

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/ relevant information
<p><b>Principle 1: Alignment</b>  <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b></p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Sumitomo Mitsui Financial Group ("SMFG", hereinafter, the group could collectively be referred to as the "SMBC Group") is a global financial group based in Japan, operating in a wide range of businesses, including banking, leasing, credit cards, securities, and consumer finance.</p> <p>SMBC Group plays a role in supporting the growth of society as a "global solution provider", operating a wide range of financial and non-financial businesses in regions as Asia, the Americas and Europe.</p> <p>Sumitomo Mitsui Banking Corporation ("SMBC") is our main banking subsidiary handling the Group's core credit operations, and within its loan balance, domestic loans and overseas loans account for 62% and 38%, respectively. Domestic loans are mainly provided to corporations and public entities.</p>	<p>SMBC GROUP REPORT 2022: Group Structure (P.46-47)  <a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p> <p>FY3/2022 Securities report: Loan Portfolio (P.45)  <a href="https://www.smfg.co.jp/investor/financial/yuho/2022_pdf/2022_fy_fg.pdf">https://www.smfg.co.jp/investor/financial/yuho/2022_pdf/2022_fy_fg.pdf</a></p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>SMFG declares in its Mission Statement to "contribute to a sustainable society by addressing environmental and social issues." Here, the Group has clarified its stance contributing to the sound development of the society through a wide range of businesses including financial services.</p> <p>In addition, the Group has established the "SMBC Group Statement on Sustainability" (the "Sustainability Statement") as the Group's</p>	<p>SMFG Website: SMBC Group Statement on Sustainability  <a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/">https://www.smfg.co.jp/english/sustainability/group_sustainability/</a></p>

	<p>basic principle in aiming to realize a sustainable society. The Sustainability Statement has defined sustainability as “creating a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations.” The Group has set out our aim to realize the Sustainable Development Goals (SDGs) and thereby to resolve social issues and contribute to the global transformation into a better society, by engaging and acting with customers and other stakeholders. Further, the Group has declared our commitment to support the spirit of the Paris Agreement and to contribute to resolving environmental issues, recognizing the environment, which is a premise to realize a sustainable society, as an irreplaceable asset shared between generations.</p> <p>In addition to above-mentioned Mission Statement and Sustainability Statement, we have established the “SMBC Group Environmental and Social Framework”. In this framework, the Group articulates our fundamental policy and comprehensive stance on the environment and society, and clarify our commitment to contribute to the realization of a sustainable society.</p>	<p>SMFG Website: SMBC Group Environmental and Social Framework  <a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/esframework/">https://www.smfg.co.jp/english/sustainability/group_sustainability/esframework/</a></p>
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**Principle 2: Impact and Target Setting**  
**We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.**

<p>2.1 Impact Analysis:  Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact</p>	<p>As we aim to realize a sustainable society, we have set “Environment,” which is the foundation of the society we aim to achieve, “Community,” in which people can live and act in peace of mind, and “Next Generation,” which means intelligent people and industries with meaningful knowledge leads the future society, as our priority issues (materiality). These priority issues have been</p>	<p>SMFG Website: Priority Issues (Materiality)  <a href="https://www.smfg.co.jp/english/sustainability/materiality/">https://www.smfg.co.jp/english/sustainability/materiality/</a></p>
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<p>analysis that fulfills the following elements:</p> <p>a) <u>Scope: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</u></p> <p>b) <u>Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</u></p> <p>c) <u>Context &amp; Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</u></p> <p>d) <u>Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.</u></p>	<p>identified by going through the following steps, and they are at the heart of our business activities.</p> <ol style="list-style-type: none"> <li>(1) Derive around 150 wide-ranging CSR issues by utilizing the GRI Guidelines and the ISO 26000 framework</li> <li>(2) Assign an order of priority to these issues from the standpoint of our stakeholders</li> <li>(3) Re-examination and identification of issues through dialog with experts, obtain approval of the Group Management Committee</li> <li>(4) Conduct periodic reviews through engagement with stakeholders</li> </ol> <p>Based on our materiality, the Group has performed an impact analysis on the loan portfolio of SMBC, which is our main banking subsidiary, and identified the following areas of significant impact as well as strategic business opportunities related to those areas.</p> <p>&lt;Points of the Impact Analysis&gt;</p> <p>a) Scope, b) Scale of Exposure</p> <p>The principal sectors of SMBC’s domestic loan portfolio and their percentages are as follows: Real estate &amp; Goods leasing (19.8%), Manufacturing (15.2%), Transportation, telecommunications &amp; Public utilities (10.2%).</p> <p>For example, the “Automobile” and “Electric &amp; electronic components” sectors are included in the manufacturing sector, and the “Transportation” and “Electricity” sectors are included in the Transportation, telecommunications &amp; Public utilities sector. Referring to the Impact Radar of UNEP FI, we investigated that these sectors have the following impact-characters.</p> <ul style="list-style-type: none"> <li>- Real estate: Climate, Health &amp; Sanitation, Housing, etc.</li> </ul>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.72-83) <a href="https://www.smfg.co.jp/english/sustainability/materiality/">https://www.smfg.co.jp/english/sustainability/materiality/</a></p> <p>FY3/2022 Securities report: Loan Portfolio (P.45) <a href="https://www.smfg.co.jp/investor/financial/yuho/2022_pdf/2022_fy_fg.pdf">https://www.smfg.co.jp/investor/financial/yuho/2022_pdf/2022_fy_fg.pdf</a></p>
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<p>Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<ul style="list-style-type: none"> <li>- Automobile: Inclusive, healthy economies, Climate, Air, Mobility, etc.</li> <li>- Transportation: Inclusive, healthy economies, Climate, Air, Mobility, etc.</li> <li>- Power: Climate, Air, Resource efficiency/security, etc.</li> <li>- Electric &amp; electronic components: Water, Waste, etc.</li> </ul> <p>c) Context &amp; Relevance</p> <p>In Japan, the government declared in October 2020 that it would achieve a decarbonized society by 2050 and net zero emissions of greenhouse gases (GHGs). Based on this statement, the government’s growth strategy focuses on a green growth strategy with an eye on the realization of a carbon neutral society, in addition to economic growth and digitalization. Accordingly, Japan’s Strategic Energy Plan, which indicates the fundamental direction of the country’s energy policy, has been upgraded by taking these paths into consideration.</p> <p>d) Scale and intensity/salience of impact</p> <p>The progress of climate change may lead to an increase in acute natural disasters such as typhoons and floods, and chronic climate changes such as an increase in precipitation due to a rise in average temperature. Further, it may lead to tightening regulations, including stricter carbon emission targets and carbon tax hikes in some countries, and may also promote transformation in the industrial structure due to the introduction of new technologies and energy sources and therefore it may become difficult for some businesses to survive.</p> <p>To mitigate these negative impacts, it is indispensable to transform the industrial structure, as well as to create innovation</p>	
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and make large-scale capital investment to enable a drastic reduction of GHG emissions. For example, the IEA's scenario indicates that in order for Japan to achieve the target of a 46% reduction in GHG emissions by 2030, it is expected that approximately JPY 30 trillion needs to be invested in renewable energy power generation. As a financial institution that supports the economy in Japan, we believe we can bring a significant impact to society by supporting our customers achieve decarbonization.

<Areas of most significant (potential) impact>

- Positive impact: Climate change
- Negative impact: Climate change

<Strategic business opportunities>

- Augmentation of positive impacts:
  - Promote innovative creation and capital investment related to decarbonization by providing financing and other financial services for customers' initiatives that contribute to the transition to a decarbonized society.
- Mitigation of negative impacts:
  - Promote society's overall reduction of GHG emissions and mitigate the physical risks and transition risks of climate change by providing financing and other financial services for customers' initiatives that contribute to the transition to a decarbonized society.
  - Reduce environmental impact including climate change by switching to renewable energy for in-house power consumption to reduce GHG emissions.

While this concludes the result of our current analysis, we are aware that there are a broad range of impact areas other than climate change, such as conservation of natural resources and safeguarding of human rights. Accordingly, we will continue to work on the enhancement of the impact analysis and pursue initiatives that contribute to the augmentation of positive impacts and the mitigation of negative impacts.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

By considering our three priority issues in an aim to achieve a sustainable society as well as the circumstances of Japan where we mainly operate our businesses, we have identified "climate change" as the area with the most significant impact. Within the area of climate change, we have identified strategic business opportunities to "augment positive impacts" and to "mitigate negative impacts", by taking into account our business characteristics.

## 2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the

### <Augmentation of positive impacts (SMART targets)>

(1) Execute green finance and finance that contributes to realizing sustainability in the amount of JPY30 trillion between FY2020 and FY2029 (of which JPY20 trillion is green finance).

### <Mitigation of negative impacts (SMART targets)>

- (1) SMBC Group will become net zero in its groupwide operations by 2030.
- (2) Reduce the emissions intensity of the power sector in SMBC Group's investment/loan portfolio to 138-195g-CO2e/kWh by 2030 (Achieving net-zero emissions of SMBC Group's overall investment/loan portfolio by 2050).
- (3) Reduce the loan balance for coal-fired power generation to zero by 2040 (Project finance and corporate finance tied to facility).

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<p>Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We have established GHG emission reduction targets and other targets in accordance with the TCFD recommendations, the Paris Agreement, and the IEA's net zero scenario, etc.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets.</p>	<p>&lt;Augmentation of positive impacts&gt;</p> <p>(1) With the support of the Sustainable Solution Department, which is in charge of creating/promoting the Group's various sustainable businesses, each branch will promote sustainable finance such as green finance and social finance. In addition, they will accumulate knowledge on sustainable finance by providing training such as the "Sustainability University", "Sustainability Ambassador", and the "CSuO channel" to personnel in charge of sales promotion.</p> <p>&lt;Mitigation of negative impacts&gt;</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.74-79)  <a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p> <p>SMFG News: Strengthening Efforts against Climate Change (P.4)</p>

<p>Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>(1) Switching the source of electricity used in buildings owned by SMBC Group to renewable energy.</p> <p>(2) Envision our customers' decarbonization strategies together and provide solutions through consistent engagements. Gradually expand sectors subject to the calculation of the amount of GHG emissions and to the setting of emissions reduction targets.</p> <p>(3) Already established policies to cease supporting new construction and expansion of coal-fired power plants. We are appropriately managing the loan balance to achieve the zero-balance target.</p> <p>The above-mentioned initiatives are led by the Corporate Sustainability Department and the Sustainable Solution Department within the Sustainability Division, which was newly established in April 2022. Further, these initiatives are periodically reported to and monitored by the Board of Directors, the Group Management Committee, as well as the Sustainability Committee within the Board of Directors.</p>	<p><a href="https://www.smfg.co.jp/news_e/pdf/e20220513_04.pdf">https://www.smfg.co.jp/news_e/pdf/e20220513_04.pdf</a></p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>We have established the Corporate Sustainability Department and Sustainable Solution Department to accelerate our actions toward achieving the goals. Under governance systems such as the Board of Directors, Group Management Committee and Sustainability Committee, we are also monitoring the progress adequately.</p>		
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target.</p>	<p>&lt;Augmentation of positive impacts&gt;</p> <p>(1) Executed JPY8.2 trillion in total between FY2020 and FY2021 (of which green finance was JPY7.5 trillion)</p> <p>&lt;Mitigation of negative impacts&gt;</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.78)</p> <p><a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p>



<p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>(1) All sources of electricity for the four Headquarters buildings (Head Office, East Building, Osaka Head Office, and Kobe Head Office) have been switched to renewable energy.</p> <p>(2) Progress will be reported in the next report and onward, as the target was set in May 2022.</p> <p>(3) Progress is scheduled to be reported in our TCFD Report, which the next will be released in August 2022.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

Our efforts to achieve the goals are steady made. We will periodically report the status through our annual report and other means.

**Principle 3: Clients and Customers**  
**We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**

<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The Group declares in its Mission Statement to "contribute to a sustainable society by addressing environmental and social issues." Also, the Sustainability Statement is a policy to promote responsible relationships with our customers, and states that we will engage and act together with customers and other stakeholders to contribute to the global transformation towards a better society. Our medium-to-long term vision is to become "a trusted global solution provider committed to the growth of our customers and advancement of society," and our actions are based on our Mission and Sustainability Statement.</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.74)  <a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a>  SMFG Website: SMBC Group Environmental and Social Framework</p>
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	<p>In addition, as one of a policy aiming for promoting responsible relationships with customers, we have established the “SMBC Group Environmental and Social Framework.” This framework explains our approaches to environmental and social issues based on the “Sustainability Statement,” “Group Environmental Policy,” “Statement on Human Rights,” and “Social Contribution Policy,” as well as prohibited credits and the due diligence structure.</p>	<p><a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/esframework/">https://www.smfg.co.jp/english/sustainability/group_sustainability/esframework/</a></p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>With an aim to resolving various social issues including climate change, each of our group companies is working on businesses that aim for realizing a sustainable society and sustainable economic activities. Some of our key products, services and collaboration efforts are described below:</p> <p>&lt;Finance that contributes to realizing sustainability&gt;</p> <ul style="list-style-type: none"> <li>• We provide finance that contributes to resolving environmental and social issues as well as realizing a sustainable society, including green loans, social loans, and sustainability-linked loans. Our track record for FY2021 is shown in 2.4.</li> <li>• In terms of finance for renewable energy projects, we have a leading track record in the global market. In FY2021, we were involved in a total of 56 renewable energy projects in Japan and overseas, with an estimated CO2 reduction effect of 15,079,782 tons.</li> </ul> <p>&lt;Green Deposits&gt;</p> <ul style="list-style-type: none"> <li>• Funds from the Green Deposits are used to finance environmentally beneficial projects such as renewable energy.</li> </ul>	<p>SMFG Website: Promotion of Environmental Business  <a href="https://www.smfg.co.jp/english/sustainability/materiality/environment/business/">https://www.smfg.co.jp/english/sustainability/materiality/environment/business/</a></p> <p>SMBC Presentation material: SMBC Group’s Approach to Sustainability (Green Deposit) (P.24)  <a href="https://www.smfg.co.jp/english/investor/financial/small/pdf/20220524esg_pre01e.pdf">https://www.smfg.co.jp/english/investor/financial/small/pdf/20220524esg_pre01e.pdf</a></p> <p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (Community) (P.90)</p>

- We offer products that contribute to realizing sustainability not only through loans such as green finance, but also through investments.
- The balance of Green Deposits has reached USD528 million by FY2021.

<GREEN×GLOBE Partners>

- GREEN×GLOBE Partners is a community which aims to achieve a goal to “spread ‘awareness’ and ‘opportunities’ to resolve environmental and social issues” by working together with customers to find solutions to such issues that cannot be resolved by a single organization or individual.
- Our activities include distributing articles related to environmental and social issues, hosting workshops, and organizing events and projects. In FY2021, we supported the revitalization of traditional Japanese industries, and launched a new project through food and agriculture-related workshops.
- As of the end of June 2022, 543 companies and organizations have participated in the GREEN×GLOBE Partners.

<SMBC Group GREEN Innovator>

- SMBC Group GREEN Innovator is a concept for converging our sustainability related know-how/information regarding sustainability and focusing on developing and providing sustainability related services including non-financial services by collaborating with other corporates in other industries.
- In FY2021, we collaborated with a US-based IT company and launched a digital tool which supports customers to analyze and disclose their financial impacts based on the TCFD recommendations.

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<b>Principle 4: Stakeholders</b> <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</b>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>&lt;Augmentation of positive impacts&gt;</p> <ul style="list-style-type: none"> <li>• We verify that prescribed finance requirements are satisfied by obtaining a verification from an external agency when providing finance that contributes to realizing sustainability.</li> <li>• We are participating in TSVCM to contribute to the expansion of effective carbon credit trading markets.</li> </ul> <p>&lt;Mitigation of negative impacts&gt;</p> <ul style="list-style-type: none"> <li>• We are involved in the establishment of a financial framework for transitioning to and realization of a decarbonized society by joining the "Net-Zero Banking Alliance" and participating in its working groups.</li> <li>• By joining "Partnership for Carbon Accounting" and participating in discussions, we have enhanced the calculation of GHG emissions of our investment and loan portfolio and expressed our opinion on the enhancement of the calculation methodology along with our global peers.</li> </ul> <p>The above initiatives are examples of collaboration with our stakeholders classified as "customers" and "society and environment (such as NGOs, NPOs, initiatives, and communities)" through engagement to augment the positive impacts and mitigate negative impacts. Initiatives targeting "shareholders and markets" and "employees" are shown below:</p> <p>&lt;Shareholders and Markets&gt;</p>	<p>SMFG Website: Participation in initiatives and Reference Guidelines  <a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/">https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/</a></p> <p>SMFG Website: Stakeholder Engagement  <a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/stakeholder/">https://www.smfg.co.jp/english/sustainability/group_sustainability/stakeholder/</a></p>

	<ul style="list-style-type: none"> <li>We are working on transparent disclosure of information and maximization of shareholder value by explaining our management strategies, financial condition and sustainability initiatives at investor briefing sessions following the end of the accounting term, various conferences and individual meetings, ESG information sessions, and information sessions for individual investors, etc.</li> </ul> <p>&lt;Employees&gt;</p> <ul style="list-style-type: none"> <li>We are implementing an initiative for the management executives to talk directly with employees so that they can strengthen mutual understanding (such as lunch opportunities for the group's employees and the Group CEOs to talk to each other, establishing an internal social media platform where the management executives and employees can communicate with)</li> <li>Initiatives for fostering a culture of responsible banking are listed in 5.2.</li> </ul>	
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**Principle 5: Governance & Culture**  
**We will implement our commitment to these Principles through effective governance and a culture of responsible banking**

<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>To further enhance our existing management structure for promoting sustainability, we have newly established the Sustainability Division, as well as the Corporate Sustainability Department and the Sustainable Solution Department under the said division in April 2022. These division and departments uphold the Sustainability Statement and annual business plans related to sustainability as our basic policy, and conduct company-wide business planning and business development to realize a sustainable society.</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.74)  <a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p>
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	<p>Initiatives planned and implemented by the Sustainability Division are deliberated in the Corporate Sustainability Committee, which is comprised of CEOs of group companies, etc. Further, these initiatives are being enhanced and their progress is monitored through deliberation in the Group Management Committee, and through reports to the Board of Directors and the Sustainability Committee within the Board of Directors.</p> <p>As such, we have a sustainability management system which covers both the oversight and execution sides. Under this system, we manage significant positive and negative impacts.</p>	
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>In order to foster a culture of responsible banking among our employees, we have introduced a group-wide training program called the "Sustainability University." All executives and group employees are required to take this training mainly held through e-learning. Its purpose is to make all employees sufficiently skilled in engaging with customers about addressing social issues. In FY2021, 94,000 employees participated in this training program in total.</p> <p>In addition, starting in FY2022, we have assigned 420 Sustainability Ambassadors in our branches in Japan. By having these ambassadors act as a hub, we are strengthening the ability to engage and propose solutions across the company by promoting sustainability initiatives within each branch, while sharing information with the headquarters and other branches.</p> <p>Furthermore, we have incorporated ESG initiatives as qualitative and quantitative indicators for the executive compensation system. The</p>	<p>SMBC Presentation material: SMBC Group's Approach to Sustainability (Sustainability University) (P.15)  <a href="https://www.smfg.co.jp/english/investor/financial/small/pdf/20220524esg_pre01e.pdf">https://www.smfg.co.jp/english/investor/financial/small/pdf/20220524esg_pre01e.pdf</a></p> <p>SMFG Website: Corporate Governance  <a href="https://www.smfg.co.jp/english/company/organization/governance/">https://www.smfg.co.jp/english/company/organization/governance/</a></p>

	<p>progress of initiatives such as the reduction of GHG emissions is assessed and reflected in executives' compensation.</p>	
<p>5.1 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>a) As stated in 5.1, the setting of targets for responsible banking, promotion of initiatives to achieve the targets, and management of progress are implemented by the Sustainability Division.</p> <p>b) If achievement of the targets starts to fall behind, we will implement an appropriate remediation measure under the structure described in 5.1. Furthermore, if any unexpected negative impact is detected, in addition to the handling within the structure described in 5.1, the Risk Committee, which is an internal committee of the Board of Directors, will also consider remediation measures under the guidance of the Group CRO.</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability (P.74)</p> <p><a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>We have established a structure in which sustainability-related issues including climate change are discussed as an important management issue under governance systems such as the Board of Directors, Group Management Committee, Sustainability Committee, and Corporate Sustainability Committee. In addition, we are working on fostering a culture of responsible banking among our employees by implementing a training program to permeate the awareness of issues not only to executives but to all employees.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b></p> <p><b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b></p>		
<p>6.1 Progress on Implementing the Principles</p>	<p>As stated above, we are enhancing our initiatives to realize a sustainable society on a daily basis, including setting targets and managing progress by analyzing the impacts society has on us as</p>	<p>SMBC GROUP REPORT 2022: Initiatives To Realize Sustainability](P.72-83)</p>

<p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>well as our impacts on society, while continuously advancing our monitoring and execution systems related to sustainability.</p> <p>In addition, as stated in 4.1, through participation in various initiatives, we are actively involved in the establishment of international frameworks by participating in discussions and expressing our opinions. At the same time, we are sharing information with our global peers so that we can enhance our own initiatives based on best practice.</p> <p>As a responsible bank, we will continue to work on the implementation and advancement of the six principles and provide clear explanations through our annual report and other means.</p>	<p><a href="https://www.smfg.co.jp/english/investor/financial/annual.html">https://www.smfg.co.jp/english/investor/financial/annual.html</a></p> <p>SMFG Website: Participation in Initiatives and Reference Guidelines</p> <p><a href="https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/">https://www.smfg.co.jp/english/sustainability/group_sustainability/structure/</a></p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

After signing the Principles for Responsible Banking, we have been implementing the Principles from various aspects, such as setting targets for the areas with the most significant impacts, promoting initiatives to achieve the targets, and advancing our governance structure. Going forward,



we will continue analyzing our significant impact areas including not only climate change but also human rights and biodiversity, etc. We will promote quantitative target-setting and further advancement of our governance structure, and work on enhancing our corporate value and social value.