financial support to borrowers engaged in businesses contrary to public responsibility, or which may have a significant negative impact on the global environment.

Also, we recognize our customers' environmental and social impacts from their business activities by understanding not only their financial information, but also non-financial information represented by ESG. We will engage closely with customers through gathering non-financial information, and strive to improve expected risk with customers while actively supporting their environmental and social consideration activities.

In addition, for large-scale projects which may potentially exert a major impact on the environment and society, we will continue to comply with the Equator Principles, a set of guidelines developed by private-sector financial institutions for managing environmental and social risks related to financing large-scale projects. We will also conduct appropriate environmental and social risk assessments by performing due diligence in our Environment Analysis Department. Through such actions, we expect project companies to conduct activities for environmental and social consideration, including climate change and human rights, to address the Task Force on Climate-related Finance Disclosures (TCFD), and to respect the FPIC (free, prior and informed consent) of local residents.

For further details about the Equator Principles, please refer to the following link.

 [Working with the Equator Principles](#)

We establish loan policies for each business which is likely to have a significant impact on the environment and society.

These policies are also rolled out to SMBC Group companies, which include SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing Company and SMBC Nikko Securities, in line with their business. This strengthens our risk management system.

1. Coal-Fired Power Generation

(Background) Since the adoption of the Paris Agreement, efforts to address climate change have been accelerated, and there is a global movement toward decarbonization, including the Japanese government calling for an 80% reduction in greenhouse gas emissions by 2050.

(Policy) Support for newly planned coal-fired power plants, in principle, is not provided. Exceptions may be considered for those projects which use environmentally friendly technologies, such as ultra-supercritical* pressure and for those projects which have been provided support before the revision. SMBC Group also support the development of technologies which contribute to carbon recycling, such as carbon dioxide capture and storage / CCS.

* Ultra-supercritical: Steam pressure > 240 bar and steam temperature ≥ 593. Or, CO₂ emissions < 750g-CO₂/kWh.

2. Hydroelectric Power Generation

(Background) As the transition to a low-carbon society progresses, hydroelectric power generation will play a greater role in power supply. However, when constructing a hydroelectric power plant, it is important to consider the impact on biodiversity associated with dam construction and also on local communities caused by resettlement.

(Policy) For those cases in which financing is used for hydroelectric power generation projects, SMBC Group carefully monitors whether appropriate mitigation measures against the impact on biodiversity and local communities caused by resettlement have been implemented and conducts environmental and social risk assessments when we consider lending.

3. Oil and Gas

- (Background) Oil and gas will continue to be an important source of energy, and we actively consider measures that contribute to the transition to a low-carbon society. On the other hand, as the transition to a low-carbon society progresses, it is important to consider the risk of stranded assets that will cause the value of the assets owned to decline in the future, measures to reduce the environmental impact associated with development, and give proper consideration to the residents of the development area.
- (Policy) The scope of environmental and social risk assessments that take into account Equator Principles is be expanded for the following business and sectors when we consider lending. After identifying and evaluating environmental and social risks, appropriate measures are considered.

(1) Oil Sand

Oil sand (tar sand) has relatively high carbon intensity and large environmental impacts are associated with its development. As such, SMBC Group conducts environmental and social risk assessments, paying close attention to soil and water pollution caused by wastewater, deforestation, and efforts to protect biodiversity and indigenous communities, when we consider lending.

(2) Shale Oil and Shale Gas

During shale oil and shale gas development, the use of hydraulic fracturing methods is assumed to cause groundwater contamination and induce earthquakes. SMBC Group carefully monitors whether appropriate mitigation measures have been implemented for these issues, and then we conduct environmental and social risk assessments when we consider lending.

(3) Oil and Gas Mining Projects in the Arctic

The Arctic Circle (an area north of the 66°33' latitude) is home to rare ecosystems and indigenous people with a unique culture. For mining projects in this region, SMBC Group conducts environmental and social risk assessments, playing close attention not only to environmental considerations but also to measures to protect biodiversity and indigenous communities, when we consider lending.

(4) Oil and Gas Pipelines

Pipelines are expected to have a wide range of environmental impacts due to oil spills and deforestation, as well as social impacts on indigenous communities, not only at the time of construction but also when completed. SMBC Group carefully monitors whether appropriate mitigation measures have been implemented for these issues, and then we conduct environmental and social risk assessments when we consider lending.

4. Coal Mining

- (Background) In addition to the risks of stranded assets associated with the transition to a low-carbon society, it is important to consider human rights with respect to the elimination of illegal labor and child labor in coal mines and biodiversity issues associated with mining.
- (Policy) The scope of environmental and social risk assessment that take into account Equator Principles is expanded for coal mining businesses when we consider lending. Through this, environment and social risks are identified and evaluated. In addition, we don't provide support for coal mining projects that are conducted using the Mountain Top Removal (MTR) method, as this method has a large environmental impact.

5. Tobacco Manufacturing

- (Background) Smoking can cause health hazards, such as lung cancer and respiratory dysfunction. In addition, with the cultivation of leaf tobacco (a raw material of cigarettes), it is important to consider human rights to eliminate illegal labor and child labor.
- (Policy) With regard for support for tobacco manufacturers, Sumitomo Mitsui Banking Corporation has confirmed that particular issues including health hazards and considering of human rights to eliminate illegal labor and child labor are being addressed.

6. Nature Conservation Areas

- (Policy) SMBC Group does not provide support for new projects that are perceived to have a significant negative impact on wetlands specified in the Ramsar Convention and UNESCO-designated World Natural Heritage sites.

7. Palm Oil Plantation Development

- (Policy) For palm oil plantation development projects, SMBC Group confirms that the palm oil which is produced is produced with due consideration for the environment and society and has been certified by the Roundtable on Sustainable Palm Oil (RSPO) or by an equivalent certifying body. Support is only provided after confirming that forest resources and biodiversity are protected when new plantations are developed and that there are no human rights violations, such as child labor. For those customers that have not yet been certified, SMBC Group encourages and supports them to obtain certification.

8. Deforestation

- (Policy) For projects which involve deforestation, SMBC Group provides support after confirming that illegal logging and incineration are not carried out and the laws and regulations of each country are observed. For large-scale projects, environmental impacts, such as the destruction of primeval forests and ecosystems, are evaluated in accordance with the Equator Principles when we consider lending.

9. Manufacturing of Cluster Bombs and Other Weapons of Destruction

- (Policy) Cluster bombs are considered inhumane, therefore SMBC Group prohibits credit to those manufacturers. In addition, it is confirmed that loans are not used for manufacturing of other weapons of destruction.

Reduction of Environmental Impacts

The three pillars of the environmental activities of the SMBC Group are Promotion of Environmental Businesses, Management of Environmental Risks, and Reduction of Environmental Impact. Each group company sets targets for Reduction of Environmental Impact and implements diverse measures.

Main Measures

- [SMBC Group Environmental Data](#)
- [Reducing Energy Consumption](#)
- [Reducing Environmental Impact Through Our Businesses](#)
- [Paper less initiatives](#)

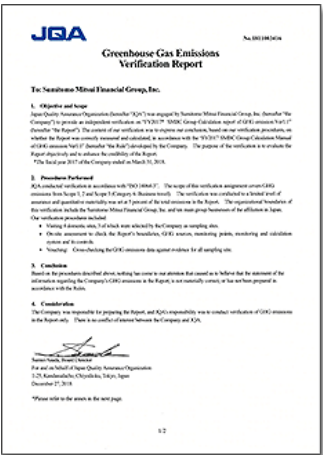
SMBC Group Environmental Data

SMBC Group

The SMBC Group is working to further promote environmental activities by visualizing them. As a part of this process of visualization, we have disclosed environmental impact data from company office activities. We have obtained third-party certification of our data from the Japan Quality Assurance Organization. As well, SMBC has expanded the scope of disclosure to environmental accounting.

➤ Environmental Impact Data of SMBC Group Companies

➤ Environmental Accounting at SMBC



Fiscal 2018 Greenhouse Gas Emissions Verification Report (188KB)

Total CO₂ Emissions of SMBC Group

Measurement Items		Units	Fiscal 2017	Fiscal 2018	Fiscal 2019
Direct energy consumption	City gas	Thousand m ³	2,479	2,225	1,930
		t-CO ₂	5,566	4,993	4,329
	Liquefied petroleum gas (LPG)	t	10	10	9
		t-CO ₂	31	29	27
	Heavy fuel oil	kl	131	94	112
		t-CO ₂	355	256	303
	Light oil	kl	3	3	3
		t-CO ₂	7	7	8
	Kerosene	kl	46	44	37
		t-CO ₂	114	109	93
	Gasoline(automobile)	kl	4,759	4,080	3,776
		t-CO ₂	11,047	9,470	8,765
Indirect energy Consumption	Electricity(*3)	Thousand kWh	323,731	291,045	275,868
		t-CO ₂ (emission coefficient)	162,148	135,916	121,732
	Steam	GJ	30,538	30,785	30,835
		t-CO ₂	1,740	1,755	1,758
	Hot water	GJ	3,600	3,397	6,607
		t-CO ₂	205	194	377
	Cold water	GJ	45,680	48,986	42,797
		t-CO ₂	2,604	2,792	2,439
Other energy consumption	CO ₂ emissions from business trips(*4)	t-CO ₂	17,780	18,432	44,582
	Water supply	Thousand m ³	34	36	39
	Sewage	Thousand m ³	34	36	39
	Total water and sewage	Thousand m ³	2,594	2,662	2,303
		t-CO ₂	1,165	1,195	1,033

Measurement Items		Units	Fiscal 2017	Fiscal 2018	Fiscal 2019
Total	Direct energy CO ² emissions	t-CO ₂	17,120	14,863	13,526
	Indirect energy CO ² emissions	t-CO ₂ (emission coefficient)	166,697	140,657	126,305
	Other CO ² emissions	t-CO ₂	18,945	19,628	45,615
	Total CO ² emissions	t-CO ₂ (emission coefficient)	202,762	175,148	185,447
	Total CO ² emissions (per m ²)	t-CO ₂ /Thous and m ² (emission coefficient)	119	106	115

*The main reason for the increase in results of FY2019 compared to that of FY2018 is that the CO₂ conversion factors for business trips have been updated to ver 3.0 in the "Database of emission intensity for calculating greenhouse gas emissions of the organization throughout its supply chain", developed by MINISTRY OF THE ENVIRONMENT.

[Scope of data]

*Each item is simply the sum of the values of the following group companies. Sumitomo Mitsui Banking Corporation, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing, SMBC Nikko Securities, SMBC Friend Securities(*1), Sumitomo Mitsui Card Company, SMBC Finance Service, SMBC Consumer Finance, The Japan Research Institute, Sumitomo Mitsui DS Asset Management Company, THE MINATO BANK(*2), and Kansai Urban Banking Corporation(*2)

(*1)Merged with SMBC Nikko Securities as of January 2018.

(*2)Excluded from the Group as of April 2018.

[CO₂ conversion method]

(*3)Actual emission factor for each electric business company is used.

(*4)Refer to MINISTRY OF THE ENVIRONMENT's "Database of emission intensity for calculating greenhouse gas emissions of the organization throughout its supply chain".

Ver 2.2 is applied until FY2018, and ver 3.0 from FY2019.

(*5)Others uses "Support tool of Calculating CO₂ Emissions from Energy Use" provided by the Agency for Natural Resources and Energy.

[Third party verification]

These data are being tested third-party certification from the Japan Quality Assurance Organization.

Reducing Energy Consumption

Medium/Long-Term Reduction Target for Electricity Consumption

SMBC

SMBC Nikko

Approximately 90% of the energy used by SMBC is electricity. The bank is therefore prioritizing efforts to reduce power consumption in order to lower its overall energy consumption. Since fiscal 2013, SMBC has conducted these initiatives with a target of reducing its electricity consumption intensity (electricity consumption / total floor area) in fiscal 2020 by 10.5% compared to fiscal 2009. This target has been established by the Japanese Bankers Association for the banking industry as a whole in the Japan Business Federation's "Commitment to a Low-Carbon Society" action plan. In fiscal 2015, a new target was established, reducing the electricity consumption intensity (electricity consumption / total floor area) in fiscal 2030 by 19.0% compared to fiscal 2009. SMBC is continuing its efforts to conserve electricity and achieve the target.

SMBC Nikko Securities has set an environmental goal to reduce the amount of electricity used per 1 m² of floor space by more than 10% by fiscal 2020 as compared against fiscal 2009, and reduce usage by more than 20% by fiscal 2030. This goal is a standard set for the securities industry by the Japan Securities Dealers Association in their Securities Industry Action Plan for Environmental Issues.

Compliance with Amended Energy Saving Act

SMBC

As a company (enterprise) with annual energy consumption (crude oil equivalent) of 1,500 kiloliters or more, under the Energy Saving Act SMBC is required to develop an energy management system, create a medium/long-term plan and reduce its energy consumption intensity by 1% or more each year. SMBC is not only firmly fulfilling these obligations but also conducting measures that include management practices based on the act and reduction of energy consumption at individual branches and offices.

Publication of Carbon Reduction Report for Small and Medium-Sized Facilities

SMBC

Global warming countermeasures at offices and branches in Tokyo are reported along with CO₂ emissions in accordance with the Tokyo Metropolitan Government's Tokyo Carbon Reduction Reporting Program.



Bureau of Environment, Tokyo Metropolitan Government: Tokyo Carbon Reduction Reporting Program for small and medium-sized (Data of SMBC) (Japanese only)

Reducing Environmental Impact through Products and Services

Paperless Initiative Through Devices in Store Operations

Paperless application procedures not only reduce environmental impact and raise customer convenience, they also eliminate the risk of information leaks connected with disposal of paper application forms. Rigorous management of the digitized data through access restrictions and other measures also further strengthens protection of customers' personal information. There are advantages in terms of administrative efficiency as well, such as a smoother screening process, so a number of Group companies are actively involved in this initiative.

SMBC

SMBC has been undertaking efforts to improve hospitality by implementing paperless branches that utilize cutting-edge technology to improve services for our customers. The Ginza branch that was reopened inside GINZA SIX in April 2017 achieved digitalization of store services by using in-store transaction navigation, electronic signatures, and electronic seals.

In addition, this initiative was evaluated by the Japan Institute of Information Technology and received an award of excellence in the Service & Hospitality Awards from the Institute in 2017, and the highest award of merit for the same program in 2018.



Paperless Application Procedures

SMBC

SMBC Finance Service

SMBCCF

SMBC Finance Service has been promoting conversion from conventional duplicate application forms to paperless credit card application tools that reduce environment impact. The company provides affiliated merchants with systems and so forth for completing applications using Internet products and tablet devices, such as the online credit system Cedyna C-Web, which enables applications to be completed online, and the Digital Pen ECO pen with an infrared camera, which is used with a specialized contract form (application form). When a tablet device is used, the entry method is simple, corrections are easy, and member application procedures are simplified, which reduces the burden on customers as well.

SMBC Consumer Finance is improving customer convenience through digitalization as well as reducing the consumption of resources by actively expanding the App Loans service to promote cardless transactions. The SMBC account opening app for smartphones allows customers to open an account easily with just ID and a smartphone. All of these services not only offer greater convenience to our customers, but help to cut usage of paper resources.



Paperless Statements

SMBC

SMCC

SMBC Finance Service

SMBCCF

SMBC, SMCC, SMBC Finance Service and SMBC Consumer Finance encourages customers to switch to the "Web Account Statement Service" and "Web passbook" which allow customers to view their statements online rather than receiving a paper version by mail, as a way for them to participate in environmental initiatives.

SMBC provides an e-report service that enables customers to use the Internet to view reports that would normally be sent in the mail, such as for investment products and loan products.

"SMBC Green Program" through Selling JGBs to Retail Clients

SMBC

SMBC is pursuing the "SMBC Green Program" through selling JGBs to retail clients, in which SMBC implements certain measures to reduce carbon emissions (e.g., donations for tree-planting projects) by using part of the profit earned in such sales. In this Program, SMBC endeavors to ensure environmental conservation for the Earth jointly with clients through the following: ① reduction in carbon emissions equal to 100kg; or ② tree planting for the equivalent of 1m² of forest (forest improvement, etc.) per client.

Please refer to the link below for more details:

 **SMBC: "SMBC Green Program" (JGB sales to retail clients) (Japanese Only)**

Issue of Chikyuni Yasashii Card for Environmental Contributions through Credit Cards

SMBC Finance Service

SMBC Finance Service issues the Chikyuni Yasashii Card to allow people to make donations for the environment through simple, everyday use. The company issues 14 types of cards based on specific themes related to global environmental protection. When people use the Chikyuni Yasashii Card for shopping, SMBC Finance Service automatically donates 0.5% of the card usage amounts to protection and research organizations based on those themes through The Defense of Great Earth Foundation.

For details regarding various activities, please refer to the following website


 **SMBC Finance Service: Initiatives for the environment through business activities (Japanese only)**

Environmental Considerations in Leasing

SMFL

Sumitomo Mitsui Finance and Leasing is completely in compliance with environment-related laws and regulations to prevent contamination of the environment due to illegal disposals of industrial waste materials triggered by the expiration of leases. In addition, multi-phased assessments of disposal contractors, mainly in terms of compliance, local research and interviews, are conducted annually in order to prudently select the most appropriate company that handles transportation and disposing of waste materials at the time of the expiration of a lease.

For details regarding various activities, please refer to SMFL's website.

 **SMFL: Environmental Activities (Compliance with Environment-Related Laws and Regulations) (Japanese only)**

Reduction of environmental impact within the company

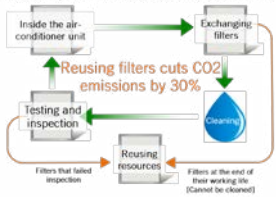
Environmental Features in Buildings

SMBC

Implementing company rules to reduce environmental impact

SMBC actively selects buildings with environmental friendly features for its branches and offices. The head office building has rainwater storage tanks, solar power facilities, a rooftop garden and human sensors, and makes use of recycled materials. These various environmental features and facilities are designed to give the building 30% lower annual CO₂ emissions than the average leased office building in Tokyo. For example, SMBC reduces 187 tons in carbon per year as a result of recycling high efficiency filters for air conditioning systems and energy-saving effects.

Cleaning and recycling system for air-conditioner filters supplied by UNIPAC used at SMBC head office



SMBC East Tower, which opened in the summer of 2015, has the environmental features on the head office building with the addition of all LED lighting and high-performance exterior walls performance. These features enable a 35% reduction in annual CO₂ emissions compared to the average leased office building in Tokyo. Thanks to these environmental facilities and features, the building has earned an "S" rank in the CASBEE rating system for building environmental performance and a "Platinum" rating from LEED-CI, an international environmental certification program.

Part of the power used by the East Tower was switched to non-carbon-emitting power by hydroelectric plants ("Aqua Premium"(*) by TEPCO Energy Partner).

(*) Aqua Premium represents the power generated by general hydroelectric facilities of the TEPCO Group (excluding power generated by pumped storage power plants and FIT electricity). It represents the power generated only by hydroelectric plants that do not emit carbon in the process of generation, and stable power supply is enabled throughout the day by procuring power from many hydroelectric plant sites. (FIT stands for the "Feed-in Tariff" system, whereby the government ensures that the power generated by renewables is purchased by utility companies at a fixed price.)



The Osaka head office building underwent a major renovation that finished in fiscal 2015. We installed high performing exterior wall frames, LED lighting, and solar panels to substantially improve the environmental performance while retaining the original charm of the facilities.



Initiatives are also being conducted overseas to select and use buildings with environmental features and facilities. The Brussels Branch in Belgium is housed in a building certified through the BREEAM method (Building Research Establishment Environmental Assessment Method) for assessing building environmental performance.



Other Initiatives

✓ company rules to reduce environmental impact ✓ Green Purchasing

✓ Internal Recycling of Documents that are No Longer Needed ✓ Ban on Plastic Straws

✓ Utilizing monitors and recycling office supplies

company rules to reduce environmental impact

SMBC

SMCC

SMBC Finance Service

SMBCCF

Within the Group, various measures for resource-saving are being pursued concerning merchandise, ranging from the procurement stage to use, disposition and recycling stages.

For instance, at the stage of purchasing paper sheets in large quantity for use in copiers, SMBC selects and purchases sheets that are environment-friendly (e.g., products that meet the requirements of the Act on Promoting Green Purchasing) after confirming that material procurement and production were carried out adequately for the products in accordance with the environmental conservation criteria publicly disclosed by suppliers. Also, at the use stage, SMBC endeavors to reduce the quantity of use as per the rules specifically set internally (e.g., through the promotion of paperless meetings). At the stage of disposition and recycling as well, SMBC takes certain measures to achieve targeted reduction in the volume of paper waste to be processed.

Also, each individual company, including Sumitomo Mitsui Card, SMBC Finance Service, and SMBC Consumer Finance, endeavors to ensure resource-saving, energy-saving and waste segregation by type in compliance with the internal rules specific to each respective company.

Green Purchasing

SMBC

SMBC Nikko

SMCC

SMBC Finance Service

Concerning the purchase of office goods, etc., a "green purchasing" system is adopted by the Group, whereby it is ensured that items that impose less of a burden on the environment are chosen and purchased to the extent possible, for the purpose of protecting the environment.

Internal Recycling of Documents that are No Longer Needed

SMBC

In addition to proactively pursuing measures such as reduction in waste volume and promotion of paperless customs processing, we are attempting to recycle parts of documents no longer needed at the head office to produce new paper for reuse within the bank by setting a "PaperLab" (an office-use paper production machine) in the head office building.

Developed by Seiko Epson, "PaperLab" can produce new paper by recycling documents no longer needed, without having to ship old documents externally for recycling. It enables a significant reduction in the volume of water used for production compared to conventional paper producing machines. Such a process will enable a greater decline in the level of environmental burden during procurement than purchasing new paper sheets. As for the paper produced through such recycling, not only is effective use promoted both inside and outside the bank, but the system can also function as a trigger to raise employees' awareness of waste segregation and recycling from the viewpoint of the importance of recycling in the office.



Ban on Plastic Straws

SMBC

The use of plastic straws was banned in the dining and cafeteria areas for employees. (This applies only to the head office building.

Utilizing monitors and recycling office supplies

SMBC Trust

Various measures for resource saving and for reducing waste volume are being pursued: e.g., reduction of printing needs through more effective use of PC monitors; reduction in the number of paper sheets through encouraged use of dual-sided printing; installation of a recycle box or some recycling boxes in the office for stationery items.

Response to climate change(Working on TCFD Recommendations)

Climate change is one of the primary global issues to be addressed in the 21st century. Based on this recognition, the Paris Agreement was adopted and came into force in 2016. In order to attain the long-term goals set under this agreement, including restricting the rise in average global temperature to within two degrees Celsius above preindustrial levels, countries have presented their greenhouse gas emission reduction targets to the United Nations and are implementing relevant measures. Developed countries are pressing forward with measures to create a decarbonized society while according to the report by International Energy Agency (IEA), constructions of new coal-fired power plants are still underway in some Asian countries. In addition, the Japanese government has set the target of reducing the country's greenhouse gas emissions by 80% by 2050.

We have announced our support of the TCFD (*1) at the "One Planet Summit" held in Paris in December 2017. Simultaneously, we will continuously support our customers in their efforts to reduce greenhouse gas emissions by such measures as promoting the introduction of environment-friendly technologies through their business operations. Being committed to reducing greenhouse gas emissions, we will conduct business in a manner that contributes to the growth of both our customers and society, and will further enhance our actions towards climate change.

(*1) The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board(FSB) in April 2015 to urge individual companies to disclose their impact on climate change in their financial reports.

[Working on the Task Force on Climate-Related Financial Disclosures \(TCFD\) Recommendations ▼](#)

[Governance on Climate Change ▼](#)

[Impact of Climate-Related Risks and Opportunities on the Organization's Businesses ▼](#)

[Management of Climate-Related Risks ▼](#)

Working on the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations ▼

We have summarized our thinking on climate change, which has also been categorized into the four thematic areas of disclosure set out by the TCFD (Governance, Strategy, Risk Management, and Metrics and Targets).

Content and Location of Disclosure Consistent with TCFD Recommendations

Overview of TCFD Recommendations	References (click on link to relevant page)
Disclose the organization's governance regarding climate change-related risks and opportunities.	
Describe the board's oversight of climate change-related risks and opportunities.	<ul style="list-style-type: none"> • Governance on Climate Change • Sustainability Management
Describe management's role in assessing and managing climate change-related risks and opportunities.	<ul style="list-style-type: none"> • Governance on Climate Change • Sustainability Management

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	
Describe the climate-related risks and opportunities that the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> • Impact of Climate-Related Risks and Opportunities on the Organization's Businesses • Promotion of Environmental Businesses • SMBC Group Green Bond
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> • Impact of Climate-Related Risks and Opportunities on the Organization's Businesses • Promotion of Environmental Businesses • SMBC Group Green Bond
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> • Impact of Climate-Related Risks and Opportunities on the Organization's Businesses
Disclose how the organization identifies, assesses, and manages climate-related risks.	
Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • Management of Environmental Risks
Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> • Management of Environmental Risks
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> • Management of Climate-Related Risks
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> • Reduction of Environmental Impacts
Disclose greenhouse gas emissions and the related risks of Scope1, Scope 2, and Scope 3 if appropriate.	<ul style="list-style-type: none"> • Reduction of Environmental Impacts
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> • Reduction of Environmental Impacts

Governance on Climate Change

Our Group Environmental Policy recognizes the importance of realizing a sustainable society. To this end, the SMBC Group is making continuous efforts to harmonize environmental preservation and pollution prevention with corporate activities.

Our policies on climate change are reflected in our business strategy based on discussions of the Corporate Sustainability Committee and Management Committee, while details of our sustainability initiatives are regularly reported to the Board of Directors. Under this structure, we capture business opportunities and control the risks presented by climate change.

Impact of Climate-Related Risks and Opportunities on the Organization's Businesses

[Physical Risks]

There is a risk that the increase in extreme weather associated with climate change will negatively affect our customers' business. In light of frequent climate change-related natural disasters in Japan in recent years, SMBC performed a climate change scenario analysis for physical risks to assess impacts through 2050.

Our analysis specifies as the risk event water disasters such as storms and flooding, which account for the majority of climate change-related natural disasters. We apply the RCP (*2) 2.6 (2°C scenario) and RCP8.5 (4°C scenario) scenarios used by the Intergovernmental Panel on Climate Change (IPCC) as greenhouse gas concentration pathways used as the basis for research. SMBC uses this analysis to calculate the estimated increase in credit-related costs for its corporate customers associated with water disasters in Japan through 2050, taking into consideration the effects on collateral held by SMBC and customers' financial condition as well as the probability of a water disaster occurring (*3) in each climate change scenario. Based on our analysis, the estimated increase in credit-related costs through 2050 was 30-40 billion yen, or a simple annual average of approximately 1.0 billion yen. We thus conclude that at this stage, climate change-related water disasters will have a limited impact on SMBC's financial condition in a particular year.

The results of the above calculations are tentative, based on certain assumptions for natural disasters and analysis targets. Going forward we intend to analyze risk volume in greater detail while expanding the scope of analysis.

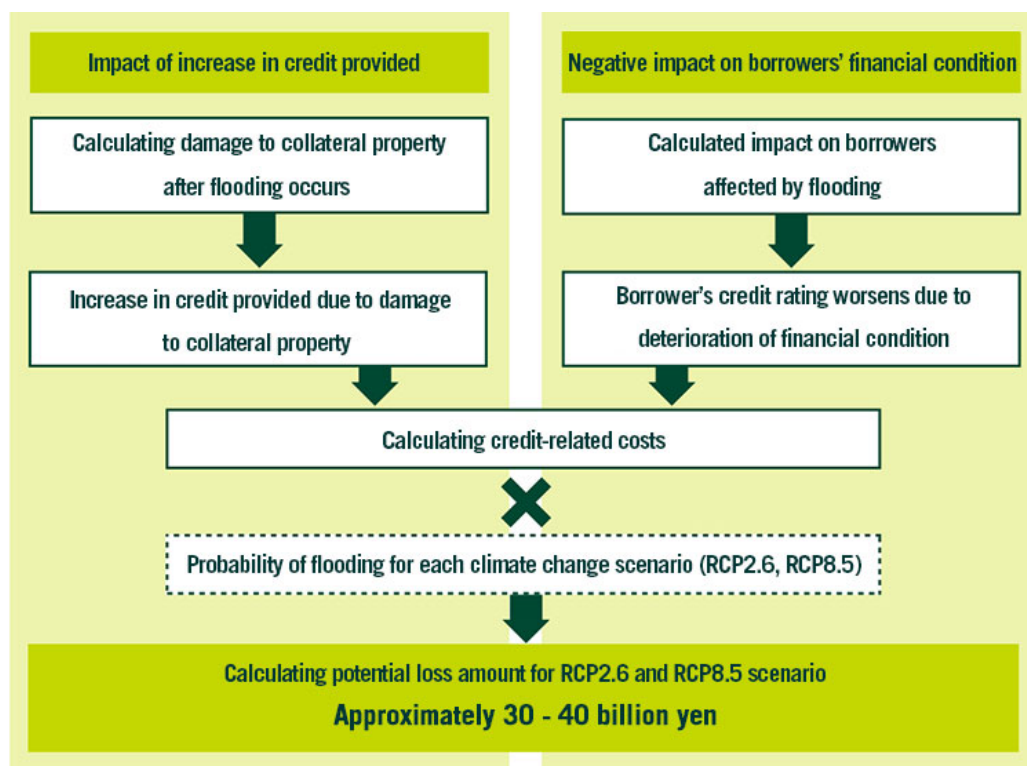
(*2) Representative Concentration Pathways Scenario

For example, RCP2.6 assumes radioactive forcing (the difference between energy absorbed by the earth and radiated back into space, which influences changes to the earth's climate system) is 2.6w/m2.

(*3) Based on data from the paper below

"Hirabayashi Y, Mahendran R, Koirala S, Konoshima L, Yamazaki D, Watanabe S, Kim H and Kanae S (2013) Global flood risk under climate change. Nat Clim Chang., 3(9), 816-821. doi:10.1038/nclimate1911.

< Process of Analyzing Physical Risks >



[Transition Risks]

In the process of transition to a low-carbon society, we anticipate risks of a decline in the value of affected assets (asset stranding). SMBC conducted a climate change scenario analysis for transition risks based on Carbon-related assets^{(*)4}, which account for 7.8% of all loans by SMBC. In this analysis, We apply Stated Policies Scenario^{(*)5} and 2°C Scenario^{(*)6}, which are stated by the International Energy Agency (IEA).

In addition, by estimating the impact on credit risk of each sector from the expected changes in resource prices and demands including crude oil and natural gas, and power generation costs^{(*)7} in each scenario, total credit costs expected by 2050 is estimated. Under the 2°C scenario, estimated credit costs are expected to increase approximately 2~10bn yen per fiscal year on or before 2050, compared with stated policy scenarios. This is first step in the scenario analysis, and SMBC Group will continue to strive to enhance it.

In the future, we will support for the customers' efforts to their climate change resilience in the period of transition to a low-carbon society.

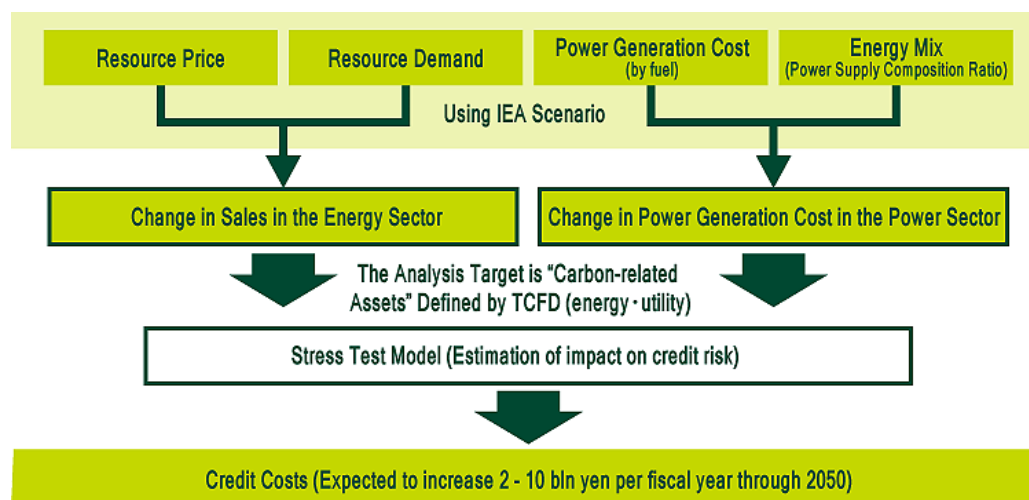
^{(*)4} TCFD: The Task Force on Climate-related Financial Disclosures defines carbon-related assets as those of the energy and utilities industries (excluding water companies, independent power producers, and renewable energy companies) in the Global Industry Classification Standard (GICS).

^{(*)5} A scenario assuming that energy plans currently stated by governments will be implemented

^{(*)6} A scenario in which the global average temperature increase from before the Industrial Revolution to 2100 is held to 2°C with a probability of at least 50%

^{(*)7} In Japan, the restarting of nuclear power plant is considered in align with the IEA scenario.

< Process of Analyzing Transition Risks >



[Opportunities]

As we work toward realizing a low-carbon society, we support businesses that help mitigate the effects of climate change such as renewable energy and green building projects, the creation of cities and regions with infrastructures resilient to natural disasters, and efforts to build sustainable lifestyles. Amid expectations that the market for these climate change-related businesses will grow, we arranged project finance of around 520 billion yen in renewable energy in fiscal 2018. We are actively supporting these projects, having made it to the top of the Project Finance league table (*8) in this category.

We also issue Green Bonds in accordance with the green bond framework pursuant to the Green Bond Principles established by the International Capital Market Association (ICMA) and Green Bond Guidelines published by the Ministry of the Environment, Japan, as a way to contribute toward the promotion of environmental businesses and reduce environmental impact in Japan and overseas. We will continue our efforts to work with our customers to solve climate change-related problems by supporting the issue of Green Bonds by our customers and providing investment support services.

(*8) Results of IJ Global's 2018 Project Finance League Table

Physical Risks	Transition Risks	Opportunities
Physical Risks Based on Scenario Analysis (Credit-related costs expected to increase) 30-40 billion yen (Accumulated through 2050)	Transition Risks Based on Scenario Analysis 2~10 billion yen (Per year through 2050) Exposure to carbon-related assets (As of March 2019) 7.8%	Value of renewable energy projects financed 520 billion yen

Management of Climate-Related Risks

As a framework for risk management, SMBC Group follows the procedures of PDCA (Plan, Do, Check, Act) to identify external environmental and risk events, analyze their impact, and establish a system to undertake necessary management.

Recently, events related to climate change, such as the occurrence of large-scale disasters due to extreme weather and the deterioration of carbon-related assets in accordance with transition to a low-carbon society, have been newly selected as top risks. Under this framework, efforts to strengthen scenario analysis and consider countermeasures at the management level have begun. These measures are reported to the Management Committee and the Risk Committee and reviewed by external directors at Board of Directors meetings.

Going forward we remain aware of the increasing emergence of the effects of climate change, strive to understand the external environment and the risks on our business, and take action as appropriate.

SMBC Group Green Bond

Sumitomo Mitsui Banking Corporation (SMBC) Group is a major issuer of green bonds both domestically and in international markets. SMBC Group strives to further contribute to the sustainability and improvement of the global environment through green bonds issuance.

SMBC Group applies the net proceeds of green bonds to finance qualifying renewable energy generation and energy efficiency projects.

SMBC Group has a strong track record in providing project finance for renewal energy (solar energy, wind energy, etc.) both domestically and internationally.


Track Record of Green Bond Issues

In October 2015, SMBC, SMBC Group's main operating bank, issued USD denominated green bonds. It was the first green bond issuance among Japanese private financial institutions. Since then, SMBC Group regularly issues green bonds; as of March 2020, the outstanding amount of the five issuances stands at EUR 1.7billion equivalent.

 [Green Bonds Issued by SMBC Group](#)








Green Bond Framework

The green bonds were issued and managed by SMBC Group in accordance with its green bond framework pursuant to "Green Bond Principles" established by the International Capital Market Association (ICMA) and "Green Bond Guideline" published by the Ministry of the Environment, Japan.


Framework	Opinion
SMBC Group Green Bond Framework	 SMBC Group Green Bond Framework-opinion

Annual Reporting

As of Mar.2020

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	 KPMG Assurance Report	 SMFG  SMBC	 Annual Report
SMFG EUR500mn 0.934% due2024	 Sustianalytics Review SMFG 2017		
SMBC USD227.8mn 3.370% due2023 SMBC AUD83.2mn 2.900% due2023	 Sustianalytics Review SMBC 2018		
SMFG EUR500mn 0.465% due2024	 Sustianalytics Review SMFG 2019		





Reporting Archive

Close 



As of Mar.2019

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	 KPMG Assurance Report SMBC 2015		 FY3/2019 Annual Report
SMFG EUR500mn 0.934% due2024	 Sustainalytics Annual Review SMFG 2017	 Management Assertion SMFG	
SMBC AUD83.2mn 2.900% due2023 SMBC AUD83.2mn 2.900% due2023	 Sustainalytics Annual Review SMBC 2018	 Management Assertion SMBC	



As of Mar.2018

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	 KPMG assurance report (467KB)	 SMBC Green Bonds impact Report 2018	
SMFG EUR500mn 0.934% due2024	 Annual Review 2018	 SMFG Green Bonds Monitoring Report (As of March 31, 2018)	

As of Mar.2017

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	 KPMG assurance report (1,261KB)	 SMBC Green Bonds impact Report 2017	

As of Mar.2016

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	 KPMG assurance report (3,210KB)	 SMBC Green Bonds impact Report 2016	

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SMBC Group Green Bond Framework

SMBC Group i) sets criteria for eligible Green Project, ii) evaluates and selects Eligible Green Projects, iii) manages green bond proceeds, and iv) publishes relevant reporting, under the green bond framework detailed below.

1. Eligibility criteria to qualify as a green project

To qualify as an Eligible Green Project, a project must meet all of the following conditions.

- (1) The project is categorized as at least one of the Eligible Green Project Categories (A) to (E) below.
- (2) The project is categorized as Category (B) or Category (C) under the Equator Principles as published by the Equator Principles Association.
- (3) An existing or new project which SMFG (or, SMBC, as the case may be) has agreed to lend (a) during the 24 months prior to the relevant issue date of a green bond or (b) after the issue date of a green bond.

Eligible Green Project Categories

(A) Renewable energy	Projects to develop, construct and operate solar, wind, geothermal and biomass power generation facilities (restricted to sustainable feedstock and/or waste materials) and small-scale renewable hydropower generation facilities with capacity of 25 megawatts or less
(B) Energy efficiency	Projects related to energy conservation equipment, such as LED lighting, efficient HVAC, building insulation materials and power consumption control systems
(C) Green buildings	Projects to construct and repair green buildings with a rating of at least Gold by LEED, ^{*1} Excellent by BREEAM ^{*2} or A Level by CASBEE ^{*3}
(D) Clean transportation	Projects related to public transportation, rail transport, non-motorized transport (automobiles, etc.), manufacturing of electric vehicles and the development, operation and upgrade of infrastructure/technology for the expansion and improvement of integrated transport
(E) Pollution prevention and control	Projects related to the development, construction and operation of facilities for pollution prevention and waste management, such as waste recycling and power generation from waste

*1 LEED: Leadership in Energy and Environmental Design

*2 BREEAM: Building Research Establishment Environmental Assessment Methodology

*3 CASBEE: Comprehensive Assessment System for Built Environment Efficiency

For clarification purposes, the following are excluded from the Green Bond Framework: fossil fuel based assets, fossil fuel based transportation / infrastructure and transportation with the main objective of transporting fossil fuel, defense and security, palm oil, wood pulp, nuclear power generation, coal-fired power generation as well as all mining and tobacco sectors.

2. Project evaluation and selection process

SMFG's Corporate Treasury Department and SMBC's Planning Department, Treasury Unit worked together with SMFG's Corporate Sustainability Department to establish the criteria for Eligible Green Projects, including Project Categories (A) to (E) above, in conjunction with the support provided by The Japan Research Institute (JRI), the think tank subsidiary of the group with extensive experience and knowledge in environmental fields. SMBC's Structured Finance Department selects the projects which meet the criteria. SMFG's Corporate Treasury Department and SMBC's Planning Department, Treasury Unit decide the eligible project for the green bond. Net proceeds of the green bond are to be allocated to selected eligible projects

SMBC's credit policy, which describes underlying principles in making credit decisions and incorporates environmental risk, stipulates the bank's determination not to lend to projects that may seriously damage the environment. For large-scale projects, SMBC conducts social and environmental risk assessment based on the Equator Principles and implements environmental monitoring through the Environment Analysis Department.

3. Management of bond proceeds

SMBC uses the net proceeds to finance existing or new Eligible Green Projects. The pending allocations will be invested in short-term financial instruments until allocated to Eligible Green Projects.

Also, any of green bond proceeds allocated to projects that have been sold, prepaid, amortised or otherwise become ineligible will be reallocated to other Eligible Green Projects. Further, the payment of principal and interest of relevant green bonds will be made from general funds of SMFG and will not be directly linked to the performance of related Eligible Green Projects.

4. Reporting

(1) Reporting on proceeds allocation

During the term of any relevant green bonds, SMFG/SMBC will publish on a dedicated website information regarding the allocation of bond proceeds and keep such information available at any time. The information shall be updated at least annually until the bond proceeds are fully allocated to Eligible Green Projects and as necessary thereafter in the event of any new development.

The information includes i) allocation amount and loan execution date for each funded Eligible Green Project, and ii) management assertions that bond proceeds are duly allocated to Eligible Green Projects or invested in short-term financial instruments.

(2) Impact reporting

As long as any relevant green bonds are outstanding, SMFG will quantify and publish on a dedicated website the environmental impact of funded Eligible Green Projects, such as the amount of CO₂ reduced, with the support of The Japan Research Institute (JRI). SMFG will keep such information available at any time and update it annually.

Contribution Activities to Environment

Main Measures

[Issuing "SAFE," an environmental magazine ▼](#)

[Sponsoring for the Furano Field ▼](#)

[SMBC Group clean up campaigns ▼](#)

[Tree Planting in Areas Damaged by the Great East Japan Earthquake of 2011 ▼](#)

Issuing "SAFE," an environmental magazine

SMFG

SMFG has regularly published "SAFE" magazine since 1996, which contains a variety of articles such as top interviews with companies advanced in handling environmental issues, and articles on business trends and recent legal/regulatory moves that could help promote corporate environmental activities.

Also, since 2015, SMFG has been publishing "JUNIOR SAFE" magazine, which provides children, who will inherit the Earth of the future, with opportunities to learn more about the relationship between money and the environment and about the work being conducted by various companies that are pursuing certain measures to improve the environment. In the Fifth Issue of "JUNIOR SAFE" published in December 2019, "Comparison of ecological living among countries of the world as viewed from card use" was adopted as the main subject, which teaches about the background behind the differences in ways of living between Japan and other countries. It gives readers some episodic triggers to think about issues concerning environmental problems and diversity in the world in an enjoyable manner, whereby readers can ask themselves: "What type of living is ecological?"; "How are ways that are viewed as ecological in Japan perceived overseas?" and so forth.



Sponsoring for the Furano Field

SMBC

Having started at the site of a former golf course in the spring of 2006, Furano Field, led by So Kuramoto (book author) comprises two categories of activities: the "nature restoration project," which involves reconstruction of an original forest through tree planting; and the "educational program on the environment," in which the field at the site itself is used as a classroom. SMBC supports these activities as the "SMBC Environmental Program: NPO C.C.C. Furano Field" based on a deep compassion for Mr. Kuramoto's thoughts and vision.



[Furano Field\(Japanese only\)](#)

(You will be taken to the Furano Field site.)

SMBC Group clean up campaigns

SMBC Group

The SMBC Group conducts cleanup events through the efforts of officers and employees of Group companies.

In fiscal 2019, cleanups were held in Suma Coast (Hyogo) on October 26th. A total of 200 officers and employees from SMBC Group companies and their families took part in the activities, working beyond workplace and company boundaries, to help protect the environment.



Tree Planting in Areas Damaged by the Great East Japan Earthquake of 2011

SMBC Group

The SMBC Group continues to pursue tree planting activities as a part of volunteer work to support areas damaged by the Great East Japan Earthquake of 2011. Every year, volunteer officers and employees undertake weed uprooting at planting sites to create tide prevention forests and seedling planting thereon in Yamamotocho, Watari-gun, Miyagi Prefecture, which was significantly damaged by the tsunami, in cooperation with the NPO Watari Green Belt Project.

