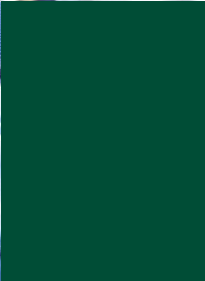


SUSTAINABILITY REPORT 2026



INDEX

01	Message from the Group CEO	002
02	Editorial policy	
	Organization of sustainability disclosure	003
03	Summary	004
04	Our approach to sustainability	007

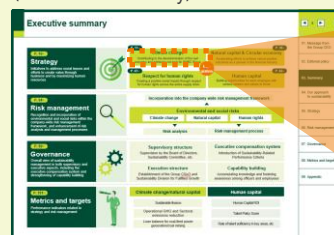
05	Strategy	016
	Climate change	017
	Natural capital & Circular economy	039
	Respect for human rights	047
	Human capital	062
06	Risk management	064
	Company-wide risk management	066
	Environmental and social risk management process	071

07	Governance	089
08	Metrics and targets	101
09	Appendix	107

Structure of the report

The page layout is designed to flow from the Executive Summary to Chapter Summaries, followed by (Section Summaries and) the individual content within each chapter. This structure allows for a comprehensive understanding by breaking down the information progressively.

〈Executive Summary〉



〈Chapter Summary〉



〈Content within each chapter〉



SMBC Group’s Unwavering Mission in an Era of Change

SMBC Group has adopted “Contribute to a sustainable society by addressing environmental and social issues” as one of its Mission statements.

This principle has its roots in the business spirit of Mitsui and Sumitomo, which developed their businesses while responding to the needs of each era and society. Rather than pursuing short-term profit, they supported industrial development and prosperous lives by valuing long-term relationships with customers and society. Trust earned from customers and society became the foundation for business growth, and the benefits were returned to society.

The world is now undergoing profound change, including heightened geopolitical risks, challenges relating to climate change and human rights, and advances in technology such as generative AI. Even so, the philosophy inherited from our predecessors remains unchanged: through finance, lead the resolution of issues faced by customers and society and contribute to a sustainable society. This is SMBC Group’s mission.

Taking Social Value Creation Through Our Core Business to the Next Level

Guided by this philosophy, we have made Social Value Creation a pillar of management. It goes a step beyond sustainability—the foundation of our business activities—to provide new value to society.

Led by a dedicated organization, the initiative has expanded into an endeavor involving all employees. Social Value Creation is taking root across the Group; many distinctive SMBC Group initiatives have emerged and are increasingly recognized internally and externally as part of our brand.

At the same time, finance—our core business—still has a much greater role to play. The next critical challenge is to connect solutions to social issues with new value for customers and our own sustainable growth, thereby taking Social Value Creation through our core business to the next level.

Taking on the Challenge of Becoming a Trusted Partner

In April 2026, we announced our new vision for the medium to long term: “Globally connected. Rooted in Japan. Your most trusted partner.” It expresses our aspiration to deliver value unique to SMBC Group, exceed stakeholder expectations, and become a truly trusted partner.

To deepen our Social Value Creation efforts in pursuit of this vision, we established the “SMBC Group Statement on Social Value Creation.” It clearly sets out the society we seek and the direction of our initiatives, under our determination to pass on a society filled with happiness and well-being to future generations. We also defined three new materiality themes: “Green Planet,” “Thriving People,” and “Fulfilled Growth.”

The driving force behind realizing these goals is every employee’s strong desire to contribute to customers and society. Each employee starts from customer needs, confronts social issues, and boldly creates new value by leveraging SMBC Group’s diverse financial solutions. Their commitment and actions will deepen Social Value Creation across the Group.

As Group CEO, I will lead from the front and establish Social Value Creation through our core business as an unwavering strength of SMBC Group. We aim to be widely recognized as the financial group synonymous with Social Value Creation and to become a partner genuinely trusted by all stakeholders.

Sumitomo Mitsui Financial Group
Director President and Group CEO

Toru Nakashima



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

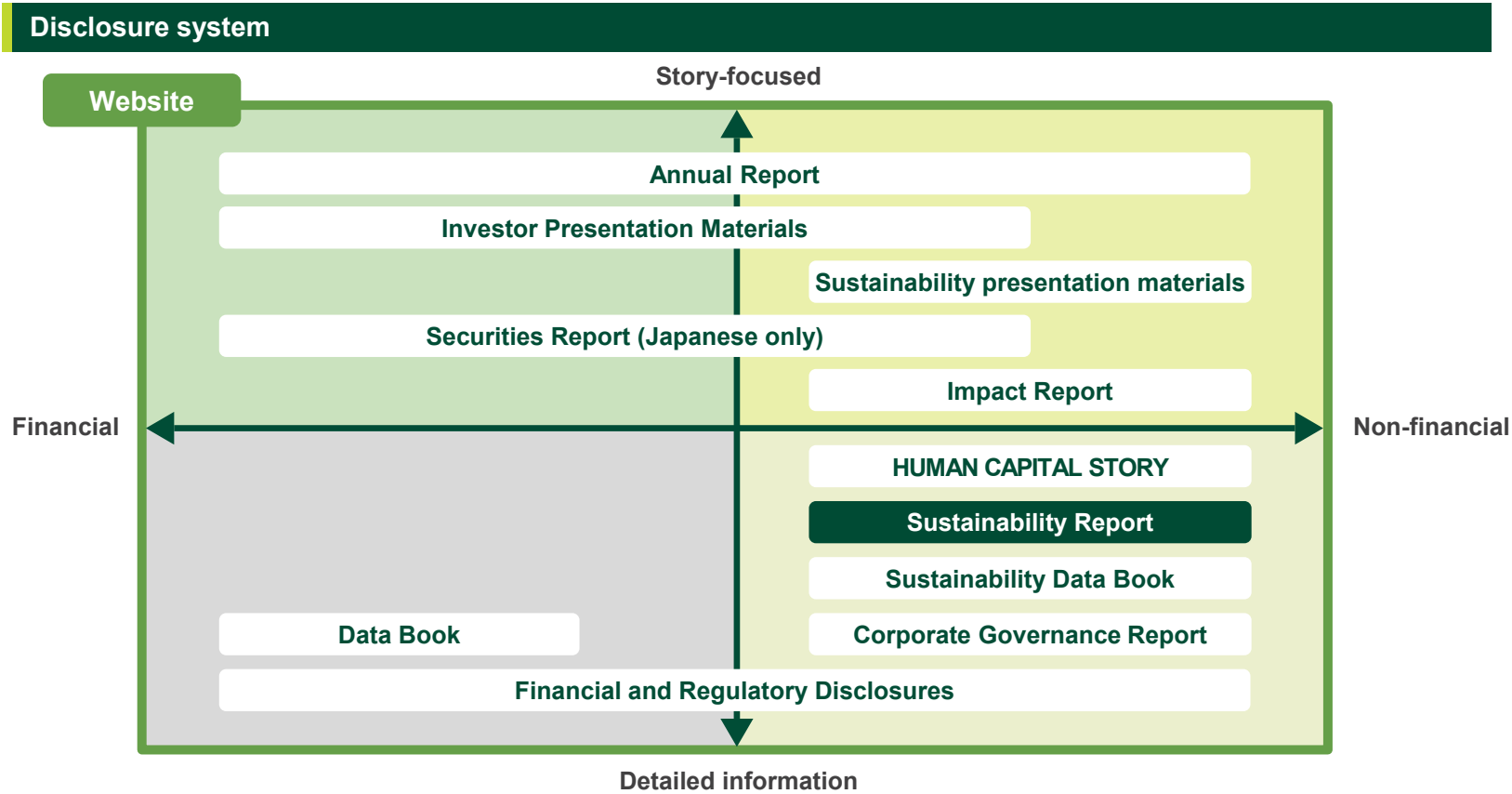
05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



Editorial policy

This Sustainability Report summarizes SMBC Group's social value creation initiatives on key sustainability themes—climate change, natural capital and circular economy, human rights, and human capital. While editing the report, we have endeavored to convey in an easy-to-understand way the Group's initiatives in accordance with the four components recommended by major sustainability disclosure standards, namely governance, strategy, risk management, and metrics and targets.

With regard to human capital, please also refer to SMBC GROUP HUMAN CAPITAL STORY 2026, which provides details of the policies and plans under our new Medium-Term Management Plan. In addition, information on climate change, human capital, compliance, and cybersecurity—which we have identified as being particularly financially material—is disclosed in our Securities Report. Please refer to the report for further details.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 03

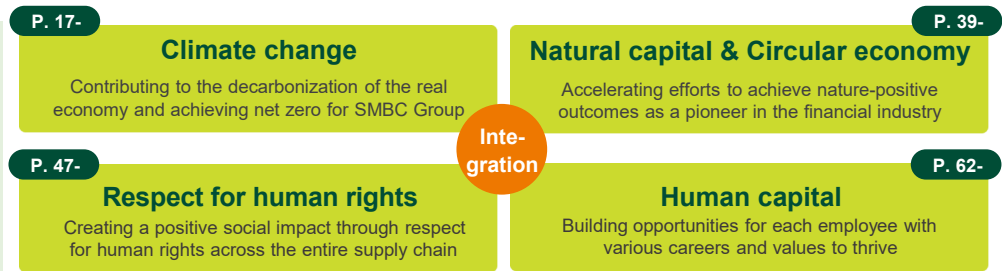
Summary



P. 16-

Strategy

Initiatives to address social issues and efforts to create value through business and by maximizing human resources



P. 64-

Risk management

Recognition and incorporation of environmental and social risks within the company-wide risk management framework, and enhancement of risk analysis and management processes



P. 89-

Governance

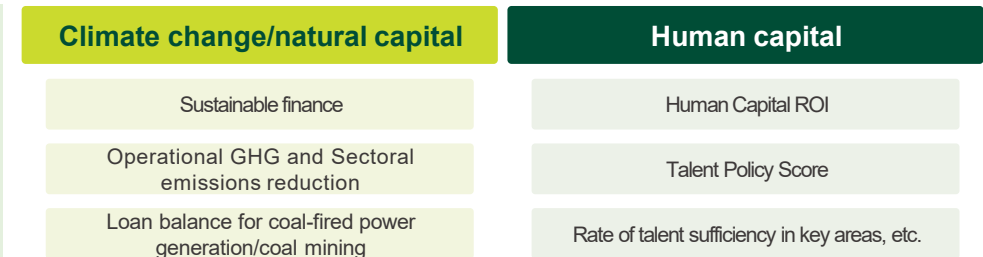
Overall view of sustainability management in both supervisory and executive aspects, including the executive compensation system and strengthening of capability building



P. 101-

Metrics and targets

Performance indicators related to strategy and risk management



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Climate Change

Sustainable Finance

JPY 45 tn

cumulative

90% progress toward the cumulative target of JPY 50 tn by the end of FY2029

No. 1

Number of Sustainability Coordinator mandates

Ranking by Environmental Finance (a UK ESG media outlet)

Operational GHG Emissions

- 55%

(vs. FY2021)

On track to achieve net zero by FY2030

Sectoral emissions

Targets revised

Revised FY2030 targets for the power and oil & gas sectors based on the real economy and IEA scenarios

Human Capital

New KGI

Human Capital ROI (FY2028)

At least 200%+

Talent Policy Score

At least 70+

New Human Capital Management Model

A model of how strategic human capital investment contributes to sustainably enhancing corporate value

Respect for Human Rights

Human Rights Due Diligence

Strengthening human rights due diligence in supplier relationships

Remedy and Grievance Mechanism

Establishing mechanisms at Group companies and improving accessibility

Natural Capital & Circular Economy

GX through Industry–Academia Collaboration

Signing of an Agreement with The University of Tokyo to Promote Social Value Creation, Strengthening GX through Industry–Academia Collaboration

Sector-Specific Impact Analysis

Piloting the visualization and quantification of biodiversity impacts by country and sector

Risk Management & Governance

Evaluation of transition plans

400+ companies

Expanded the sectors subject to transition plan assessments

Capability Building

Human Rights Dialogue Held

External counsel and executives discussed “Business and Human Rights from an Integrity Perspective”

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

**04. Our approach
to sustainability**

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 04

Our approach to sustainability



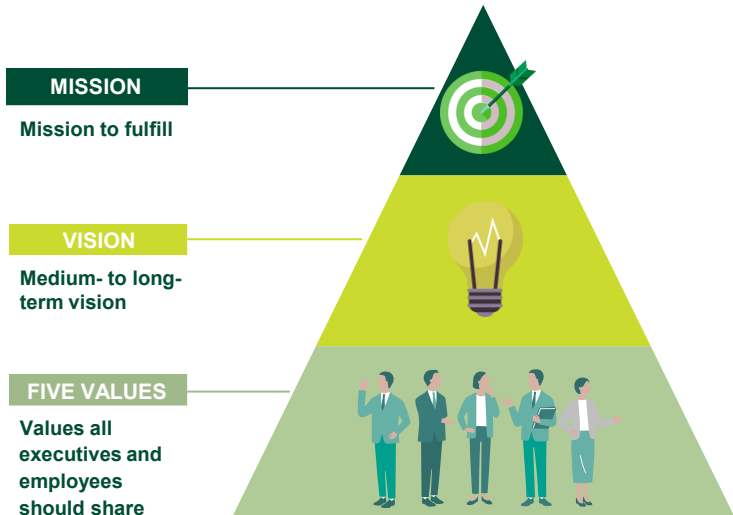
Group Mission and SMBC Group Statement on Social Value Creation

Our Mission is the basis for our corporate activities. It states that one of our missions to fulfill for our stakeholders is to “contribute to a sustainable society.” In formulating our new Vision, we positioned being a “front-runner in Social Value Creation” as one of its key elements. To define our basic stance in pursuing this mission and express our commitment to realizing a society filled with happiness and well-being, we formulated the “SMBC Group Statement on Social Value Creation.”

Mission

- We grow and prosper together with our customers by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly-motivated employees.
- We contribute to a sustainable society by addressing environmental and social issues.

Our Group Mission, Vision, and Values



New Vision and Social Value Creation Statement (April 2026)

Globally connected. Rooted in Japan.
Your most trusted partner.

Customer-Driven

Technology Edge

Social Value Creation

Execution Excellence

Statement on Social Value Creation*

As a front-runner in social value creation, we strive to pass on a society filled with happiness and well-being to future generations.

<SMBC Group’s Materiality>

 Green Planet

 Fulfilled Growth

 Thriving People

* For the full text, please refer to our website (Sustainability Policies & Promotion System | Sumitomo Mitsui Financial Group)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

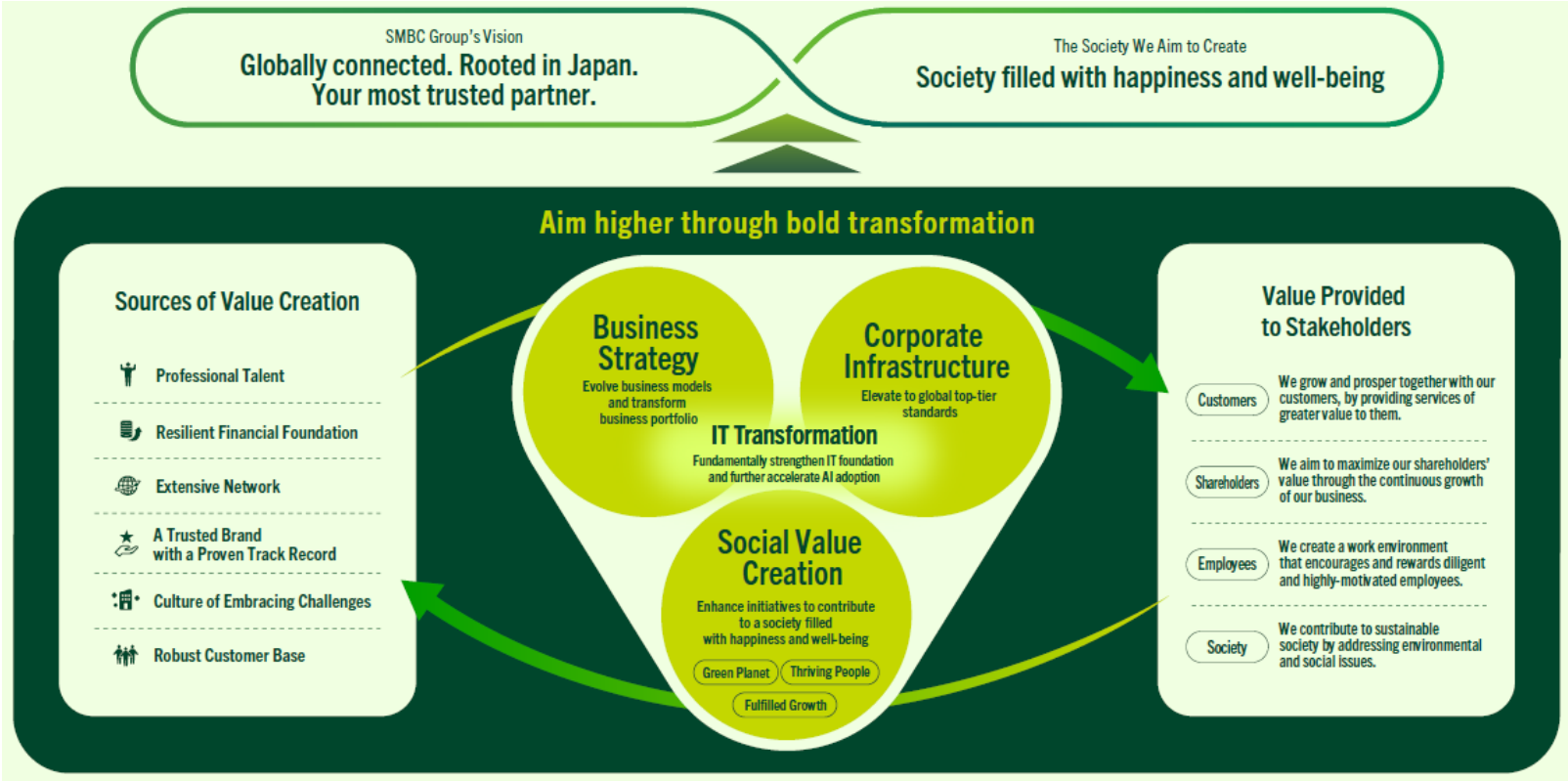
07. Governance

08. Metrics and targets

09. Appendix

SMBC Group's Value Creation Process

SMBC Group leverages its sources of value creation, including our employees with varied backgrounds, globally connected network, and strong relationships with customers, to provide new value to our stakeholders while taking on bold challenges with a broad perspective. Through this, we will create a virtuous cycle in which both society and SMBC Group continue to grow together, and as a “Trusted Partner,” we strive to pass on a society filled with happiness and well-being to future generations.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Alongside the SMBC Group Statement on Social Value Creation, we identified three priority themes as our new materiality for building a society filled with happiness and well-being. We will strengthen initiatives in each focus area by leveraging our unique strengths.

Materiality Lower section: Goal	Focus Areas	Direction of Initiatives
Green Planet Passing on a green planet to future generations.	Climate Change Natural Capital Circular Economy	- Take an integrated approach to climate change, natural capital, and circular economy - Support the transition toward decarbonization of the real economy
Fulfilled Growth Delivering growth that brings fulfillment from Japan to the world	Poverty & Inequality Education Human Rights	- Provide opportunities and support for social and economic selfreliance to break the cycle of Poverty and Inequality - Empower the next generation by providing access to education and opportunities to take on new challenges - Establish and strengthen frameworks for respecting human rights across the entire supply chain
Thriving People Creating a society where everyone can pursue their aspirations.	Industrial Revitalization Declining Birthrate & Aging Population Digital	- Create new industries and support structural transformation of existing industries - Contribute to reducing people's everyday anxieties through both financial and non-financial solutions - Build digital infrastructure that supports economic growth and people's livelihoods

Key Topics Covered in This Report

Climate Change

Natural Capital

Circular Economy

Human Rights

Human Capital

Governance

Risk Management

This Sustainability Report summarizes SMBC Group's initiatives on key sustainability themes—climate change, natural capital and circular economy, and human rights—as well as human capital, governance, and risk management, which underpin these initiatives. For initiatives relating to Social Value Creation as a whole, please refer to SMBC Group Integrated Report and Impact Report. For human capital, please also refer to SMBC GROUP HUMAN CAPITAL STORY 2026, which sets out the policies and plans under the new Medium-Term Management Plan ([link](#)).

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

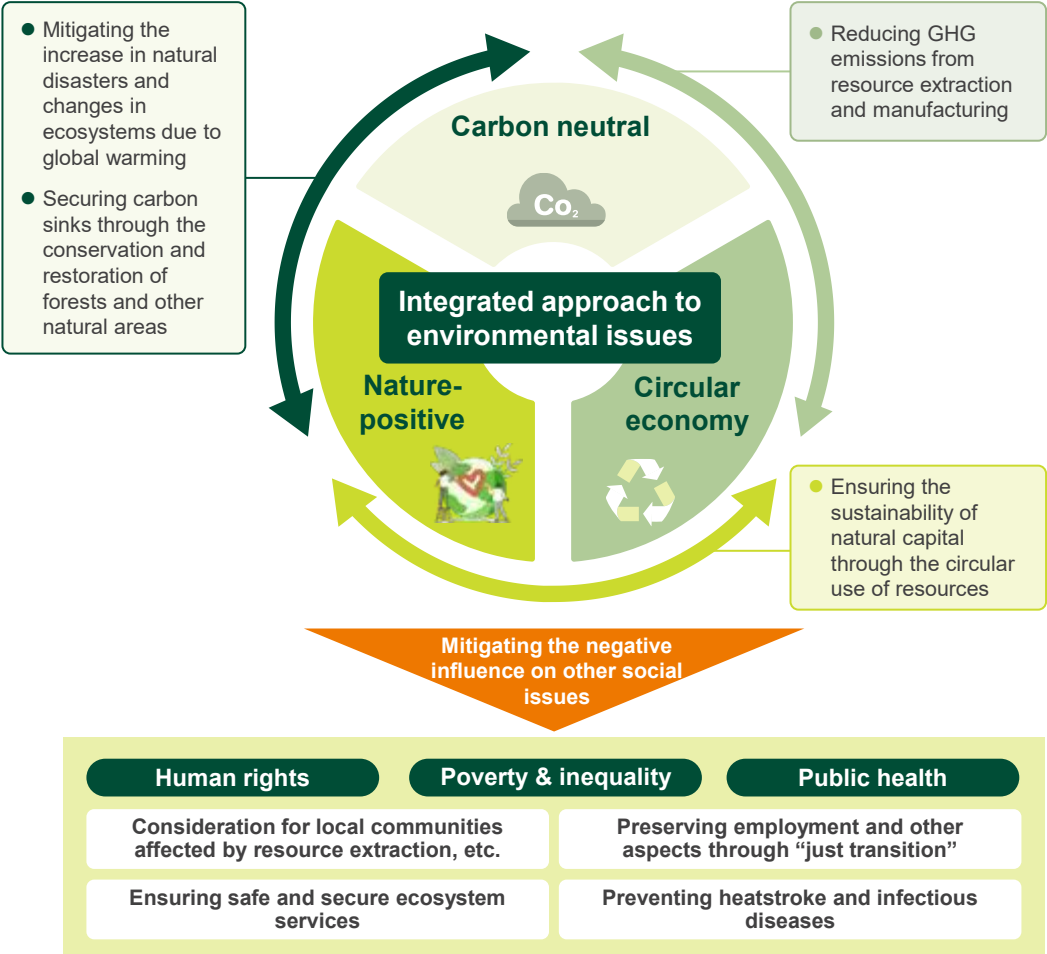
Addressing climate change, conserving and restoring natural capital, and transitioning to a circular economy are interconnected efforts aimed at solving environmental issues. By adopting an integrated approach, we can also address other social issues such as human rights, poverty, and inequality.

Addressing climate change, conserving and restoring natural capital, and transitioning to a circular economy are interconnected efforts.

For example, forest conservation increases carbon sinks, helping to mitigate climate change impacts. Additionally, measures against natural disasters like floods, which are exacerbated by climate change, can help stabilize ecosystems. Transitioning to a circular economy promotes efficient resource use, reducing GHG emissions and ensuring the sustainability of natural capital.

This integrated approach also helps prevent negative chains of social issues. Reducing environmental harm respects the rights of those dependent on these environments, alleviates poverty and inequality, and ensures quality public health.

SMBC Group strives to address social issues by promoting an integrated approach that considers the relationships among these three environmental challenges, aiming to create synergies while avoiding trade-offs.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

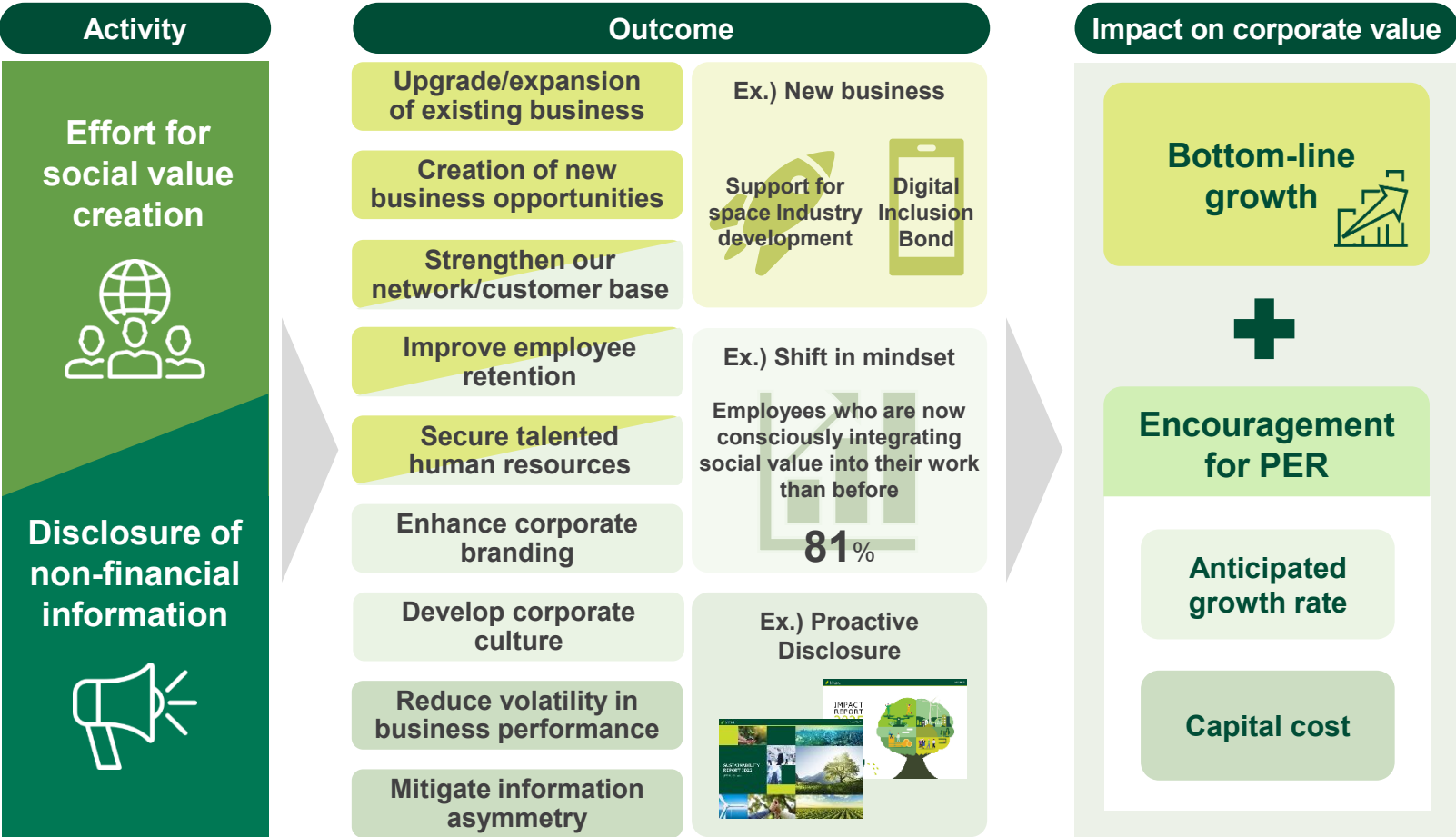
06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Social value creation is also a medium to long-term growth driver for SMBC Group. These initiatives directly enhance existing businesses and generate new business opportunities. They also strengthen our business foundation including our customer base and human capital, thereby fueling SMBC Group's growth and opening up further avenues for action. In this way, we are building a virtuous cycle.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Environmental Challenges

Under the SMBC Group Statement on Social Value Creation, SMBC Group has designated “Green Planet” as one of its materiality themes. To pass on a green planet to future generations, we are taking an integrated approach to addressing climate change, conserving and restoring natural capital, and transitioning to a circular economy.

Climate change, the degradation of natural capital, and resource constraints are issues that affect socioeconomic growth and corporate competitiveness. Against a backdrop of heightened geopolitical risk, growing concerns over energy security, and rising electricity demand driven by the spread of AI and data centers, decarbonization is moving from a phase of setting out principles to one of steady implementation while balancing stable supply, economic viability, and industrial competitiveness. There is no single pathway globally, making decisions increasingly complex for companies and financial institutions. The growing severity of natural disasters, impacts on water resources and biodiversity, and the limits of a mass-consumption, mass-disposal economy are also becoming evident, making action urgent.

Meanwhile, in areas such as new energy and technologies, CCUS, natural capital conservation, and circular economy, policy support, technologies, demand, cost allocation, and the valuation of environmental benefits are still developing. An enabling environment for medium- to long-term investment is needed. Data and assessment methodologies for climate- and nature-related risks are also still evolving. In addition, supporting customers’ transition may, in the short term, make it difficult for financial institutions to align with their own sectoral emissions targets.

Recognizing these challenges and the limitations of current metrics, SMBC Group will assess its contribution to the decarbonization of the real economy from multiple perspectives. In addition to sectoral emissions targets for six high-emitting sectors, we will disclose avoided emissions and the status of environmental and social (E&S) due diligence to enhance the effectiveness and transparency of our initiatives.

Supporting a Just Transition through SMBC Group-wide Efforts

SMBC Group believes that a financial institution’s greatest responsibility is to contribute to the decarbonization of the real economy. Rather than distancing ourselves from high-emitting sectors or companies in transition, we consider the circumstances of each country, region, and sector, and engage with customers to jointly design and implement pathways that balance decarbonization with economic growth.

This support requires discipline. Based on the Transition Finance Playbook, we assess eligibility for transition finance and pursue emissions reductions while avoiding carbon lock-in. We are also enhancing E&S due diligence to manage adverse environmental and social impacts and have established a framework for internal escalation where necessary.

We provide end-to-end support for customers’ decarbonization—from identifying management issues through execution and social implementation to conversion into corporate value. We combine services including GHG emissions measurement, targets and transition plan development, supporting energy conservation, renewable energy, or fuel switching, matching companies with decarbonization technology and transition finance, drawing on the Group’s diverse capabilities. We also support customers’ growth and broader social transformation through Project for Everyone to Reduce CO₂ (Genkotsu) and advisory services. For natural capital, we analyze dependencies and impacts using the LEAP approach in line with the TNFD recommendations and conduct E&S due diligence, thereby strengthening risk management and creating nature-positive business opportunities. For the circular economy, we leverage finance, leasing, and consulting to promote efficient resource use, reuse, and recycling through initiatives such as Circular LinX and EV battery circularity.

Enhancing Corporate Value through Financing Opportunities and Risk Management

Through these initiatives, SMBC Group contributes to reducing environmental risks across society and strengthening the foundations for sustainable growth. The results of these Group-wide efforts are reflected in steady progress. For example, against the target set in FY2020 of a cumulative JPY 50 trillion in sustainable finance by FY2029, we have already executed approximately JPY 45 trillion. By steadily advancing decarbonization, the conservation and restoration of natural capital, and the transition to a circular economy together with our customers, we aim to reduce credit-related costs by mitigating environmental and social risks and capture new business opportunities, thereby contributing to a lower cost of capital and a higher expected growth rate for SMBC Group.

We will translate the creation of social value that passes on a prosperous future to the next generation into sustainable enhancement of corporate value.

Sustainable Finance



90% of the JPY 50 tn target achieved

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Our Understanding of the Human Rights Landscape

Conflicts, the globalization of supply chains and the resulting severe human rights abuses such as child labor and forced labor, the interlinkages between human rights and broader societal challenges including climate change and nature loss, and human rights impacts arising from technological advancement continue to present significant challenges. At the same time, the relationship between business activities and human rights is changing rapidly.

Against this backdrop, under our Mission to “contribute to a sustainable society by addressing environmental and social issues,” SMBC Group established the SMBC Group Statement on Social Value Creation in April 2026, expressing our determination to pass on a society filled with happiness and well-being to future generations. We also organized our materiality themes as Green Planet, Thriving People, and Fulfilled Growth.

Thriving People reflects our aspiration to create a society in which everyone can pursue challenges with hope. Respect for human rights—the foundation of human well-being—is essential to this aspiration. SMBC Group will squarely address the human rights issues connected with its activities and is sincerely committed to establishing and enhancing a framework for respecting human rights throughout its business, including its supply chain.

Human Rights Due Diligence and Access to Remedy

SMBC Group is a global financial institution connected with a broad range of stakeholders, including employees, customers, suppliers, and local communities through financial services and other businesses. We therefore have the potential to affect human rights through various channels.

SMBC Group is advancing initiatives to fulfill its responsibility to respect human rights in line with the UN Guiding Principles on Business and Human Rights. In our Statement on Human Rights, we commit to preventing, mitigating, and remedying adverse impacts on human rights through dialogue and collaboration with customers, suppliers, and other stakeholders.

In our human rights due diligence, we identify potentially affected stakeholders and human rights issues and address businesses and transactions where impacts could be severe or adverse impacts are more likely to occur. For example, SMBC, a key subsidiary responsible for the Group’s investment and lending activities, has established policies for businesses with high human rights risks. It conducts environmental and social due diligence—including human rights considerations—on investee and borrower companies in sectors where impacts are more likely and on financing for large-scale development projects. Where necessary, it engages with customers and follows up during the financing period to prevent and mitigate adverse impacts. For procurement activities, we ask suppliers to understand and cooperate with our Sustainable Procurement Policy. We also periodically review their human rights initiatives and work to identify, prevent, and mitigate adverse impacts in the supply chain. For employees, in addition to ensuring legal compliance, preventing harassment, and improving the work environment, we are creating an environment in which every individual can thrive authentically.

We also operate mechanisms through which people affected by adverse human rights impacts can raise concerns, linking remedy to improvements in our human rights due diligence. We will continue to enhance the effectiveness of these initiatives in light of external developments and operating experience.

Trust from Society and Enhanced Corporate Value

We recognize that placing the highest priority on rights-holders who may be adversely affected by our business activities, while appropriately fulfilling our responsibility to respect human rights, contributes to enhancing trust in the SMBC Group and supporting its sustainable growth.

The importance of respecting human rights will continue to grow, as will expectations of and the role to be played by global financial institutions. SMBC Group will continuously review and refine its understanding of the human rights impacts of its business activities and the effectiveness of its initiatives. Through all of our business activities, including our supply chain, we aim to contribute to realizing a society in which human rights are respected.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

The Human Capital Landscape and Challenges in Delivering Our Management Strategy

Advances in technologies such as generative AI, geopolitical risks, a shrinking working-age population, and increasingly diverse views on careers and ways of working are rapidly transforming the environment surrounding talent. While financial services require ever-higher levels of expertise, value that only people can create—such as insight into the challenges facing customers and society, dialogue skills, ethical judgment, and the ability to build trust—is becoming even more important.

In this environment, it is essential not only to recruit and develop talent, but also to create an environment in which employees can pursue their potential, embrace change, and take on challenges. We believe that building a relationship in which the company and employees enhance one another’s value and “choose and are chosen by each other” provides the foundation for linking human capital investment to sustainable corporate growth.

Under our new Vision, “Globally connected. Rooted in Japan. Your most trusted partner,” SMBC Group aims to become Japan’s leading financial group with a strong global presence by pursuing a customer-first approach, world-class technology, outstanding frontline and strategy execution capabilities, and social value creation. Under the New Medium-Term Management Plan, we will allocate management resources to the Seven Key Strategic Areas that capture growth opportunities in Japan, capital markets, and Asia, while accelerating IT Transformation and AI utilization.

To realize this ambition, we will secure the talent required in key strategic areas in both quality and quantity and deploy it with agility. At the same time, we will build an HR platform that maximizes organizational performance by fostering a culture in which diverse employees trust one another and combine knowledge across Group, national, and regional boundaries; advancing productivity initiatives; and establishing HR systems that support diverse careers.

Transforming Talent, Culture, and Platform as One

Under the SMBC Group Talent Policy, we aim to build a relationship in which the company and employees “choose and are chosen by each other.” We will transform the three pillars of our HR strategy—Talent, Culture, and Platform—as one, with AI as a driving force.

For Talent, we will visualize employees’ skills and experience and promote autonomous career development through recruitment, development, and deployment aligned with our management strategy, as well as talent shifts to priority areas, reskilling, and next-generation leader development.

For Culture, we aim to establish a bold corporate culture that embodies our Talent Policy. We will strengthen internal and external communication to deepen understanding of the Policy and promote diversity management as well as Health and Productivity Management, thereby building a resilient culture in which taking on challenges is welcomed.

For our Platform, we aim to build a highly efficient and scalable organizational and management foundation. Through the new HR system, a Group- and global-based talent management platform, and AI-enabled operational efficiency, we will further enhance each employee’s ability to create value and improve performance across the organization.

Turning the Power of Human Capital into Corporate Value

By supporting employee growth and enhancing engagement, we strengthen our organizational and frontline capabilities and translate them into value for customers and society through solutions to their challenges. SMBC Group’s human capital management aims to reliably link human capital investment to enhanced corporate value.

The human capital management model renewed this fiscal year visualizes the connections among human capital investment, the Talent Policy, and our desired state. The new model was developed using accumulated data and after confirming correlations between HR initiatives and financial indicators.

To evaluate our HR strategy, we introduced two KGIs this fiscal year. Human Capital ROI measures the effectiveness and investment efficiency of the HR strategy, with a target of at least 200% by FY2028. The Talent Policy Score visualizes the degree to which the Talent Policy is being realized, with a target of maintaining 70 or higher.

We will use these KGIs and other indicators and analyses to inform human capital investment and initiatives, while also using disclosure to support dialogue with stakeholders. In this way, we will evolve our approach to enhancing corporate value through human capital.

Maximizing the capabilities of our 130,000 employees—the foundation of SMBC Group’s trust—and translating them into value creation is how we will remain a trusted partner and contribute to a sustainable society and enhanced corporate value.

At least 200%

Human Capital ROI | FY2028

At least 70

Talent Policy Score

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



SECTION 05

Strategy

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

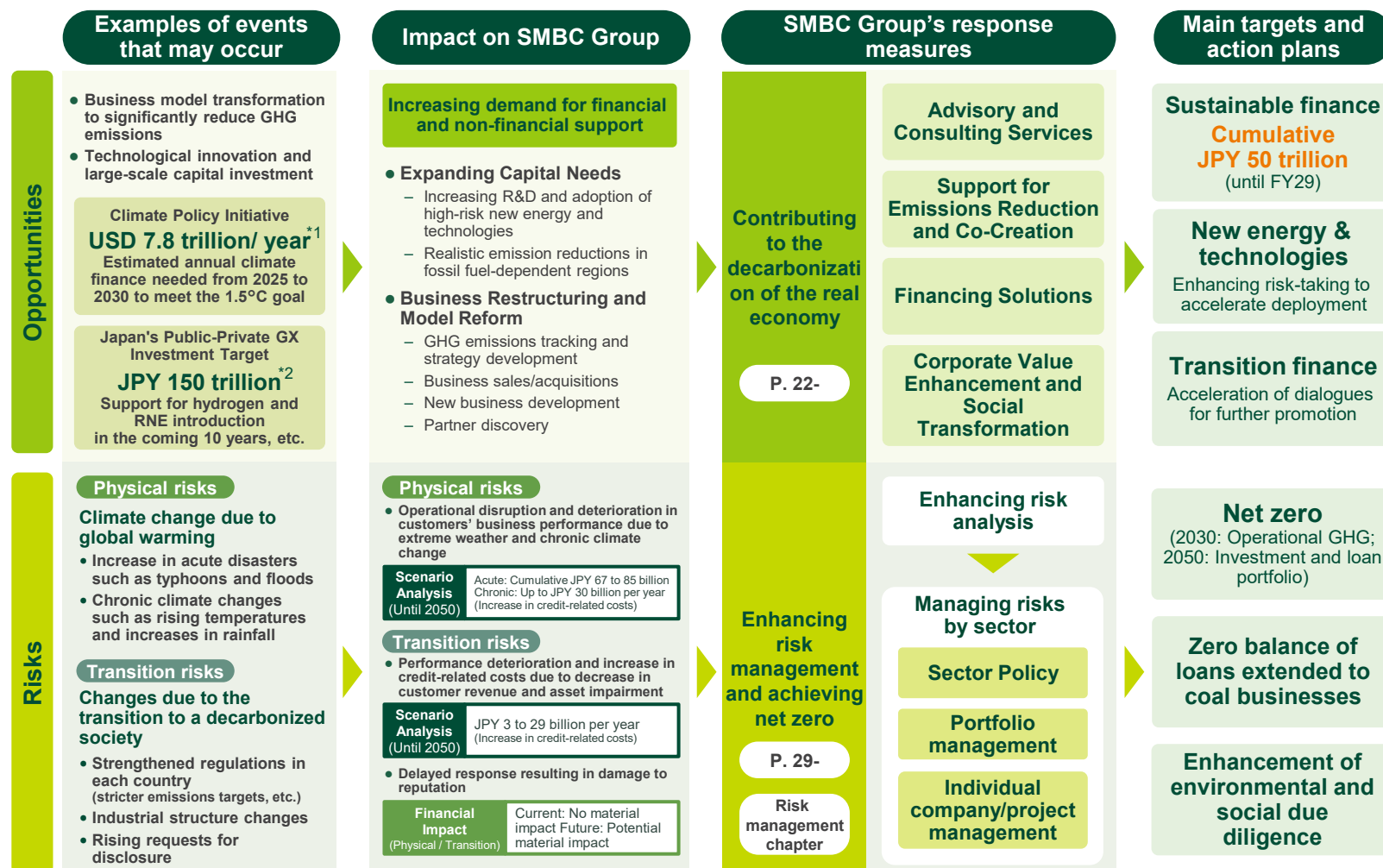
09. Appendix

SECTION 05

Climate change

Awareness of opportunities and risks associated with climate change

The progression of global warming and the transition to a decarbonized society will have a significant impact on SMBC Group's businesses. We will analyze these impacts in terms of both opportunities and risks, and strive to seize opportunities for growth by contributing to the decarbonization of the real economy while mitigating climate-related risks.



*1 Source: Climate Policy Initiative, "Assessing Top-Down Climate Finance Needs," 2026.

*2 Source: Cabinet Secretariat, "GX Promotion Strategy," 2023. In Japanese only.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

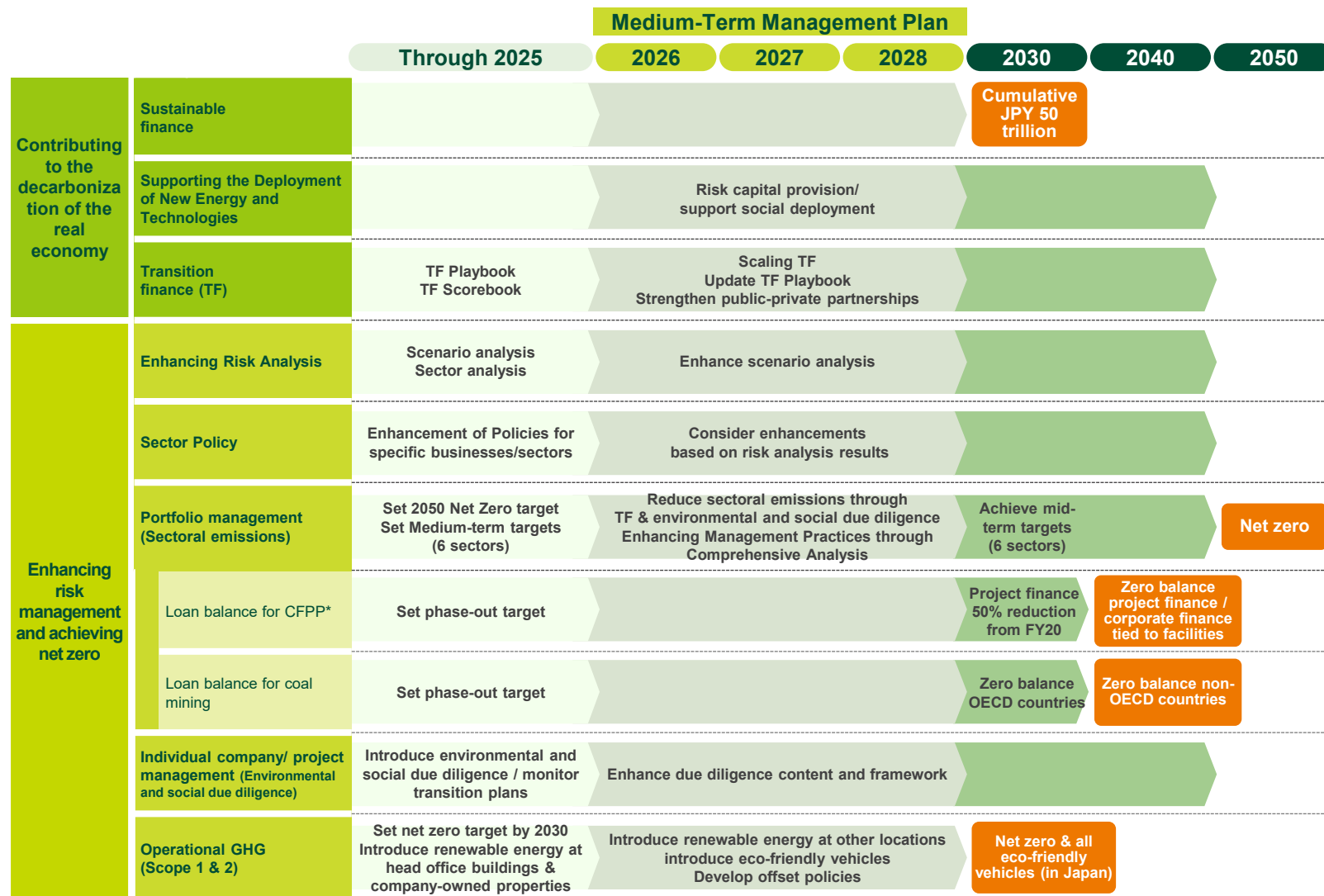
07. Governance

08. Metrics and targets

09. Appendix

(Reference) Transition plan (road map) for addressing climate change

Main targets and action plans for climate change response are shown in the table below.



* CFPP : Coal-fired power plant

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

We recognize that climate change is an urgent global issue and that many companies view climate action as a key management priority. We expect demand for support and financing to grow as companies address rising electricity demand and invest in energy efficiency and emissions reduction. At the same time, the enabling environment for corporate decarbonization investment remains underdeveloped. We therefore need to work with governments and businesses to address these challenges and mobilize capital toward the decarbonization of the real economy.

Events that may occur from climate change

We recognize that many companies view climate action as a key management issue and are pursuing it as part of their growth strategies.

Short- to medium-term

- Capital investment in energy efficiency and GHG emissions-reducing equipment by companies is expected to increase.
- Decarbonizing energy sources is essential for realizing a decarbonized society. This requires not only expanding the use of existing technologies, such as renewables, but also developing and implementing next-generation energy solutions such as hydrogen, ammonia, and carbon capture, and building new supply chains. In particular, electricity demand driven by AI and other applications is increasing, which is expected to accelerate the development of low-carbon and decarbonized power sources.
- The required investment is estimated at USD 7.8 trillion per year globally from 2025 to 2030 and JPY 150 trillion in Japan over the next decade, indicating significant financing demand.

Medium- to long-term

- We recognize that companies, especially those in carbon intensive sectors, aim to transform their business models toward a decarbonized society. In the medium to long term, business restructuring and M&A activity are expected to increase.

Customer needs and main challenges for decarbonization (= impact on SMBC Group)

Growing demand for financial and non-financial support

Alongside growing funding needs for equipment investment and technological innovation, we are seeing increased demand for support related to business restructuring and business model reform.



Expanding demand for capital

Main challenges

- Creating an enabling environment for the deployment of high-risk new energy, emerging technologies, and decarbonization technologies
- Realistic emissions reductions in regions highly dependent on fossil fuels (energy transition)

* Especially in Japan and Asia, where fossil fuel use dominates, and geographical constraints exist

Business restructuring and business model transformation

Main challenges

- Tracking GHG emissions across the company as well as of the whole supply chain
- Formulating strategies and visions to address climate change
- Business divestitures and acquisitions / New business development
- Discovering partners for fuel procurement and business restructuring for decarbonization

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Contributing to decarbonization of the real economy (promoting decarbonization businesses)

In achieving a decarbonized society, we believe that our greatest responsibility as a financial institution is to contribute to the decarbonization of the real economy. By working as one group and leveraging each company's strengths to address customers' wide-ranging challenges and needs, we will seek to reduce GHG emissions across society and enhance the corporate value of both our customers and SMBC Group.

Main challenges customers could face in decarbonization

Building the foundations for decarbonization management

- Gathering information on regulatory and disclosure developments
- Visualizing and analyzing GHG emissions
- Developing reduction targets and roadmaps



Deployment support

- Reducing GHG emissions
- Joint emissions-reduction initiatives with other companies
- Financing for emissions reduction and business transformation



Enhancing corporate value and expanding social implementation

- Strengthening communication of decarbonization initiatives
- Business co-creation
- Market development and rulemaking



SMBC Group's response

Information and insights

Sharing insights through events co-hosted with Jefferies and others.

Consulting services

Together with SMBC, JRI, ASUENE and other partners, we support GHG emissions measurement and analysis and the development of emissions reduction roadmaps.

Emissions-reduction and co-creation support

A broad range of implementation support for decarbonization, including renewable energy and battery storage deployment, carbon credit procurement, and support for SAF procurement.

Risk-taking in new energy and technologies Transition finance and sustainable finance

Supporting emissions-reduction initiatives through financing.

Corporate value enhancement

Supporting initiatives to enhance corporate value through effective external communication.

Social transformation

Promoting co-creation for a decarbonized society through Everyone's CO2 Reduction Project and collaboration with governments and industry associations.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Supporting the development of decarbonization management foundations

We provide information, support the visualization and refinement of GHG emissions calculations, and help customers enhance sustainability disclosures as they build the foundations for decarbonization management.

Delivering Strategic Insights through Collaboration with Jefferies

- We provide information to our customers by leveraging insights from Jefferies, our strategic capital and business alliance partner.

Hosting In-Person Events (October 2025)

- SMBC and SMBC Nikko Securities jointly hosted an in-person event on the theme of monetizing the energy transition. The event featured Aniket Shah, Global Head of Washington, Sustainability and Transition Strategy at Jefferies, along with other experts. Participants engaged in active discussions on topics such as balancing environmental responses with economic viability, the direction of decarbonization-related investments, and emerging business opportunities.



Hosting Regular Webinars

- Since 2024, we have hosted regular webinars on timely sustainability-related topics. In fiscal 2025, we held a total of eight webinars, with approximately 900 customers participating.

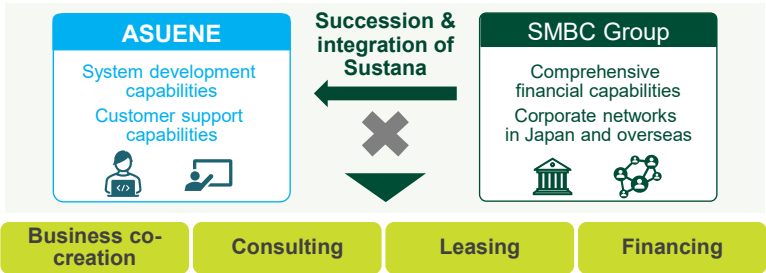
Themes, Examples	Content
Artificial Intelligence, Disruption and Corporate Strategy – What Comes Next?	Outlook on how AI may affect corporate strategy, labor markets, electricity demand, regulation and governance
2026 Washington Policy Sustainability Outlook - Trends, Risks, and Opportunities	Outlook on risks and opportunities in 2026, focusing on U.S. policy, geopolitics, AI and the energy transition

Consulting case study

- Through collaboration with ASUENE, we support customers from visualizing GHG emissions to reducing emissions across the entire supply chain and responding to increasingly complicated sustainability disclosure requirements.

Supporting GHG emissions visualization calculations

- SMBC transferred its GHG emissions calculation and reduction cloud service, Sustana, to ASUENE in July 2025, and integrated it into the ASUENE platform. SMBC began introducing and referring customers to ASUENE, strengthening its platform for integrated support from GHG visualization and reduction to supply-chain support and financial solutions.



Supporting enhanced sustainability disclosures

- Alongside JRI, SMBC has launched a fee-based consulting service to enhance corporate sustainability disclosures.

Examples

For Kojima, a consumer electronics retailer, we analyzed its sustainability disclosures, including climate-related info, and supported upgrades to help them communicate more persuasively with stakeholders.

Feedback from the Company

An outside perspective helped us see our own strengths afresh and understand what makes disclosures resonate with stakeholders.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

In collaboration with partners and customers, we provide diverse solutions to decarbonize the real economy. SMBC Group will continue to pursue initiatives beyond financing to realize a decarbonized society.

Energy solutions

- In addition to supporting customers' decarbonization, SMBC Group also contributes to decarbonizing the real economy through the development of battery storage and solar power facilities.

Power decarbonization advisory services

- SMBC provides fee-based advisory services that support the decarbonization of electricity used in corporate operations through the implementation stage. Based on customers' electricity use, GHG emissions, reduction targets and site characteristics, we help formulate renewable energy procurement strategies and portfolios.



Battery storage facility

SMFL SMFLみらいパートナーズ



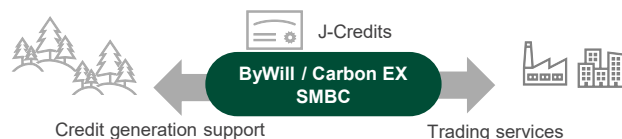
- The Himeji battery storage facility, jointly invested in by Idemitsu Kosan, RENOVA, Nagase & Co. and SMFL MIRAI Partners Company, has commenced operations. By charging and discharging electricity according to time of day, the facility helps balance electricity supply and demand.



Carbon credits



- SMBC has entered into business alliances with ByWill and Carbon EX for J-Credit generation support and trading services, with the aim of supporting corporate decarbonization and revitalizing Japan's carbon credit market.



Supporting the planning of a RE industrial park

- JRI was commissioned by Akita City to formulate a renewable power supply master plan for the proposed Northern District Renewable Energy Industrial Park.
- Through this engagement, we will support regional green transformation by planning an industrial park that can utilize abundant local renewable power and attract data centers and manufacturers.

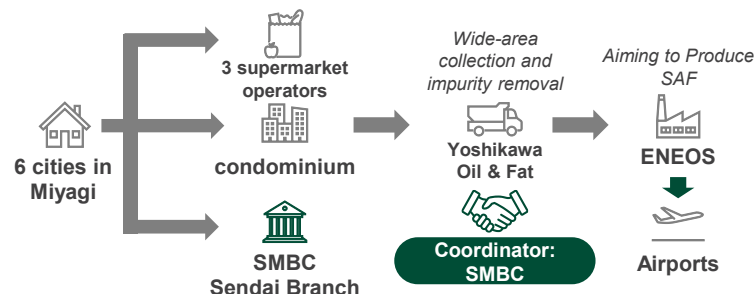


Business co-creation

- Leveraging our extensive customer base, SMBC connects companies with decarbonization technologies to companies with decarbonization needs.

Building a SAF supply chain in Miyagi Prefecture

- In 2026, following the Chiba initiative, we supported the development of a SAF supply chain in Miyagi.
- Miyagi, ENEOS, Yoshikawa Oil & Fat, and SMBC are promoting the project under a collaboration agreement.
- In collaboration with SMFL, 3 supermarkets, a condominium, and the SMBC Sendai Br. launched used cooking oil collection simultaneously across 6 cities.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

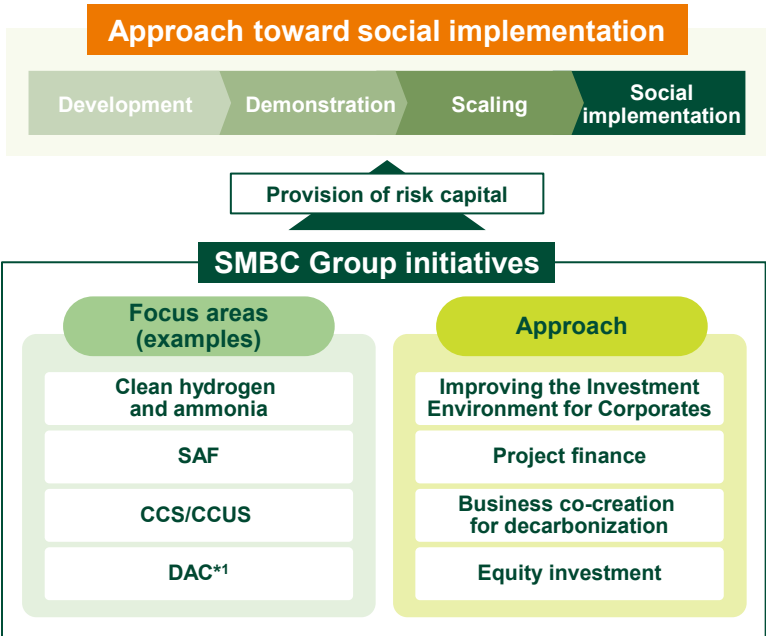
09. Appendix

Deployment support: Risk-taking in new energy and technologies

There are various challenges in the commercial deployment of new energy and technologies essential for decarbonization, and many projects face a funding gap during the scale-up phase. SMBC Group contributes to accelerating social implementation by actively providing risk capital in phases where funding tends to be insufficient.

Overview of risk-taking

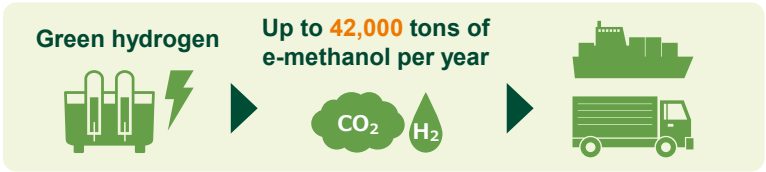
- In efforts to implement new energy and technologies socially, many projects encounter a funding gap during the scaling phase.
- This is due to risks and challenges that arise when scaling up, such as operational risks associated with a larger scale, a mismatch with market demand for the product, and increased funding needs.
- To address these challenges, SMBC Group contributes to society by creating an enabling environment for commercially viable projects and by taking calculated risks to accelerate the deployment of new energy and emerging technologies.



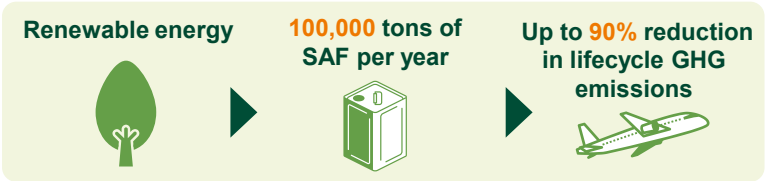
*1 DAC: Direct Air Capture *2 CDR: Carbon Dioxide Removal

Financing cases

World's first large-scale e-methanol project (Denmark)



World's first non-recourse financing for a SAF production plant (Netherlands)



Deep Sky: Canadian DAC project developer

- SMBC invested in Deep Sky, a DAC project developer. Through this investment, we will support the company's business expansion and the social implementation of CDR*2 and DAC, contributing to the decarbonization of the real economy.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Deployment support: Transition Finance & Sustainable Finance

Through ongoing customer dialogue using the Transition Finance Playbook (“Playbook”), we actively support projects that contribute to decarbonization in Japan and overseas. We also focus on structuring innovative sustainable finance and actively providing funding.

Transition Finance Playbook

Published in May 2023

- We determine eligibility for transition finance based on the two focal points of company transition strategy and target assets.
- Criteria for assets are set for each region based on policy, roadmaps, and taxonomies in each country and region.

Cumulative results*

69 transactions executed

- Through engagement using the Playbook, we confirmed improvements in customers’ transition strategy disclosures.
- At the same time, we recognized that corporate action alone is insufficient to achieve decarbonization.



Blue ammonia project

- We support the participation of Japanese companies in a blue ammonia production project in the United States.

Project highlights

- The project contributes to the decarbonization of Japan as a destination for blue ammonia offtake and qualifies as a green asset under the Playbook.
- The customer has established KPIs, including CO₂ emissions and ammonia handling volumes, enabling progress on the transition strategy to be monitored.

* As of the end of September 2026. Cumulative results since publication of the Transition Finance Playbook. Targets are the power, oil & gas, steel, and automobile sectors.

Sustainable finance

SUMITOMO MITSUI BANKING CORPORATION SMBC NIKKO

- SMBC Group provides funding for decarbonization by supporting the Kobe Sustainable Finance Framework, arranging Japan’s first green loan for a Green Enabling Project, and financing numerous green data centers.

Kobe Sustainable Finance Framework

First in Japan
City-level Use-of-proceeds framework

Local governments, companies and FIs work together to provide integrated support, from identifying local decarbonization projects to financing them.

Green Data Center

Lead green finance deals for green data centers

As Green Finance Coordinator, we supported the development of a green data center and helped facilitate investment aimed at creating environmental and social value through the data center.

Green Enabling

First in Japan
Green loan financing a gigacasting project as a “Green Enabling Project”

Proceeds support a large-scale pilot plant equipped with a 6,500-ton gigacasting machine, helping accelerate EV adoption

Green Loans

Supporting RE procurement by a carbon-intensive sector in India

As Green Loan Coordinator, SMBC supported financing expected to reduce annual CO₂ emissions by approximately 0.9 Mt.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

Sustainable Value Creation and Social Implementation Driving Corporate Value Enhancement through Climate Change Initiatives

In collaboration with partners and customers, we provide diverse solutions to decarbonize the real economy. SMBC Group will continue to pursue non-financial initiatives to realize a decarbonized society.

Supporting corporate value enhancement through advisory services

- SMBC Group provides a range of advisory services to help customers maximize corporate value. As decarbonization initiatives become increasingly complex, we focus on helping customers pursue climate action and corporate value enhancement together.

Mitsubishi Heavy Industries case study

- MHI supports the shift from coal-fired power and growing electricity demand associated with AI through high-efficiency gas turbines, contributing to both stable power supply and the transition to a decarbonized society. MHI also supports a smooth transition through Hydrogen co-firing technology and CCUS-related products.
- However, because emissions from the use of its products are included in the company's Scope 3 emissions, Scope 3 figures alone do not fully reflect its contribution to reducing society-wide emissions during the transition.
- SMBC held extensive discussions with MHI on effective communication, drawing on global examples and approaches, including avoided emissions and Scope 3 disclosure trends.
- In addition to Scope 3 disclosures, MHI decided to disclose the annual impact of its business activities on society-wide CO₂ emissions using its own approach, categorizing the impact into avoided emissions, adaptation and other areas.

Customer perspective (Mr. Morihara, General Manager
Carbon Neutral Strategy Office)

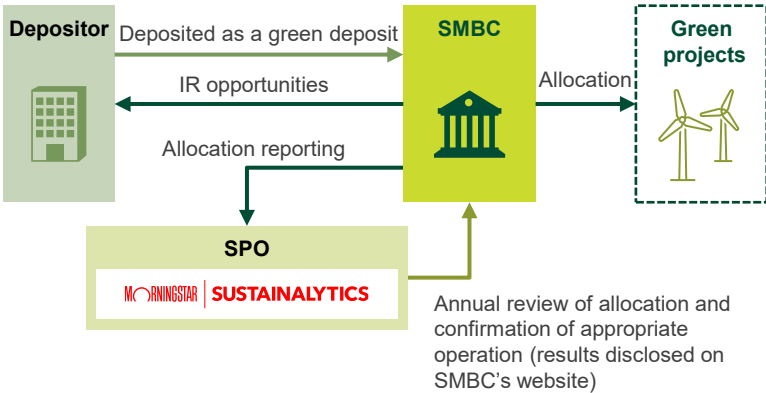
We aim to achieve both business growth and the transition to decarbonization. Through our proprietary disclosure framework developed with SMBC's support, we will demonstrate the outcomes of these efforts.



- SMBC Group recognizes similar challenges in Scope 3 disclosure. In addition to financed emissions, we plan to use multiple indicators, including avoided emissions as an impact metric for our material issue "Green Planet," in ongoing stakeholder dialogue.

Supporting corporate value enhancement through green deposits

- SMBC offers green deposits, in which customer deposits are allocated to financing for green projects such as green buildings, providing customers with opportunities to invest funds in sustainability-related activities. Previously available only in foreign currencies, the product became available in Japanese yen in November 2025.



Column

Social deposits

SMBC also offers social deposits, whose proceeds are allocated to financing for social projects such as healthcare and welfare, regional revitalization and poverty reduction. Further information is available on the SMBC social deposit website.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

Sustainable Value Creation and Social Implementation

Facilitating the Transition to a Decarbonized Society

Decarbonizing the real economy also requires social transformation. SMBC Group works with a range of partners to encourage behavior change.

Encouraging Behavior Change for Decarbonization

- Through education, awareness-raising and purchasing initiatives, we are promoting the Everyone's CO2 Reduction Project, which encourages consumers to adopt low-carbon behaviors.

Encouraging Consumer Behavior Change

Everyone's CO2 Reduction (Minna De Genkotsu) Project

- Working with 16 municipalities and organizations and 21 private-sector companies to encourage consumers to adopt low-carbon behaviors
- Promoting eco-labels for environmentally conscious products and services, and raising awareness through workshops
- Delivering a six-month environmental education program co-developed with Ashiya City, Hyogo Prefecture, as part of inquiry-based learning at elementary schools
- Collaborating with V Point Marketing to visualize changes in consumer purchasing behavior using extensive purchasing data



Supporting Sustainability Strategies for Unlisted Companies

- We support unlisted and delisted companies in developing sustainability strategies, enhancing disclosures and communicating relevant information.



Support for Unlisted Companies

- As mandatory sustainability disclosure requirements advance, primarily for listed companies, a growing number of unlisted and delisted companies are developing their own sustainability strategies and disclosures, taking account of their specific stakeholders and strategic characteristics.
- Drawing on extensive experience supporting major unlisted companies, the Sustainability Strategy Group helps companies develop tailored sustainability strategies that reflect their distinctive business strategies, operating environments and priority stakeholders, such as business partners, consumers and the next generation of talent.
- Based on this experience, the Sustainability Strategy Group of JRI contributed a related article to Business Insider Japan in June 2025.

Source: Business Insider Japan, "Has Sustainability Management Lost Its Rationale? Does Delisting Really Mean a Step Back? Understanding the Rapidly Changing Pressures," June 25, 2025 (Japanese only)
<https://www.businessinsider.jp/article/2506-new-driver-for-sustainability/>

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Collaborations with stakeholders: Dialogues with Industry/Policy recommendations

Decarbonizing the real economy requires not only the mobilization of private capital but also appropriate policy frameworks and public-private collaboration. Through dialogue with industry and government, SMBC Group makes policy recommendations aimed at expanding investment in decarbonization.

Key Challenges

- Financial support generally requires bankable projects. However, decarbonization projects often involve technological and commercial uncertainties. SMBC Group therefore works with government and industry to help create an enabling environment for project development.

Initiatives in Japan

Dialogue with Government and Industry

We continue to engage with the government and provide policy recommendations on financing challenges and the need for public-private risk sharing through mechanisms such as blended finance.

- We continue discussions with the government on specific project support through public-private risk sharing using the GX Acceleration Agency.
- We contribute to the development of new public-private financing frameworks for large-scale transmission networks and power generation assets that support both decarbonization and a reliable electricity supply.
- We participate as an expert in the MOE study group on green finance, providing insights and policy recommendations on challenges and prospects for green bonds, green loans and other forms of green finance.



Policy recommendations informed by dialogue with industry

- SMBC Group serves on the METI's Carbon Management Subcommittee and the Safety Subcommittee for Carbon Dioxide Storage Businesses. Through these committees, SMBC Group makes finance-related policy recommendations to support the wider deployment of CCUS.



Accelerating New Energy Initiatives with Industry

- We support the development of a hydrogen society together with industry through participation in the Japan Hydrogen Association (JH2A), investment in a hydrogen fund and other initiatives.
- SMBC chairs the JH2A's Finance Committee and supports hydrogen adoption through policy recommendations on the financial support required to develop the hydrogen market.
- In June 2026, SMBC participated in the Hydrogen Artery Concept Implementation Meeting hosted by the METI and expressed its commitment to working with relevant organizations to advance hydrogen supply, transportation and use.



Initiatives to Decarbonize Asia

- Drawing on global trends and customer challenges, we provide recommendations on support mechanisms and financing approaches to accelerate commercialization.

Examples

Asia Zero Emission Community (AZEC) / Asia GX Consortium (AGXC)

We make recommendations on integrating economic and financial support policies and on the benefits of policy-led approaches.

Asia Transition Finance Study Group FI Lead

As the FI lead of a private-sector initiative promoting transition finance in Asia, we identify practical challenges to advancing the transition.

Singapore Sustainable Finance Association (SSFA)

We collaborate with industry colleagues across transition finance, nature & biodiversity, carbon markets, and taxonomy workstreams to advance capability building and opportunities.

Singapore Green Finance Centre

We support academic research and capacity building together with international founding partners and academic institutions.

Reference: Key Initiatives in Which SMBC Group Participates

- For other major initiatives, please refer to page 108.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

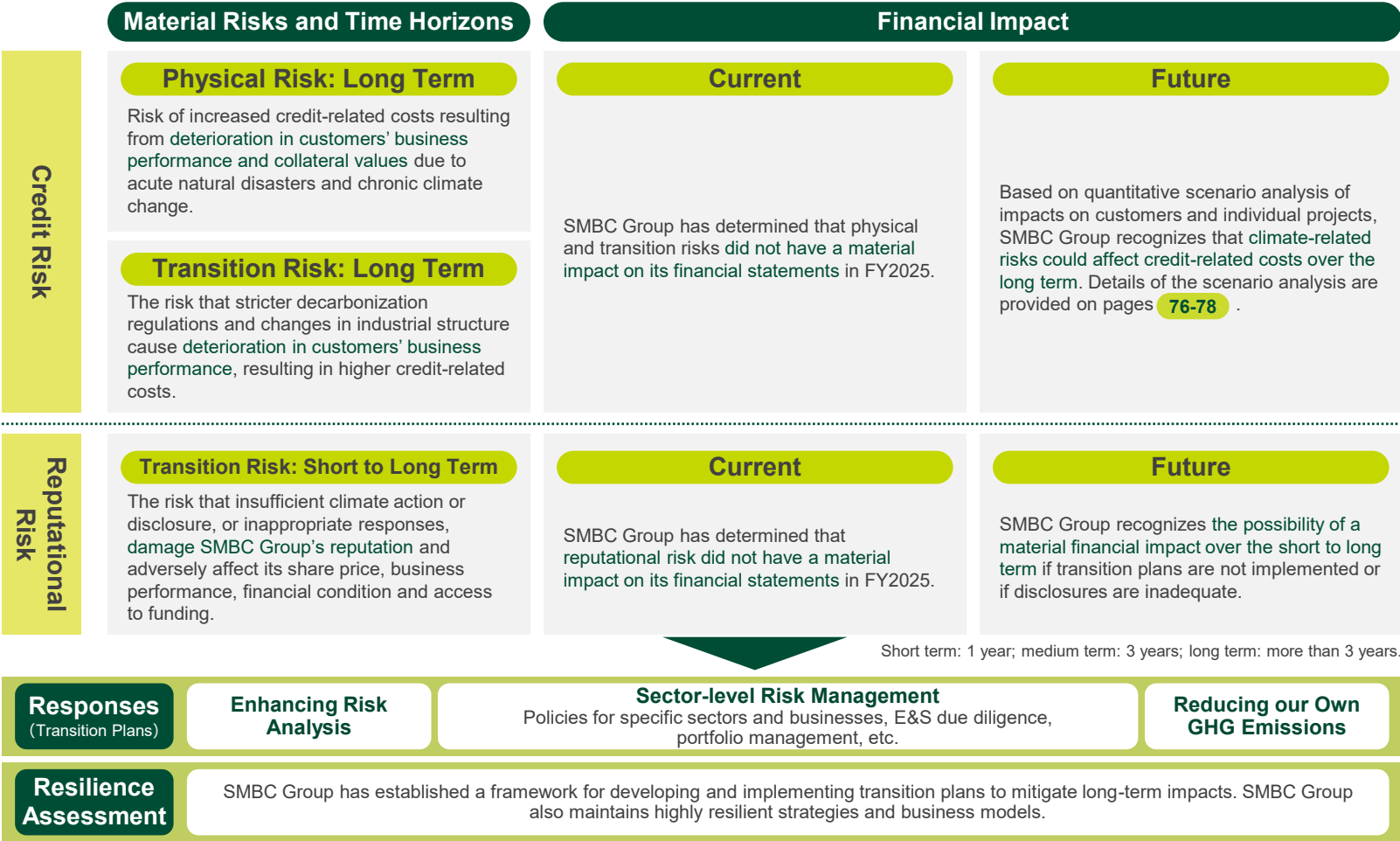
06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMBC Group identifies events arising from environmental and social risks across each risk category and organizes the relevant time horizons. Among these, credit risk and reputational risk are recognized as particularly material. While neither currently has a material financial impact, SMBC Group has established a framework to formulate and implement transition plans to mitigate potential long-term impacts.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy
- Climate change
 - Natural capital & CE
 - Respect for human rights
 - Human capital

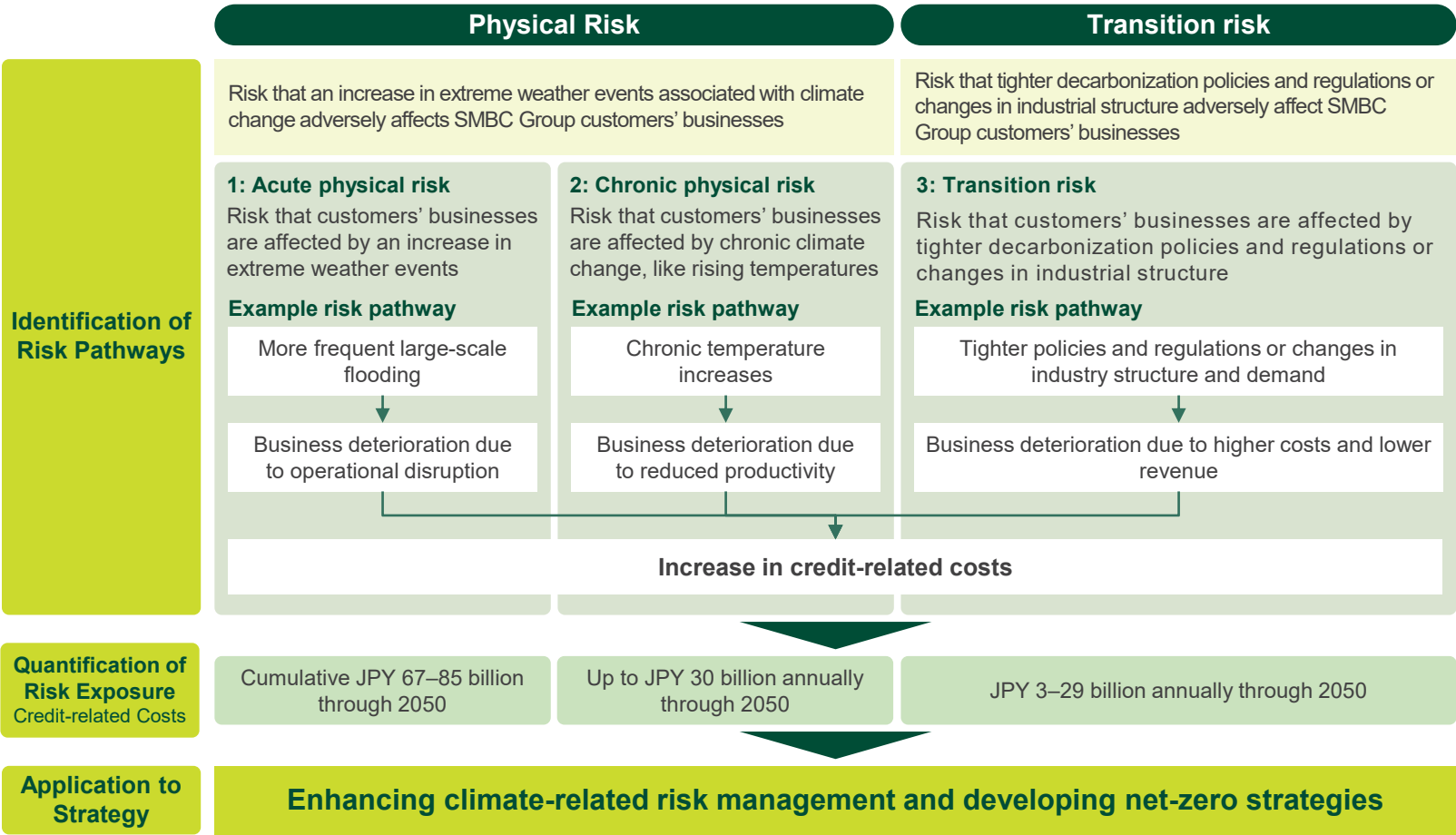
06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Scenario analysis aims to provide a basis for enhancing climate-related risk management and developing strategies toward net zero by visualizing currently anticipated risk pathways and exposures. SMBC Group conducts scenario analysis of physical risks, focusing on the frequency and economic impact of natural disasters, and transition risks, focusing on sectors particularly vulnerable to climate-related impacts.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

In our climate-related risk analysis, we estimate the financial impacts of physical and transition risks on SMBC, acknowledging their potential significant financial implications. In the scenario analysis, there is a high degree of uncertainty regarding the timing and scale for risks to materialize. Therefore, at present, we are making certain assumptions about the anticipated disasters and analysis targets and will continue to work to refine our analytical methods.

Physical risks			Transition risks
Risk event	Acute physical risks (Water disasters)		Policy changes Changes in supply-demand balance
Scenario	IPCC*1/RCP*2 2.6 (overseas) SSP*3 1-2.6 (domestic) (2°C scenario) IPCC/RCP 8.5 (overseas) SSP 5-8.5 (domestic) (4°C scenario)		NGFS / Net Zero 2050 (1.5°C scenario) IEA*5 / Net Zero Emissions (1.5°C scenario) NGFS / Current Policies (3°C scenario)
Analysis target	Corporate customers		Energy, power, steel, automobiles*6 and auto-components
Region	Global		
Analysis period	Up to 2050		
Risk indicator	Credit-related costs expected to increase (credit costs)		
Result of analyses*7	Cumulative JPY 67 to 85 billion		Up to JPY 30 billion per year
	Domestic	JPY 45 to 58 billion	
	Americas	JPY 7.5 to 8 billion	
	Europe, the Middle East, Africa	JPY 11.5 to 12 billion	
	Asia and Oceania	JPY 2.5 to 8 billion	
			JPY 3 to 29 billion per year

*1 Intergovernmental Panel on Climate Change
*2 Representative Concentration Pathways: For example, "RCP 2.6" means that the end-of-the-century radiative forcing (the magnitude of radiation that the energy entering and exiting Earth's surface has on Earth's climate) will be 2.6 w/m2.
*3 Shared Socioeconomic Pathway scenario: Scenario that combines future socioeconomic changes (e.g., population) with radiative forcing.

*4 Network for Greening the Financial System
*5 International Energy Agency
*6 Analysis targets are OEMs (original equipment manufacturers).
*7 Targets include SMBC and its major local subsidiaries.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

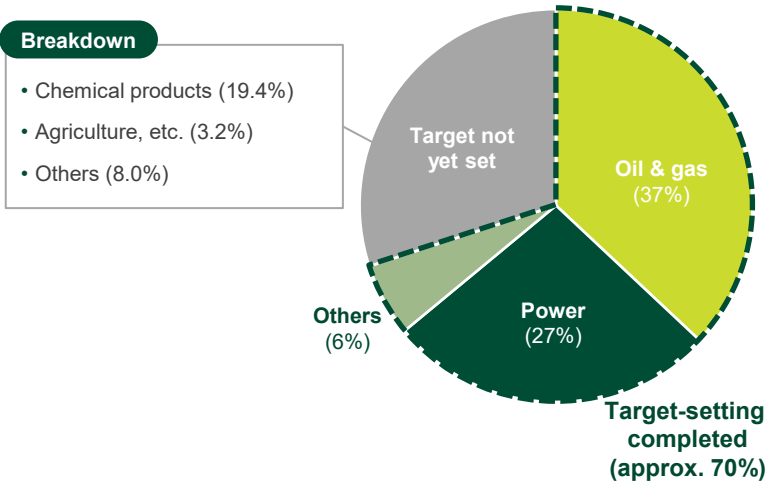
07. Governance

08. Metrics and targets

09. Appendix

For SMBC Group, reducing financed emissions (FE), in addition to its own GHG emissions, is a key part of its decarbonization efforts. Target sectors are selected based on sector-specific risk analyses, exposures, emissions, and calculation methodologies to set medium-term targets. Medium-term targets are established through sector-specific calculations.

Breakdown of Scope 3, Category 15 (FE) *1



Status of setting targets P.33-

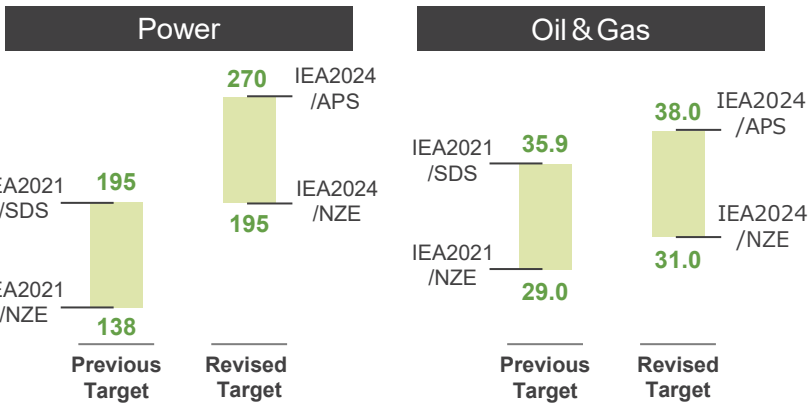
	Power	Oil & gas	Coal (thermal coal)	Steel	Automobile	Real estate	Chemical products	Agriculture	Aluminum	Cement
Setting targets	May,2022	Aug,2022	Aug,2022	Mar,2024	Mar,2024	May,2024	-	-	-	-
Transition risks	Very High	Very High	Very High	High	High	Low	Middle	Low	Middle	High
Balance*1 (JPY trillion)	6.6	3.5	0.0	1.7	3.2	16.9	2.7	0.4	0.0	0.1
FE*1 (MT-CO ₂ e)	206	283	0	24	14	4	148	4	1	0
Maturity of calculation standards*2	○	○	○	○	○	○	△	△	○	○

*1 Balances are loan exposure balances and financed emissions (FE) are totals for Scopes 1 to 3. SMBC Group's Scope 3 emissions from Categories 1 to 7, excluding Category 15 (financed emissions), are approximately 1.8 Mt-CO₂e.

*2 Developed by SMBC Group based on the guidelines by international initiatives such as SBTi and TPI.

Revision of sectoral emissions targets (FY30)

- Taking into account changes in the external environment and updates to scenarios, we have revised our sectoral emissions targets for the Power and Oil & Gas sectors.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Based on the aforementioned sector-specific risks and emissions analyses, we are organizing key points for achieving decarbonization and our understanding of climate-related risks. Considering the sector characteristics, we are implementing appropriate risk management by sector from the perspectives of policy, portfolio, and individual companies and projects.

Key points for achieving decarbonization

- To respond to increasing electricity demand, a shift toward renewable energy and low-carbon fuels is necessary.
- Strong regional characteristics; closely linked to national policy

Transition risks

Very high

* Thermal power generation without emission reduction measures

Recognition of climate-related risks

- Emission regulations, mandates for renewable energy adoption, carbon pricing
- Community engagement regarding continued operation, replacement, or construction of power plants
- Investor relations / Fundraising

SMBC's control policies and measures

Target Revision

- SMBC Group established a sectoral emissions target for the Power sector in FY2022 based on external scenarios, including those published by the IEA.
- Since then, decarbonization has not progressed at the pace initially anticipated, partly due to heightened geopolitical risks, and the reference scenarios have been updated.
- In light of these changes in the external environment and reference scenario, SMBC Group has revised its target for the Power sector.
- SMBC Group will continue to support the decarbonization of the real economy through initiatives such as transition finance.

Example Initiative

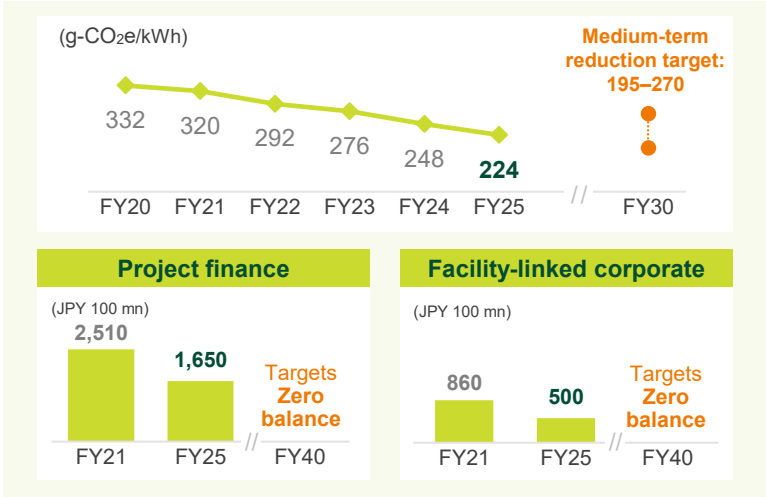
(USA) Blue Ammonia Project

P.25

- Supported ammonia procurement to facilitate the transition from coal-fired power generation to ammonia co-firing.

Portfolio management

- Set carbon intensity of power generation as a management indicator; manage with attention to high-emission sources
- Set a phase-out target for coal-fired power generation*



* A phase-out target is set for coal-fired power due to particularly high stranded asset risk. However, projects that contribute to efforts toward transitioning to a decarbonized society are excluded.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Key points for achieving decarbonization

- Oil: Ongoing demand recognized for use as feedstock in petrochemical products
- Gas: Holds significance as a transitional fuel. Given the anticipated continued demand for fuel, technological innovations such as carbon capture and utilization (CCUS) are also important.
- Coal: High emissions require planned transition to other businesses

Transition risks

Very high

Recognition of climate-related risks

< Oil & gas >

- Increased costs due to regulatory compliance and carbon pricing
- Decreased demand and price drops due to the spread of low-carbon technologies and subsidies
- Environmental impacts and effects on human rights and local communities from development

<Coal>

- Increased costs due to regulatory compliance and carbon pricing
- Decreased demand and price drops due to the spread of low-carbon technologies
- Investor relations / Fundraising

SMBC's control policies and measures

Policy

<Oil & Gas>

- SMBC Group established a sectoral emissions target for the Oil & Gas sector in FY2022 based on external scenarios, including those published by the IEA.
- Since then, decarbonization has not progressed at the pace initially anticipated, partly due to heightened geopolitical risks, and the reference scenarios have been updated.
- In light of these changes in the external environment and reference scenario, SMBC Group has revised its target for the Oil & Gas sector.
- SMBC Group will continue to support the decarbonization of the real economy through initiatives such as transition finance.

<Coal>

- For the Coal sector, SMBC Group has adopted a more stringent portfolio balance reduction target rather than a sectoral emissions target.
- The Group remains committed to achieving its portfolio balance reduction target and therefore its approach to the Coal sector remains unchanged.

Case studies

(engagement with thermal coal mining companies)

- Explanation of policies for specific businesses and sectors and support stance
- Held discussions toward transitioning from the thermal coal mining business

Portfolio management

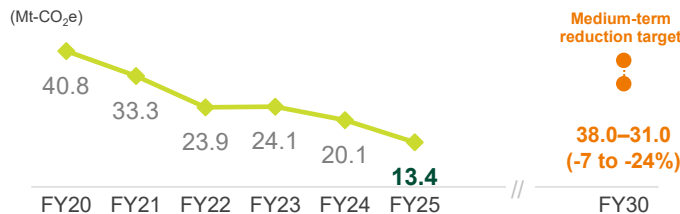
<Oil & gas>

- Set absolute emissions during production and use as a management indicator
- Manage the portfolio with attention to oil businesses with high emissions

<Coal>

- Set a phase-out target for thermal coal mining*

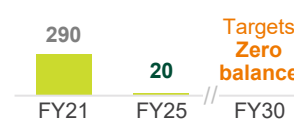
Oil & gas



Coal

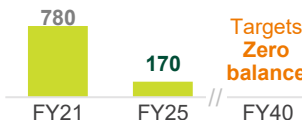
OECD countries

(JPY 100 mn)



Non-OECD countries

(JPY 100 mn)



* A phase-out target is set for thermal coal mining due to particularly high stranded asset risk. However, this excludes projects that contribute to the transition from fossil fuels.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Key points for achieving decarbonization

- **Steel:** Decarbonization of the sector largely depends on technological innovation (e.g., increased scrap reuse, development of low-carbon steelmaking technology, and carbon capture via CCUS for emissions that cannot be reduced)
- **Automobile:** Improving fuel efficiency and decarbonizing the electricity/fuel used as power sources are key; strategies and technical development support are needed based on each country's energy conditions, infrastructure development, and consumer preferences

Transition risks

High

Recognition of climate-related risks

<Steel>

- Increased costs due to carbon pricing
- Growing demand for low-carbon products/alternatives

<Automobile>

- Compliance with regulations on emissions, fuel efficiency, and restrictions on internal combustion vehicles, along with increased costs from carbon pricing
- Intensified competition in developing environmentally friendly vehicle technologies and standards

SMBC's control policies and measures

Individual company/project management

- Risk assessment and customer engagement through environmental and social due diligence

<Steel>

Target: Crude steel production and mineral resource mining businesses

<Automobile>

Target: OEMs and suppliers

- Promote projects actively using the TF Playbook for transition definition

Portfolio management

<Steel>

- Set carbon intensity during crude steel production as a management indicator
- Manage the portfolio while monitoring each company's transition plan

<Automobile>

- Set carbon intensity during manufacturing (OEM) and driving as a management indicator
- Manage the portfolio while monitoring each company's transition plan

Steel



Process efficiency



Hydrogen reduction



CCUS



Electric furnace



Reduced iron

Automobile



PHEV



HEV



Energy-saving production processes

Steel

(t-CO₂e/t-steel)



FY21 FY22 FY23 FY24 FY25 // FY30

Medium-term reduction target: 1.2–1.8

Automobile

(g-CO₂e/vkm)



FY21 FY22 FY23 FY24 FY25 // FY30

Medium-term reduction target: 120–161

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sector-specific risk management: Real estate sector

Key points for achieving decarbonization

- As emissions are primarily driven by property usage (especially power), improving building performance and decarbonizing electricity is crucial

Transition risks

Low

Recognition of climate-related risks

- Cost increases due to mandatory installation of renewable energy equipment and tightening of environmental standards for buildings; deterioration in the value of existing assets
- Rising tenant demand for environmental initiatives

SMBC's control policies and measures

Individual company/project management

- Promoting sustainable finance for green buildings with environmental certification

GRESB

DBJ
Green Building

CASBEE

BELS

LEED

Portfolio management

- Set carbon intensity during building use (per floor size) as a management indicator
- Manage the portfolio with attention to the environmental performance of buildings

Case study

Zenove (Zero Energy Renovation) Finance

- Supported an environmental renovation of the office portion of Nikken Sekkei Korakuen Building aimed at achieving the ZEB^{*1} Oriented standard (BEI^{*2} of 0.6 or lower) and reducing net energy consumption during operation by at least 50%.
- The SMBC Group provides financial support for the implementation of environmental renovations through initiatives including a study group for financial practitioners aimed at promoting Zenove Finance.



(kg-CO₂e/m²)



Medium-term
reduction target:
33–43

FY21 FY22 FY23 FY24 FY25 // FY30

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

As natural disasters become more frequent and severe, climate change adaptation is increasingly important alongside mitigation. SMBC Group provides financing for initiatives including disaster preparedness, heatstroke prevention and climate-resilient agriculture.

Adaptation

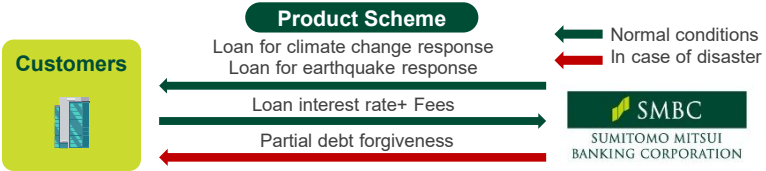
Preparing for the adverse impacts of disasters and other events that may become increasingly severe

Disaster preparedness, heatstroke prevention, crop breeding, etc.



Loan for climate change response

- This financing product, launched in April 2025, includes a special provision for partial debt forgiveness for customers that incur losses as a result of wind and flood damage caused by typhoons or heavy rainfall.
- Together with our existing earthquake-response loan, this product aims to enhance customers' resilience to natural disasters and support the implementation of adaptation measures.



Case Study for Nichiwa Sangyo

- Nichiwa Sangyo, founded in 1924, is a leading compound feed manufacturer that supports the safe and stable supply of food through its feed and livestock businesses.
- In Feb. 2026, SMBC provided this financing product covering Shimabara City, Nagasaki, where one of the company's consolidated subsidiaries operates a livestock fattening business.

Customer Comment

Having previously suffered substantial livestock losses caused by heavy rainfall, we appreciate this product's ability to address risks that are not easily covered by insurance, including livestock damage and fixed costs incurred during business interruptions. The introduction of this financing product will help strengthen our resilience to natural disasters and support the stable supply of our products going forward.



SMBC Sustainable Finance Framework

- In March 2026, SMBC established the SMBC Sustainable Finance Framework. In September, SMBC obtained an alignment opinion covering eligible use-of-proceeds categories relating to climate change adaptation under the Framework with Climate Bonds Initiative (Climate Bonds)'s resilience criteria. Climate Bonds, SMBC, and SMBC Nikko Securities have signed a MOU to collaborate in the field of resilience.
- By utilizing this framework, SMBC supports measures designed to minimize damage to customers caused by abnormal weather and other climate-related events.



Ex. of Eligible Uses of Proceeds

Measures designed to minimize damage caused by abnormal weather and other climate-related events

Disaster Resilience	River, coastal, flood and landslide protection
Resilient Infrastructure	Reliable power and transport systems
Adaptation Technologies	Resilient crops, early warning and ICT

In Scope of the Opinion Review

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMDAM contributes to preserving entrusted assets over the long term and realizing a sustainable society through climate-related measurement, engagement and disclosure.

Annual Progress on Climate Action

- In 2020, SMDAM established and published its Principles of Fiduciary Duties and Sustainability, clarifying that addressing climate change is a key element in realizing a sustainable future.
- Since 2021, SMDAM has continued to disclose information in line with the TCFD recommendations.

Year	Key Initiatives and Achievements
2021	Began TCFD-aligned climate disclosures for assets under management - Governance, strategy and risk management - GHG emissions and metrics - Paris Agreement alignment analysis
2022	- Analyzed transition and physical risks - disclosed scenario analysis results
2023	Adopted carbon footprint as a management metric and target
2024	Integrated natural capital and biodiversity into <i>Environmental disclosures</i>

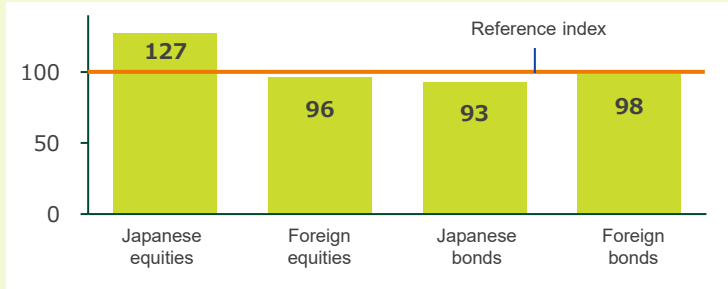
Examples of Climate Action

- Climate change presents risks to investee companies, including additional costs arising from carbon taxes and regulatory responses, asset damage caused by natural disasters and water shortages. It also presents business opportunities through adaptation solutions.
- SMDAM incorporates non-financial information into investment decisions and seeks to improve the value of entrusted assets through dialogue with investee companies and the exercise of voting rights.
- Further details are available in SMDAM's environmental disclosures: <https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

Governance	Strategy	Risk Management	Metrics & Targets
The Sustainability Committee holds practical discussions and reports its deliberations to the Board of Directors	Sustainability considerations are incorporated into all investment products	Independent assessments and monitoring programs are implemented	Achieve net-zero GHG emissions across entrusted assets by 2050

Comparison of Carbon Footprints by Asset Class against Reference Indices

- SMDAM's December 2025 analysis found that the carbon footprint of Japanese equities was higher than the reference index, mainly due to allocations to the automobile sector.
- By contrast, foreign equities, Japanese bonds and foreign bonds maintained portfolios with lower emissions than their respective reference indices.



Risks and Opportunities Identified through Scenario Analysis

- Under the 1.5°C scenario, policy risk had the largest impact at -17.3%, compared with +3.0% from technology opportunities and -0.7% from physical risks. Overall, increasing downward pressure from policy measures was projected, while the financial impact of technological opportunities and physical risks was expected to remain limited.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

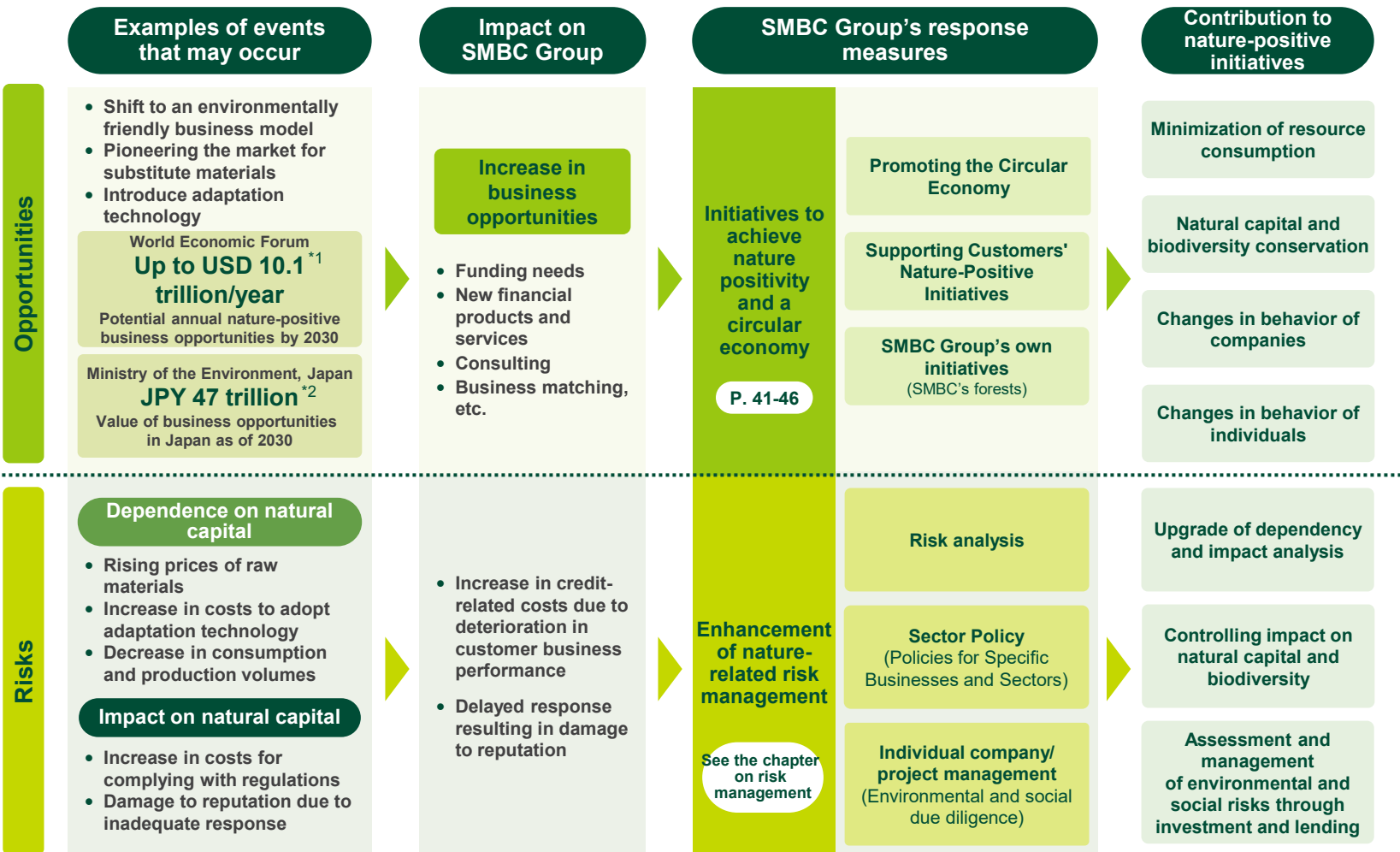
09. Appendix

SECTION 05

Natural capital & Circular economy

Recognizing Opportunities and Risks Related to Natural Capital and the Circular Economy

We examine the relationship between our customers’ activities and natural capital from a dependency and impact perspective. Leveraging this analysis, we identify business opportunities and risks within our operations, and enhance initiatives to achieve nature-positive outcomes and advance nature-related risk management.



^{*1} Source: World Economic Forum, "The Future of Nature and Business," 2020.
^{*2} Source: Ministry of the Environment, Japan, "Transition Strategies toward Nature Positive Economy," 2024.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

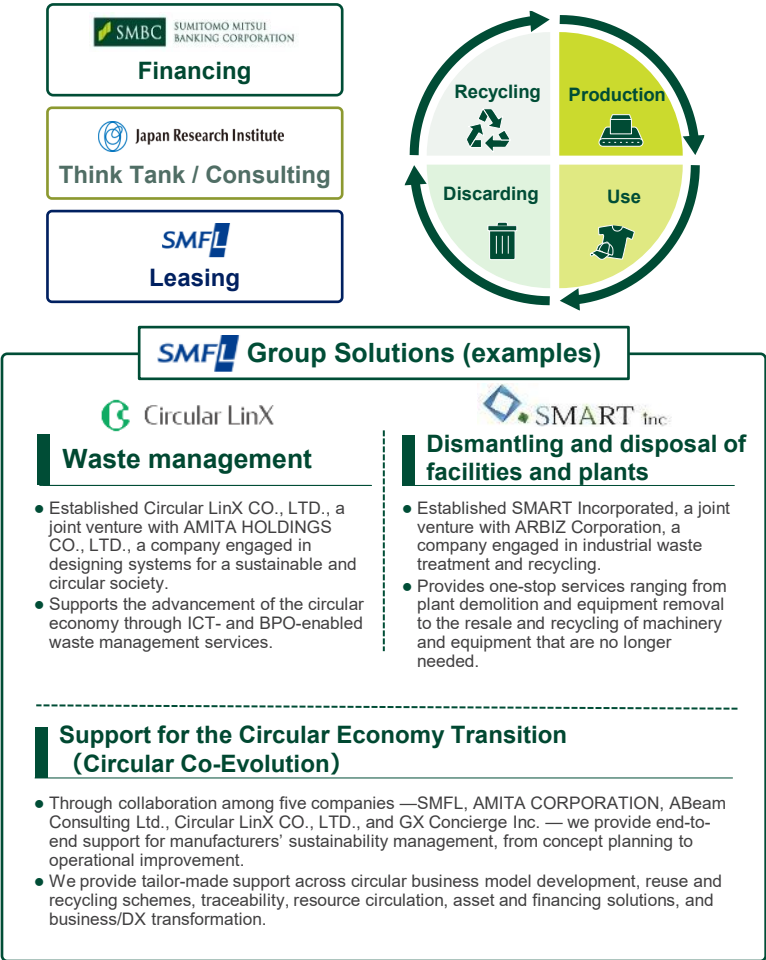
07. Governance

08. Metrics and targets

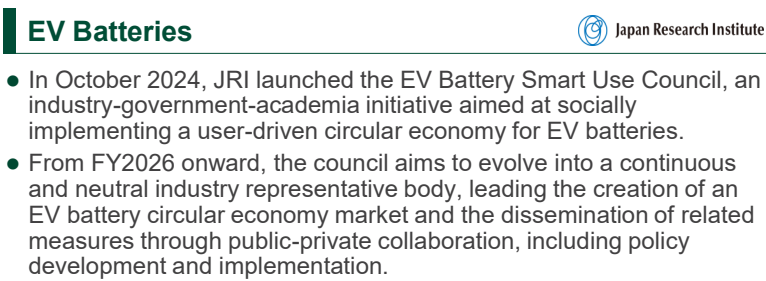
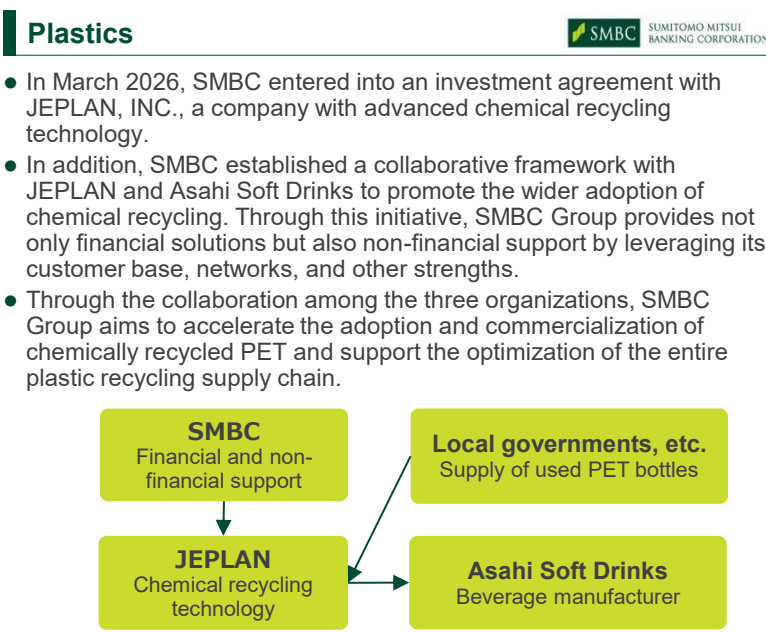
09. Appendix

We will contribute to ensuring the sustainability of natural capital by promoting the transition to a circular economy that reduces resource consumption, while expanding demand for resource circulation and enhancing the value of recycled resources.

Providing solutions across the entire value chain



Technology support for a circular economy



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

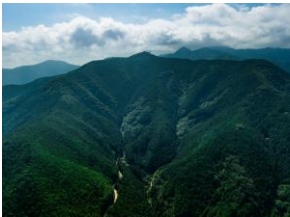
09. Appendix

To promote our customers’ nature-positive initiatives, we offer solutions such as advancing natural capital management and supporting financing for projects that contribute to the conservation of natural capital.

Nature Finance - Nomura Real Estate Holdings, Inc.



- In January 2026, SMBC provided a green loan to Nomura Real Estate Holdings, Inc. A portion of the loan was structured as nature finance with reference to Sustainable Bonds for Nature: A Practitioner’s Guide.
- To support Nomura Real Estate Group's initiatives to protect and restore nature and biodiversity, as well as to reduce environmental impacts, the loan was arranged to finance investments and loans to a subsidiary of Nomura Real Estate Holdings for the purpose of refinancing expenditures such as forest conservation costs and costs related to the development, maintenance, and management of biodiversity-conscious green spaces.



"Tsunagu Mori," a forest owned by the Nomura Real Estate Group (Okutama-machi, Nishitama District, Tokyo).

Blue Nature Bond - Nissui Corporation



- In February 2026, SMBC Nikko Securities Inc. served as lead manager and structuring agent for the underwriting of Japan’s first blue nature bond issued by Nissui Corporation.
- The proceeds from the bond will be allocated to expenditures related to sustainable aquaculture businesses for Kurose Buri and FIVE STAR salmon, contributing to the conservation of biodiversity in aquatic resources.

Nature Bond - KAJIMA CORPORATION



- In March 2026, SMBC Nikko Securities Inc. served as lead manager and structuring agent for the underwriting of a nature bond issued by KAJIMA CORPORATION.
- The proceeds from the bond will be allocated to the refinancing of construction costs for KAJIMA’s company retreat facility, KX-FOREST KARUIZAWA, and to the rebuilding of its Tohoku Branch building. This initiative contributes to the realization of nature-positive outcomes on land owned by KAJIMA.

Blue Finance in Asia



- In Thailand, SMBC participated as a commercial co-financing partner in Thai Union Group’s inaugural USD 150 million Blue Loan. This transaction contributes to the conservation of marine ecosystems, support for local communities, and the development of Thailand’s Blue Economy by expanding the sourcing of sustainably farmed shrimp.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- **Natural capital & CE**
- Respect for human rights
- Human capital

06. Risk management

07. Governance

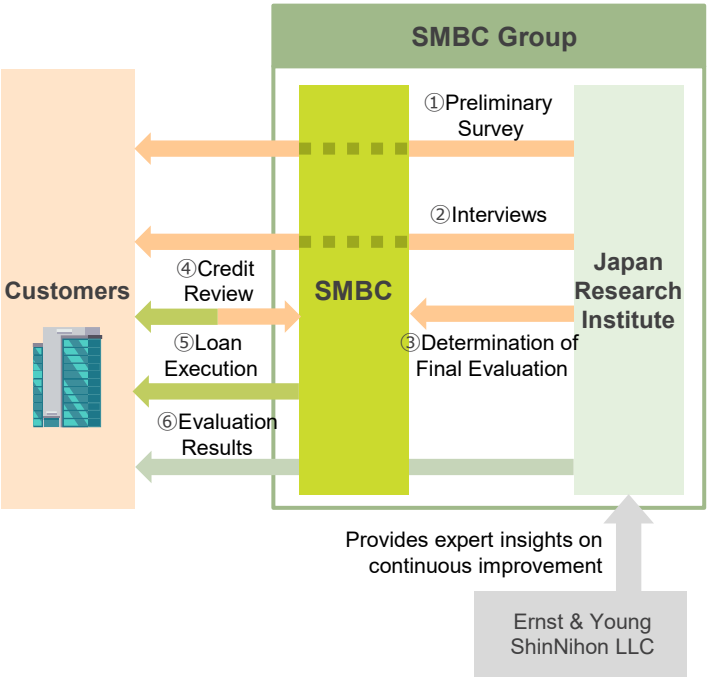
08. Metrics and targets

09. Appendix

Natural Capital Management Promotion & Analysis Loan



- With the goal of supporting customers' efforts toward natural capital management, we began handling this loan product in April 2024.
- Customers' efforts to promote natural capital management and disclose information relating to it are diagnosed and analyzed using unique criteria created by JRI and SMBC, and by giving back future issues, proposed measures, and so on, this financial product supports the first steps toward promoting natural capital management.
- After the loan is extended, JRI provides a feedback report that summarizes our 1) evaluation, 2) analysis, and 3) measures. Once the report is created, we engage with the customer to help them enhance their initiatives even further.



Financial institution alliance: FANPS

- In February 2023, MS&AD Insurance Group Holdings, Development Bank of Japan, The Norinchukin Bank, Sumitomo Mitsui Financial Group, and the think tanks within their respective groups, eight organizations in total, established the Finance Alliance for Nature Positive Solutions (FANPS), a financial institution alliance aimed at promoting and supporting companies' transition toward nature positive.
- In collaboration with the National Institute for Environmental Studies (NIES), FANPS has been advancing the accumulation of nature-related knowledge and information through initiatives such as research on solutions from a scientific perspective. FANPS continues its efforts to provide solutions as a financial institution in response to the potential needs of client companies seeking to advance nature positive initiatives.

Publishing a concept paper

Organizing a financial institution's perspective on the nature-positive transition



Publishing a solutions catalog

Evaluation and selection of nature-positive technologies and solutions for publication



Industry-Academia Collaboration: Partnership Agreement with the University of Tokyo

- In April 2025, SMBC Group entered into a partnership agreement with the University of Tokyo to promote initiatives related to green transformation (GX). As part of this collaboration, the Forest GX Consortium, involving academia, corporations and local governments, was established. JRI is responsible for the consortium's planning and operations.
- Through the consortium, participants share the outcomes of advanced research centered on forests, including studies on practical and accurate methods for assessing biodiversity and carbon sequestration functions in forests, as well as approaches to utilizing woody resources. The consortium also promotes business development and social implementation initiatives by leveraging these research outcomes.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- **Natural capital & CE**
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

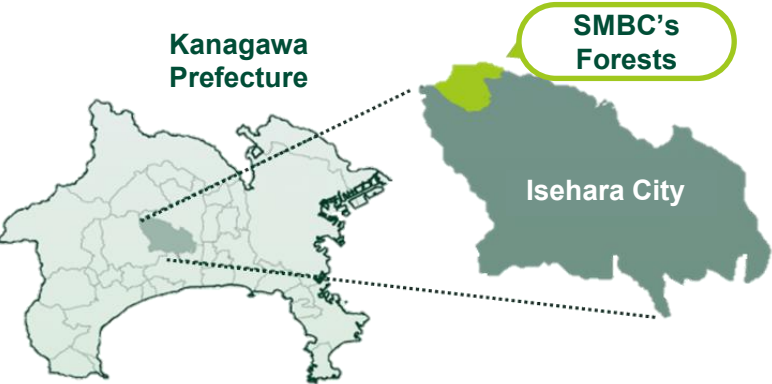
09. Appendix

Our natural capital conservation efforts: SMBC's Forests (1/2)



In May 2024, SMBC acquired about 220 hectares of forest in the Hinata area of Isehara City, Kanagawa Prefecture. We will contribute to achieving a nature-positive future through our efforts in SMBC's Forests, which are habitats for a diverse range of plants and animals.

Overview of SMBC's Forests	
Location	Hinata area, Isehara City, Kanagawa Prefecture
Size	220.65 ha
Key Species	Plants: Japanese cedar, Japanese cypress, Sawara cypress, Japanese fir, Japanese pampas grass, holly, etc. Animals: Mountain hawk-eagle, Chinese windmill butterfly, Asian black bear, sika deer, etc.
Key Features	• The entire area is located within Tanzawa-Oyama Quasi-National Park, and most of the area is included in the Kanagawa-designated Tanzawa-Oyama Wildlife Protection Area. • The entire area is designated by Kanagawa Prefecture as a "Water Source Forest," with abundant water resources. • The area includes a hiking trail to the summit of Mt. Oyama and is widely used by hikers, birdwatchers, and other visitors.



Significance of acquiring SMBC's Forests

- Challenges related to forests are inherent social issues in Japan, including environmental conservation and the revitalization of local economies and communities.
- SMBC's Forests is owned by SMBC Group itself, and by striving for its conservation and restoration, our goal is to extend the benefits it provides to surrounding communities while enhancing its functions of biodiversity conservation, water source recharge, and absorbing CO₂.
- Building on this, we will develop model cases for forest utilization and management and share them externally. This will deepen our understanding of the added value created by nature with our stakeholders and lead to the effective practice of nature-positive initiatives.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- **Natural capital & CE**
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Our natural capital conservation efforts: SMBC's Forests (2/2)

We conduct surveys of local species and analyze environmental impacts, while implementing appropriate forest management to conserve biodiversity.
At the same time, we promote the use of the forest through collaboration with neighboring communities and local companies.

Appropriate Forest Management

- Implementing **forest management measures**, including installing fences to prevent deer browsing damage and conducting thinning activities.
- Registered as a **Nature Symbiosis Site** in 2024, contributing to the **30by30 target**.
- Plans to obtain certification under the Act on Promoting Activities to Enhance Regional Biodiversity.
- **Planning to generate forest-based J-Credits.**

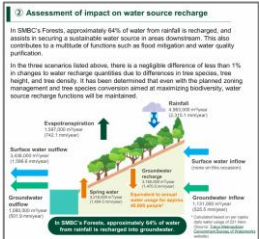


Environmental Impact Assessment of the Forest

- Conducted analyses of the forest's **biodiversity conservation function** and **water source recharge function**, covering both **current-state assessments** and **scenario-based assessments**.
- Incorporated planned forest management measures into the scenarios.
- Disclosed the results on the dedicated “SMBC Forest” website.

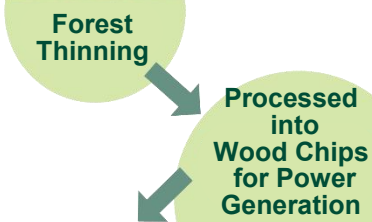


link: [SMBC's Forests Website](#)



Biomass Power Generation Using Thinned Wood

- **A first-of-its-kind initiative among Japanese megabanks, using thinned wood harvested from SMBC Forest as fuel for biomass power generation aimed at local production and consumption of electricity.**
- **Procuring all electricity used at an SMBC branch in Kanagawa Prefecture from the Yokosuka Biomass Power Plant.**



Realizing a “Local Production and Consumption of Electricity” Scheme

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- **Natural capital & CE**
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMDAM visualizes investee companies’ dependencies on water resources and ecosystems, as well as their impacts on nature—including deforestation—and promotes nature-positive outcomes through engagement.

Annual Progress on Biodiversity and Natural Capital	
- Since 2024, SMDAM has integrated nature and biodiversity perspectives into its environmental disclosures. - As a responsible institutional investor, SMDAM supports investee companies’ natural-capital disclosures and corporate value enhancement to help achieve nature-positive outcomes.	
Year	Main Initiatives and Results
2024	Registered as a TNFD Adopter Began nature-related disclosures aligned with the TNFD - Conducted a LEAP analysis - Identified dependencies and impacts through heatmap analysis
2025	Set metrics and targets for nature and biodiversity

Biodiversity and Natural Capital Initiatives	
Identifying Dependencies and Impacts	
- Heatmap analysis identified “water resources” and “deforestation” as material nature-related impacts for SMDAM. - For water resources, sectors such as automobiles, materials, and semiconductors showed significant dependence on surface water and groundwater in production processes, as well as impacts from water use and water pollution. - For deforestation, land-use change associated with sourcing raw materials such as palm oil and soybean oil was identified as a major driver of nature and biodiversity impacts in the domestic equity portfolio.	

Focus Area	Relevant Sectors	Key Actions
Water Resources	Automobiles, Semiconductors, Materials	Promote water conservation, wastewater reuse, and watershed conservation through engagement
Deforestation	Food, Palm Oil, Soybean Oil	Assess certified raw materials, traceability, and human rights considerations

Metric: Reduced Nature and Biodiversity Footprint		
- SMDAM uses the portfolio nature and biodiversity footprint (PDF footprint) per USD 1 million of market value as a metric. This supports investee companies’ initiatives toward nature-positive outcomes. - In 2026, the PDF footprint of assets under management was 27.3 km²·yr per USD 1 million, down 19% year on year.		
Target: Emphasizing Action, Not Just Numbers		
- While continuing to disclose indicators such as biodiversity footprint and the proportion of potentially disappeared species, SMDAM emphasizes behavioral change grounded in companies’ actual economic activities—not numerical improvement achieved merely by portfolio rebalancing. - Through engagement with sectors and investee companies closely linked to “water resources” and “deforestation,” where impacts and dependencies are high, SMDAM seeks both to reduce pressure on natural capital and enhance corporate sustainability.		
	FY2025 Result	FY2030 Target
Share of Companies with Water Resource Management Policies	28%	65%
Share of Companies with Deforestation Prevention Policies	18%	30%

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

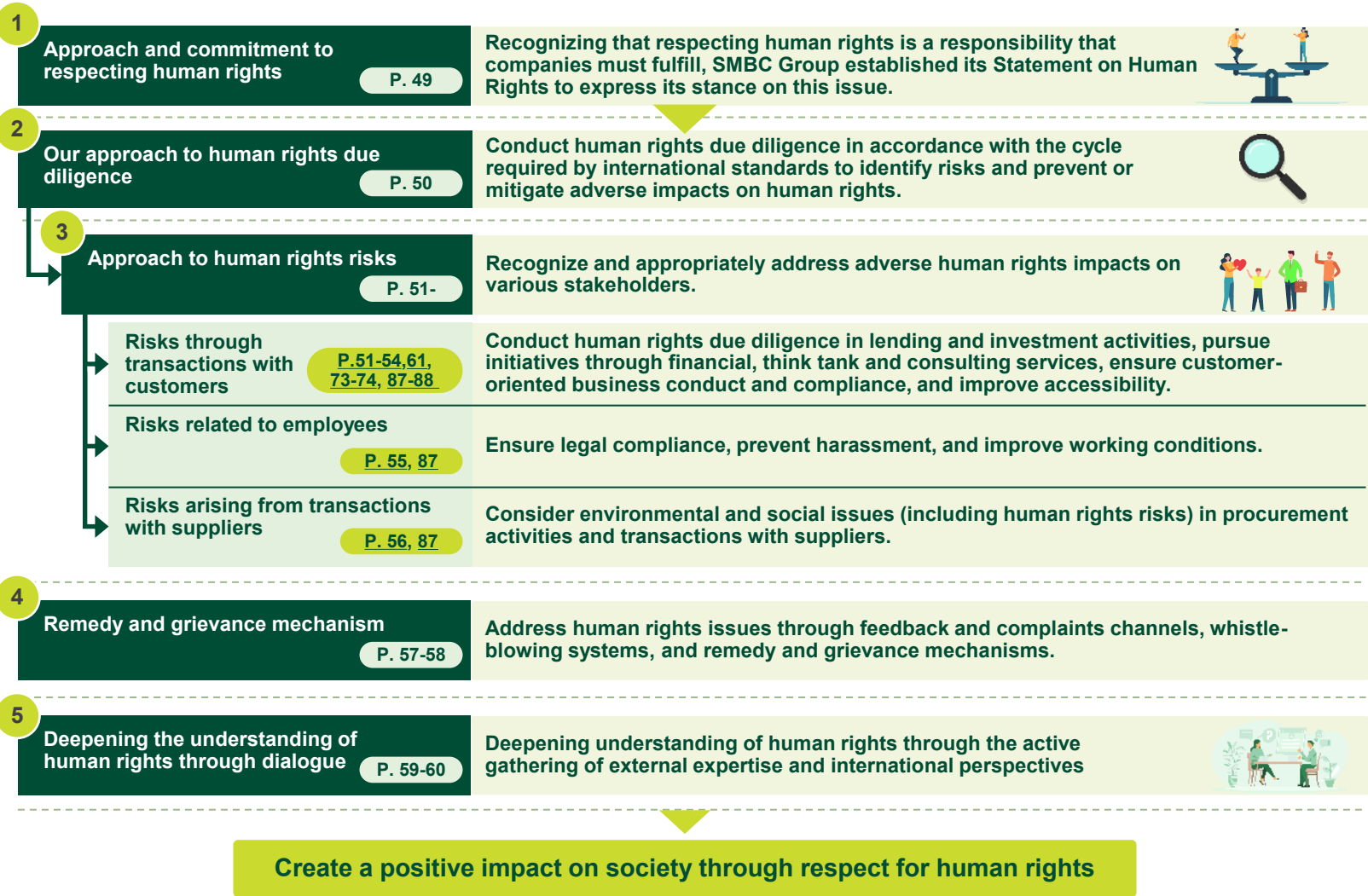
SECTION 05

Respect for human rights

Overview of our efforts to respect human rights



We will fulfill our responsibility to respect human rights throughout our entire supply chain, and work toward enhancing our corporate value and creating a positive impact on society.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



In 2017, SMBC Group established the “Statement on Human Rights” to express its stance on human rights.
We continually review the content of the Statement, taking into account discussions with external experts and progress in enhancing our human rights initiatives.

Key content of and revisions to the Statement on Human Rights	
2017 establishment	The statement was established to demonstrate our response to the UK Modern Slavery Act, as well as to clearly declare that we will protect and promote human rights outlined in the International Bill of Human Rights, and that we will eliminate all activities related to slavery, forced labor, human trafficking, child abuse, and similar issues, from SMBC Group’s businesses and supply chains.
2021 revisions	- Clarified the approval process and authority for the Statement. - Clarified that human rights considerations will be taken into account in lending transactions based on specified criteria. - Remedy and grievance mechanism was strengthened.
2023 revisions	- The human rights due diligence system in lending transactions was strengthened. - Strengthened efforts based on Sustainable Procurement Policy.
2025 revisions	- Added a recognition of the impacts on human rights that accompany the progression of climate change, impairment to natural capital, and the transition to a decarbonized society. - Based on the progress of discussions about new human rights violations due to the development of AI, etc., we added a recognition of the impacts on human rights that accompany the development of AI and technologies.

Overview of the Statement on Human Rights		
Human rights that SMBC Group respects	Understand and respect, as a minimum, the internationally recognized human rights, such as those set out in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.	
Methods for raising awareness	Employees	- Conduct various training related to human rights. - Post to company intranet.
	Stakeholders	Post information on SMBC Group website.
	Suppliers	Sustainable Procurement Policy formulated while also taking into account the approach of the Statement. Request for understanding of and cooperation with the criteria deemed appropriate by SMBC Group.
Authority for approval	Approved following deliberation by the Management Committee and the Board of Directors	

Compliance with laws and regulations (Modern Slavery Act)
- SMBC discloses a statement on its efforts to prevent slavery and human trafficking in accordance with the UK and Australian Modern Slavery Acts. - SMBC Bank International, SMBC Nikko Capital Markets Limited (UK), SMBC Aviation Capital, and SMBC Leasing, in which SMBC has investments, publish statements in accordance with the UK Modern Slavery Act. In addition, SMBC Group companies that are subject to the UK or Australian Modern Slavery Acts also publish the statements in compliance with the applicable legislation.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

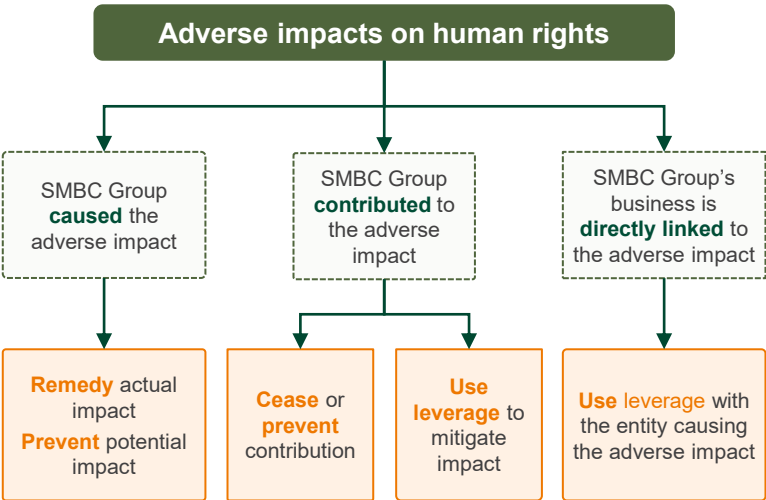
09. Appendix

Our approach to human rights due diligence

Recognizing the importance of addressing adverse human rights impacts based on the nature of our involvement, we strive to identify, prevent, and mitigate such impacts in SMBC Group's operations. This is done in accordance with the human rights due diligence cycle required by international standards.

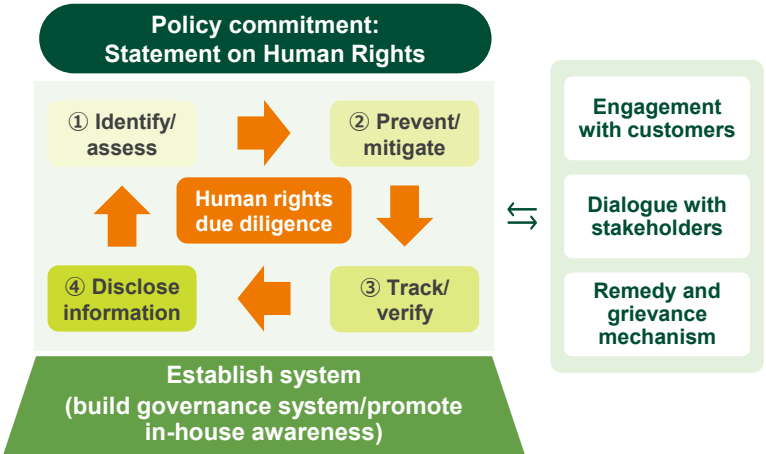
Addressing adverse human rights impacts

- Adverse impacts on human rights occur not only inside the company but also to external stakeholders when the company is perceived as having the potential to 1) cause, 2) contribute to, or 3) be directly linked to adverse human rights impacts through its business operations, products, or services.
- If SMBC Group causes or contributes to adverse impacts on human rights, we strive to mitigate and remedy these through appropriate measures. We also collaborate with customers and suppliers to prevent and mitigate adverse impacts directly linked to our business, products, and services.



Human rights due diligence

- We implement a series of human rights due diligence procedures required by international standards, and work to build a governance system and raise awareness within the company.
- We clarify our policy on a group basis through Policies for Specific Businesses and Sectors.
- At SMBC, adverse impacts on human rights are identified and assessed as part of environmental and social due diligence. Human rights due diligence is conducted for investee companies, external asset managers, etc. at SMDAM, and for underwriting customers etc. at SMBC Nikko Securities.
- We will continue to advance **the implementation and enhancement of human rights due diligence** across SMBC Group, informed by ongoing dialogue with external stakeholders.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMBC supports its customers' efforts to respect human rights through sustainable finance.

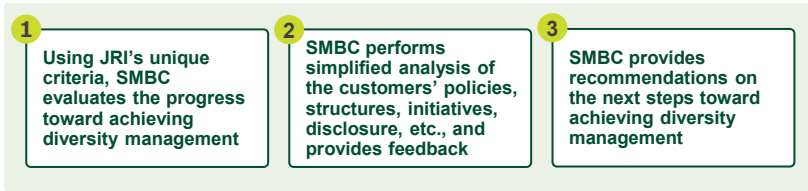
Examples of Key Initiatives

Positive Impact Finance

- This is a financing product designed to comprehensively analyze and evaluate the impacts (both positive and negative) of corporate activities on the environment, society, and economy. It aims to continuously support the realization of sustainable management. By setting goals that include respect for human rights and continuously monitoring customers' progress, we assist in advancing their initiatives.

Sustainability Management Support Loan (Diversity Promotion)

- Diversity is a state in which diverse individuals can fully realize their potential. In a rapidly changing world, it is increasingly viewed as a key strategy for attracting talent, enhancing organizational performance, and fostering innovation. In April 2025, SMBC launched Sustainability Management Support Loan (Diversity Promotion). In collaboration with JRI, SMBC assesses customers' talent management practices, systems, corporate cultures, and disclosures against domestic and international benchmarks and provides feedback. By providing gap analyses of current initiatives, recommendations for future actions, and examples of leading practices from other companies, SMBC aims to support customers in fostering workplaces where diverse talent thrives.



Case Study: Company A (Real Estate Sector)

Under its sustainability governance framework, Company A has identified human rights and labor practices, as well as supply chain management, as key sustainability priorities. For this financing, in addition to environmental KPIs related to greenhouse gas emissions reduction and efficient resource utilization, the company established KPIs concerning parental leave uptake, employee health and well-being, and the implementation of CSR procurement questionnaires aimed at building a sustainable supply chain. By continuously monitoring these initiatives, SMBC aim to support the advancement of effective sustainability initiatives.

Case Study: Company B (Service Sector)

The following aspects were identified as notable strengths in the assessment of the company's initiatives:

- The company has implemented measures to ensure fair evaluation and treatment of employees.
- The company has established mechanisms to prevent employees from being disadvantaged in promotions or career advancement due to periods of leave, such as maternity leave or childcare leave.
- The company provides employment contracts and procedures in multiple languages and assigns foreign-national employees to administrative functions to facilitate communication among foreign-national staff.
- The company positions diversity management as a key business strategy. To drive innovation and achieve sustainable growth, the company promotes initiatives that enable each employee to fully leverage their unique strengths and capabilities. Furthermore, diversity promotion is not only articulated as a management policy but is also discussed on an ongoing basis in key decision-making forums, including management meetings.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

JRI contributes to building momentum for respect for human rights through consulting on human rights risk management, and by establishing and operating study groups and consortiums for research and information-sharing activities.

Examples of Key Initiatives

Supporting corporate human rights efforts

- JRI's Sustainability Strategy Group provides consulting services on human rights risk management, supporting companies in developing human rights policies and implementing human rights due diligence.
- JRI has a strong track record of supporting leading Japanese companies, particularly in high human rights risk sectors such as food and beverages, land and maritime transportation, ports and warehousing, electrical and electronics, energy, pharmaceuticals, non-ferrous metals, services, and chemicals.

Website (Japanese only)

Japan Research Institute

Consulting services

Sustainability Management / Human Rights Risk Management (including Human Rights Due Diligence)

[Human Rights Risk Management \(including Human Rights Due Diligence\) | Service Overview | JRI](#)

For case studies and examples of the work, please see the following page

P.59

Kodomo Commission Initiative

KODOMO
COMMISSION
INITIATIVE

- Since FY2023, JRI has been promoting the Kodomo Commission Initiative, which aims to create a society with systems in place to ensure that the value of children's rights is understood and respected, guided by the principles of the Convention on the Rights of the Child.
- In August 2025, activities formally commenced under the Kodomo Commission Initiative. Since then, the initiative has conducted discussions with 10 member companies, joint research with universities, symposiums, and the publication of reports.

Case Study: The Five Action Principles for Children's Rights and Business

Drawing on discussions with a wide range of stakeholders through this initiative, the Initiative developed the Five Action Principles to provide practical guidance for Japanese companies seeking to advance children's rights.

1. Conduct children's rights assessments throughout business processes.
2. Reduce reliance on non-regular employment and foster wage conditions that support a decent standard of living.
3. Promote climate action and biodiversity conservation.
4. Engage in initiatives that support the next generation in areas closely linked to the company's core business.
5. Create opportunities for employees to discuss their work with children.

We will continue to place children's voices at the center of our activities and advance initiatives that recognize and respect children as important stakeholders.

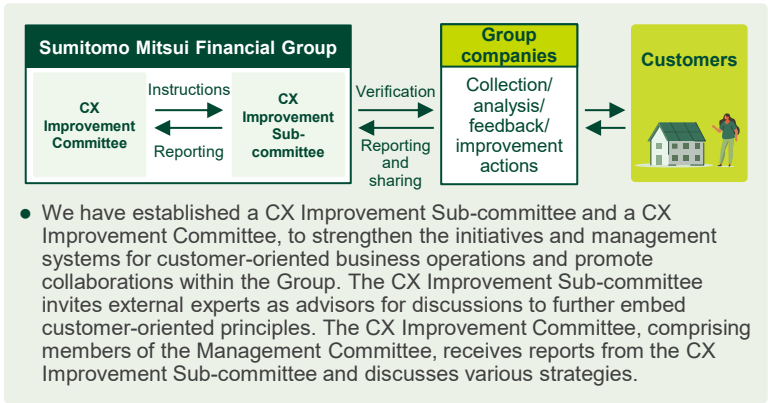
01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

We adhere to basic principles such as customer-oriented business conduct and compliance, and strive to prevent any inappropriate conduct that could result in adverse impacts on human rights, such as discrimination and violations of privacy.

Customer-oriented business conduct and compliance

- An inability to provide sufficient financial access in response to the fundamental needs of customers may lead to human rights violations such as discrimination. “We grow and prosper together with our customers by providing services of greater value to them.” Making this commitment a component of “Our Mission,” we work toward the enhancement of Customer Experience (CX) and quality through collaboration among Group companies.

Promotion structure



Customer-oriented business conduct

- Based on the Principles for Customer-Oriented Business Conduct announced by the Financial Services Agency (JFSA), SMBC Group has formulated the Basic Policy for Customer-Oriented Business Conduct and a specific handling policy in our Retail Business Unit.

Protection of personal information (privacy policy)

- While the use of information continues to increase with the advancement of IT and digital technologies, there are growing social concerns about adverse impacts on human rights, such as personal information leaks and violations of privacy. SMBC Group recognizes that information management aimed at the appropriate protection and use of information assets is an extremely important management issue. Our Group Policy has been formulated as a fundamental policy for the entire SMBC Group. In accordance with this policy, each Group company works to strengthen its information management framework by clarifying security measures and management procedures for information assets, as well as providing education and awareness programs for directors, officers, and employees.

Advertising review process

- SMBC has established an advertising review process to identify and appropriately revise advertisements and promotional materials directed at customers and other external stakeholders when expressions that may be deemed inappropriate from a human rights perspective are identified.

Prevention of money laundering and financial crime

- SMBC Group recognizes the risk that our products and services provided to customers and our own transactions with third parties may be misused for money laundering and other illicit activities, potentially resulting in adverse impacts on human rights. Accordingly, we are working to prevent customers, suppliers, directors, and employees from becoming involved in or exposed to such activities. We also continue to strengthen our efforts to combat increasingly sophisticated and complex financial crime.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMBC Group strives to ensure all customers have equal access to financial services by improving branch operations, web services, and employee awareness. SMBC is focused on improving accessibility so that customers are not discriminated against based on disabilities.

Accessibility (SMBC)

- With a view to achieving sustainability, SMBC aims to **“create a society in which everyone can enjoy economic prosperity and well-being.”**
- SMBC is dedicated to enhancing accessibility across the entire bank, aiming to ensure that everyone, regardless of their situation or environment, can always use our services comfortably and confidently, whether they have a disability or not.



Accessibility policy of SMBC

We aim to make it possible for customers, with or without disabilities, to safely and comfortably use all our online services without discrimination.



We are continuing to improve online accessibility, and are effectively providing the necessary and reasonable considerations.



We are striving to promote and raise awareness so that all employees recognize web accessibility as a critical issue and contribute to raising standards in the banking industry.



SMBC initiatives for accessibility

- SMBC works to ensure that new branch facilities are accessible to people with disabilities by evaluating them from the development stage. After implementation, we gather customer feedback to enhance universal design at our branches.
- We also focus on training employees who assist our customers, thereby enabling those customers to use our branches and services with a sense of security.

Customer feedback regarding our support

I am hearing impaired, and a staff member used a writing board to communicate with me slowly and comprehensibly, so I completed the transaction without a problem.



Case studies

Pictograms for facilities

Voice-read password cards

Clear explanations of important information

SMBC has received the **Gold Award** at the UCDA Award 2025 in recognition of its efforts to provide information in a clear manner.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

At SMBC Group, we have identified employee-related human rights risks such as “risk of forcing excessive or unfair work hours on employees,” “risks of engaging in harassment of colleagues,” and “human rights risks related to discrimination and gender,” and are working to address them.

Legal compliance

- We regularly monitor labor conditions at SMBC Group companies. We comply with various labor laws, strive to eliminate overwork, and continually pursue improvements in work environment and hours.
- Each Group company promotes, as a policy, the creation of a work environment where all employees can find their work fulfilling, regardless of their employment status or role. In addition to providing wages above the minimum wage, each company is appropriately responding to the principle of equal pay for equal work, which was introduced in April 2020.
- Each Group company also enters into labor agreements with labor unions and employee representatives. With mutual respect, we strive for sound corporate development, the maintenance and improvement of working conditions for union members, and the enhancement of their social, economic, and cultural status.

Prevention of harassment

- To build a healthy and inclusive workplace where everyone can work comfortably, each Group company has prepared and implemented a “Harassment Prevention Guideline”.
- We also conduct training for managers to raise awareness, including practical points of caution and prevention measures for recurrence, using specific examples of harassment cases, as well as guidance on how to handle harassment reports.
- We have established a consultation channel to receive various employee concerns, including harassment issues, and put in place a system to address them appropriately.

Improvements in the work environment

- To improve the work environment, we regularly monitor overtime hours and the number of employees who work long hours. For the promotion of mental health, we conduct stress checks for all employees and provide access to external professional counselors to support mental well-being.
- We also promote greater flexibility in working hours through measures such as flextime and staggered working hours, as well as greater flexibility in work locations through remote work arrangements and satellite offices.
- We manage daily work hours based on objective records and other data to accurately track each employee’s actual working hours. We also work to prevent excessive working hours through measures such as reporting cases where working hours exceed specified thresholds to senior management, providing physical and mental health support through consultations with occupational physicians, and improving operational efficiency.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMBC Group has business relationships with a variety of suppliers throughout its business. To prevent and mitigate the occurrence of various adverse impacts on human rights, such as labor issues in supply chains, we request that our suppliers understand and cooperate with our Sustainable Procurement Policy. Also, we regularly review the status of our suppliers’ actions, including their efforts to respect human rights.

Sustainable Procurement Policy

- SMBC Group formulated its Sustainable Procurement Policy in April 2022 to promote responsible procurement activities throughout the supply chain with environmental and social considerations. This Policy takes into account international principles and guidelines, such as the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles on Business and Human Rights. We request that our suppliers not only comply with the laws and regulations applicable in each country in which they do business, but also understand and cooperate with the criteria deemed appropriate by SMBC Group.

Human rights considerations during transactions with suppliers

- In line with the formulation of our Sustainable Procurement Policy, SMBC Group introduced a framework in November 2022 to verify whether suppliers have established internal consultation channels for handling employee concerns about human rights violations. In addition, we inform each supplier of our Sustainable Procurement Policy and request that they understand and cooperate with the criteria deemed appropriate by SMBC Group.
- Beginning in the second half of fiscal 2025, SMBC’s offices in Japan have taken steps to enhance human rights due diligence in managing transactions with suppliers, particularly with regard to salient human rights risks. As a general principle, we seek agreement to contractual provisions concerning respect for human rights from new suppliers that meet certain criteria. SMBC has also enhanced its human rights due diligence questionnaire, with a focus on matters identified as salient human rights risks.
- Suppliers subject to these measures are selected based on factors such as their industry and the nature of the relevant transactions, with the aim of enhancing respect for human rights throughout the supply chain.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

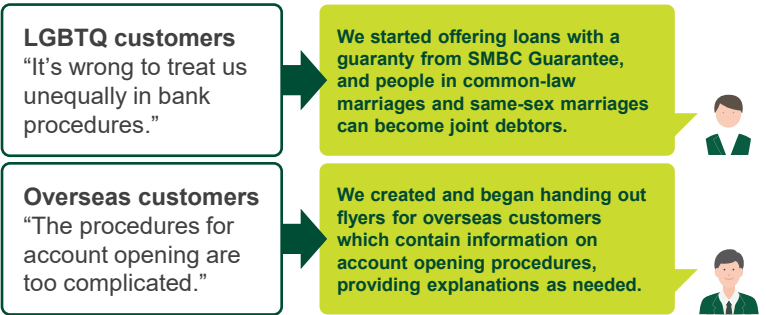
09. Appendix

We have set up a grievance desk to receive feedback from customers and others, which is used to improve our services. We have also established a whistle-blowing system through which employees can report issues, including human rights concerns.

Grievance desk for receiving opinions and complaints

- At SMBC, all customer feedback that we receive is recorded in a database and widely shared within the Company. This customer feedback is analyzed by departments at Head Office and used to improve our products and services. It is also incorporated into employee training in an effort to improve our customer service capabilities.
- We have created mechanisms which are compliant with the international standards for complaints handling ISO 10002/JIS Q 10002 (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations) and declared compliance.

Opinions and complaints related to human rights, and our responses



Information Support for Corporate Customers

- In preparation for mandatory customer harassment prevention measures under the amended legislation, SMBC has begun providing information to corporate customers.
- SMBC’s Customer Relations Department provides practical case studies and information on developing appropriate response frameworks, tailored to the needs and challenges of each company.

SMBC Group Alarm Line (whistle-blowing system)

- SMBC Group Alarm Line is available 24 hours a day, 365 days a year to employees of Group companies (including contract, trial, temporary, and part-time employees), workers dispatched to our offices or seconded from other companies, and employees of external contractors.
- Incidents that can be reported include those involving human rights stipulated in the International Bill of Human Rights, violations of the basic principles and rights stipulated in the ILO Declaration on Fundamental Principles and Rights at Work, and actions contrary to our Statement on Human Rights and company policies.

Actions after whistle-blowing

- Conduct investigations mainly at designated departments, such as the General Affairs Dept. and the Human Resources Dept.
- If an investigation reveals that a human rights violation has occurred, we take corrective actions, such as disciplinary action or issuing warnings/guidance. In addition, we formulate recurrence prevention measures and conduct follow-ups to ensure there are no issues with whistle-blower protection.
- Reception and processing status on internal whistle-blowing cases are regularly reported to the Compliance Committee, the Group Management Committee, and the Audit Committee.

Initiatives to properly disseminate the system

- Conduct annual surveys of employees of major group companies to check the recognition level and trust level. → **High recognition levels have been maintained.**
- Actively inform all employees by displaying posters, distributing employee mobile cards, and holding training and study sessions.
- The number of reports made in FY2025 was **430**.

Main issues in the field of human rights
Sexual harassment, workplace harassment, pregnancy discrimination

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

SMBC Group has established a mechanism (Remedy and Grievance Mechanism) to receive human rights complaints from a wide variety of stakeholders, not limited to customers and employees, and to take appropriate actions.

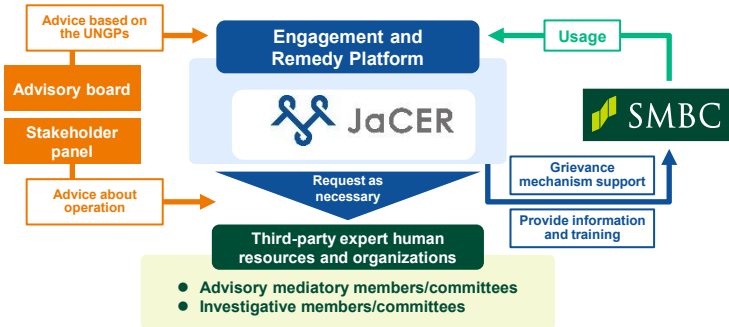
Operational structure of the mechanism

- SMBC Group operates a Remedy and Grievance Mechanism aiming to meet, as much as possible, the eight effectiveness criteria outlined in the “UN Guiding Principles on Business and Human Rights” for grievance mechanisms. In order to receive human rights complaints from a wide variety of stakeholders and to take appropriate measures, we clarify in our internal policy the entire process, from receiving a complaint and investigating the details to considering appropriate actions and taking remedial measures through dialogue, as well as decision-making authority and measures to protect complainants.
- In operating the mechanism, by utilizing the Engagement and Remedy Platform, which is operated and provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), we endeavor to provide a remedy and grievance mechanism with an objective and effective process that incorporates the knowledge of experts.

Accept	• Accept human rights complaints via the JaCER Engagement and Remedy Platform
Examine Assess	• Collect information about the complaints and determine its relevance • Decide course of action based on the results of the above
Respond	If necessary/deemed appropriate • Engage in dialogue with stakeholders • Corrective and remedial measures to mitigate and restore adverse human rights impacts
Disclosure	• Disclose the status of the operation of the mechanism

Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)

- JaCER provides a non-judicial grievance mechanism platform in accordance with the UNGPs. It is an organization that aims to promote dialogue and remediation by supporting member companies' grievance mechanisms from an expert standpoint, ensuring the legitimacy of grievance mechanisms, and improving their effectiveness and efficiency.



Enhancing access to the mechanism

- The Remedy and Grievance Mechanism using JaCER's platform was first introduced at SMBC in November 2024 and was subsequently rolled out to other SMBC Group companies in July 2025.
- We will continue to strengthen initiatives aimed at enhancing access to the mechanism

[Results]

In FY2025, the SMBC Group received a total of three cases through JaCER, including cases related to responsible financing and investment and workplace harassment. We will continue to work collaboratively with stakeholders to further enhance the effectiveness of the mechanism.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy - Climate change - Natural capital & CE - Respect for human rights - Human capital
06. Risk management
07. Governance
08. Metrics and targets
09. Appendix

Deepening the understanding of human rights through dialogue (1/2)

SMBC Group engages with customers and strives to share awareness of respect for human rights.

Engagement with customers

- SMBC obtains non-financial information, including information on human rights, through dialogues with customers, and recognizes the impact of their business activities on the environment and society. In relation to some obligors who are the target of environmental and social due diligence (for corporates) , we assess the status of their response to environmental and social risks that include those relating to human rights. We use this information to enhance our credit assessment and incorporate it into the identification and assessment of adverse impacts on human rights due diligence. We engage with customers undertaking large-scale development projects to confirm their project-specific human rights frameworks and encourage appropriate action.
- Furthermore, if a significant problem relating to human rights is identified in a customer's business activities, our relationship managers and other relevant teams engage with the customer to encourage stronger action on human rights.
- Going forward, we also seek to share the importance of respecting human rights through ongoing dialogue and exchanges of views with customers, even in the ordinary course of business.

P. 88



Customer dialogues and support on human rights topics

- SMBC engages in dialogue with customers on sustainability-related issues, including human rights. As societal expectations for respect for human rights continue to rise, human rights due diligence becomes more widespread across supply chains, and human rights and labor regulations are strengthened globally, SMBC has increased its engagement with clients on human rights topics.
- In 2026, SMBC held a human rights workshop for customers in response to the growing need for enhanced human rights management associated with global business expansion.

Case study of human rights workshop (KAMEDA SEIKA)

- Through sustainability-related dialogue, the company identified human rights across its entire supply chain, including overseas operations, as a key issue amid the expansion of its global business.
- SMBC held a human rights workshop for the company's relevant departments.
- Subsequently, in response to the company's desire to further enhance its human rights practices, SMBC introduced JRI's human rights consulting services, and JRI supported the establishment of a human rights policy.
- In August 2026, the company established and published human rights policy and has been working to communicate and embed the policy throughout the company and its consolidated subsidiaries.

Feedback from the customer

Through the human rights workshop provided by SMBC, we were able to deepen understanding of the importance of strengthening human rights initiatives as our business continues to expand globally. The subsequent consulting support enabled us to develop a human rights policy. As a next step, we intend to further enhance our human rights due diligence efforts.



- Through ongoing dialogue with our customers on enhancing their human rights efforts and practices, we aim to provide insights that help strengthen their initiatives while contributing to a broader understanding of the importance of respecting human rights.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Deepening the understanding of human rights through dialogue (2/2)

SMBC Group actively incorporates external expertise and international dialogue to deepen its understanding of respect for human rights and continuously improve its efforts.

Drawing on external expertise

- SMBC Group engages in dialogue with a wide range of stakeholders regarding its human rights initiatives and incorporates some of the valuable suggestions received on specific areas for improvement into its operations. In FY2025, to obtain insights from external experts, SMBC Group invited Mr. Yusuke Yukawa of Nishimura & Asahi (Gaikokuho Kyodo Jigyo) to provide feedback on its human rights initiatives and to engage in dialogue with SMBC Group executives.
- We support the ten principles of the United Nations Global Compact covering human rights, labor, the environment, and anti-corruption, and work to enhance our initiatives through participation in discussions within the local network of member companies.
- We participated in the United Nations Forum on Business and Human Rights held in November 2025, where we gained diverse perspectives and insights from a broad range of stakeholders. These insights are incorporated into the development and enhancement of the Group’s human rights initiatives.



Stakeholders	Examples of dialogue
Investors	• Status of the building of a human rights due diligence system • Strengthening the expertise of directors
NGOs	• Concept of supporting companies and projects that potentially have adverse impact on human rights
International initiatives External experts	• Understanding the gap between the UNGPs and the status of the Group’s initiatives, and taking steps toward enhancement • Concept of the remedy and grievance mechanism • Importance and situation of the human rights defenders
Suppliers	• Promoting understanding of the Sustainable Procurement Policy
Employees	• Implementing training for raising awareness of human rights • Operation and dissemination of the internal whistle-blowing system

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- **Respect for human rights**
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SMDAM conducts human rights due diligence and, as a responsible institutional investor, engages in constructive dialogue with investee companies and appropriately exercises voting rights. In FY2025, SMDAM expanded our monitoring activities to include brokers and mutual fund distributors/intermediaries.

Implementing human rights due diligence

- We classify targets into the following categories: investee companies, external asset managers, contractors other than external asset managers, internal operations, and brokers / mutual fund distributors and intermediaries. We set monitoring items based on the characteristics of each category and conduct human rights due diligence.
- Regarding issues identified from the results of human rights due diligence, the Management Committee decides the relevant measures, and the executive officers in charge take the necessary measures for improvement and report progress to the Board of Directors to ensure proper monitoring.

Investee companies

- Stance toward respecting human rights
- Compliance with labor-related laws and regulations
- Supply chain management

External asset managers

- Establishment of human rights policy
- Considerations in the asset management process
- Media reports on human rights issues, etc.

Other contractors

- Establishment of human rights policy
- Compliance with overseas human rights laws and regulations
- Media reports on human rights issues

Internal operations

- Prevention of harassment
- Prevention of long working hours
- Ensuring occupational health and safety

Expansion of monitoring to brokers and distributors, intermediaries

- In FY2025, we conducted human rights risk screening using external sustainability data. For brokers and distributors identified as having potential human rights risks, the Sustainability Promotion Subcommittee assessed the individual risks.
- From FY2026, we will launch dynamic human rights risk monitoring based on adverse media coverage and other negative information, promoting a more comprehensive approach to human rights risks and management.

Effective operation of remedy and grievance mechanism

- To address human rights violations by SMDAM officers and employees, we established a remedy and grievance mechanism utilizing the platform operated by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) through Sumitomo Mitsui Financial Group in July 2025.

Promoting human rights engagement

- We encourage investee companies and other entities to properly manage and address human rights risks and to disclose relevant information.

Investee companies

- ✓ Identify companies with human rights issues
- ✓ Exercise voting rights
- ✓ Engagement

External asset managers

- ✓ Confirm that human rights policy is in place
- ✓ Encourage embedding human rights risk assessments into their investment process

FY2025 Results of human rights engagement

- ✓ Encouraged the formulation and disclosure of human rights policy.
- ✓ Restricted investment in companies deemed to have problems with their stance toward respecting human rights
- ✓ Incorporated human rights perspectives into decision-making criteria for exercising voting rights and undertook appropriate engagement
- ✓ In relation to external asset managers, shared the importance of human rights considerations in the asset management process.

and more

Going forward, we will continue to enhance these initiatives by improving the effectiveness of dialogue and other measures

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- **Human capital**

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 05

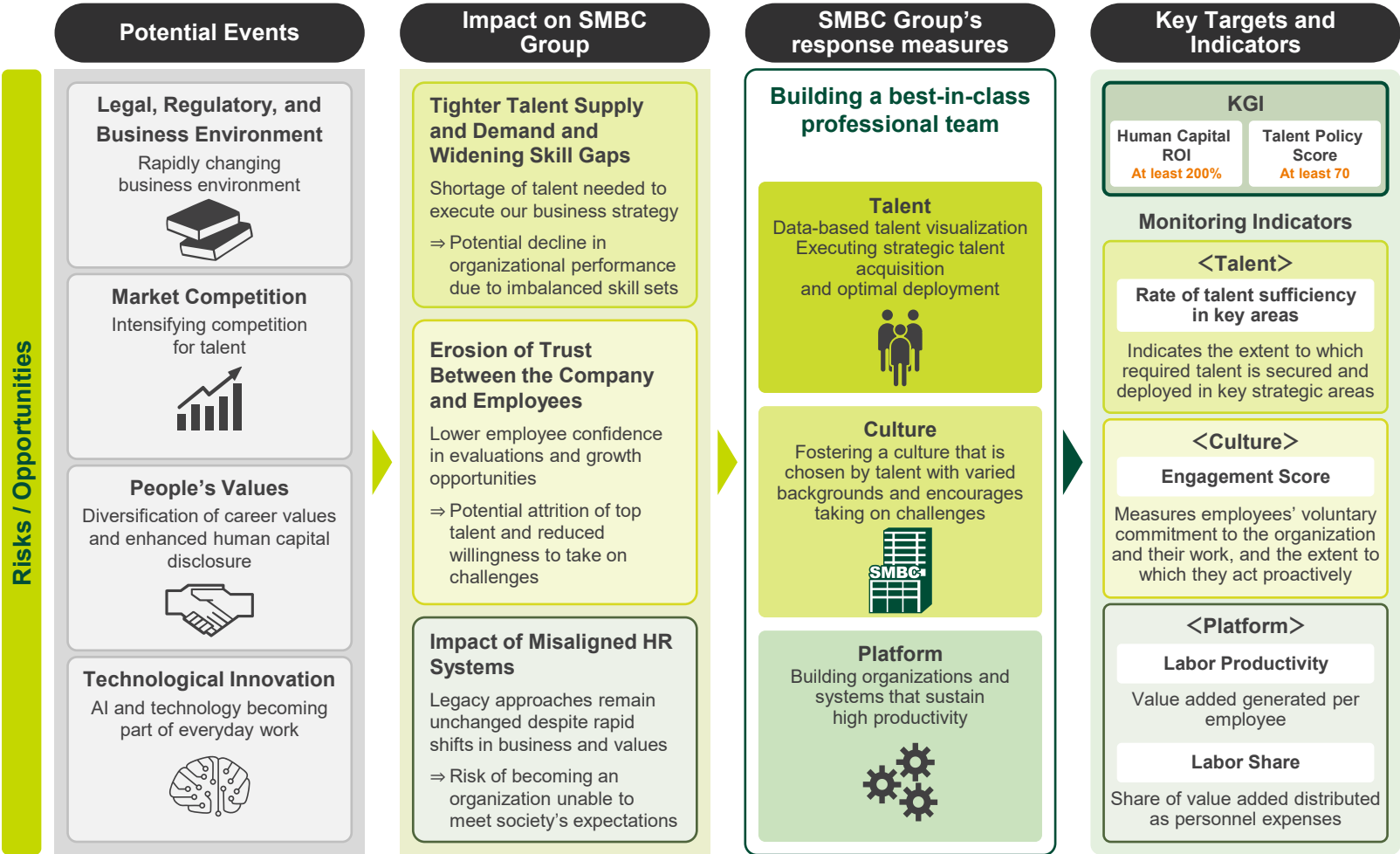
Human capital

Recognizing opportunities and risks related to human capital



Based on the external environment and our business strategy, our HR challenges converge into three areas. By addressing Talent, Culture, and Platform as an integrated whole, we aim to build a best-in-class professional team.

Note: For details of these Human Capital initiatives, please refer to “SMBC GROUP HUMAN CAPITAL STORY 2026.”



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

- Climate change
- Natural capital & CE
- Respect for human rights
- Human capital

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 06

Risk management



Overall picture of environmental and social risk management

Environmental and social factors such as climate change, natural capital, and human rights may act as risk drivers and negatively impact SMBC Group's business. We are incorporating these environmental and social risks into our company-wide risk management and working to enhance our management processes.

1 Incorporating into company-wide risk management

Risk Appetite Framework (RAF)	• A management framework for taking appropriate risks based on recognition of the environment and risks surrounding the Group. • Operate a framework that also takes environmental and social risks into consideration.	P.67-68
Top Risks	• Select particularly significant risks in the management of SMBC Group. • Incorporate risks relating to climate change, natural capital, human rights, etc.	P.69

2 Environmental and social risk management process (identification, assessment, prioritization, and monitoring)

Identifying risks by category		• Organize environmental and social risks that transmit to each risk category, including credit risks.	P.72
Sector Policy		• Clarify policies for specific businesses and sectors that are likely to have a significant impact on the environment and society.	P.73
Individual company / project management		• Review and assess environmental and social risks of individual companies and projects and utilize these assessments in credit decisions.	P.74-75
Climate change	Cost estimation (scenario analysis)	• Estimate the financial impact on SMBC in relation to physical and transition risks.	P.76-78
	Analysis by sector (risk and GHG emissions analysis)	• Analyze credit exposure by sector with significant climate change impacts, and assess the degree of opportunities and risks (heatmap) to identify high-risk sectors. • Analyze GHG emissions within SMBC Group, and considering the results of risk analysis, set emission reduction targets and prioritize sectors for action.	P.79-81
	Managing risks by sector	• Implement the appropriate management (policy, portfolio management, management of individual companies and projects) in accordance with key points for achieving decarbonization and risk awareness.	P.33-36
Natural capital	Analysis using the LEAP approach	• Organize opportunities and risks for SMBC Group in relation to natural capital.	P.82-86
Human rights	Human rights due diligence	• Identify and assess potential adverse human rights impacts with which SMBC Group may be involved through its business activities.	P.87-88

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process

07. Governance

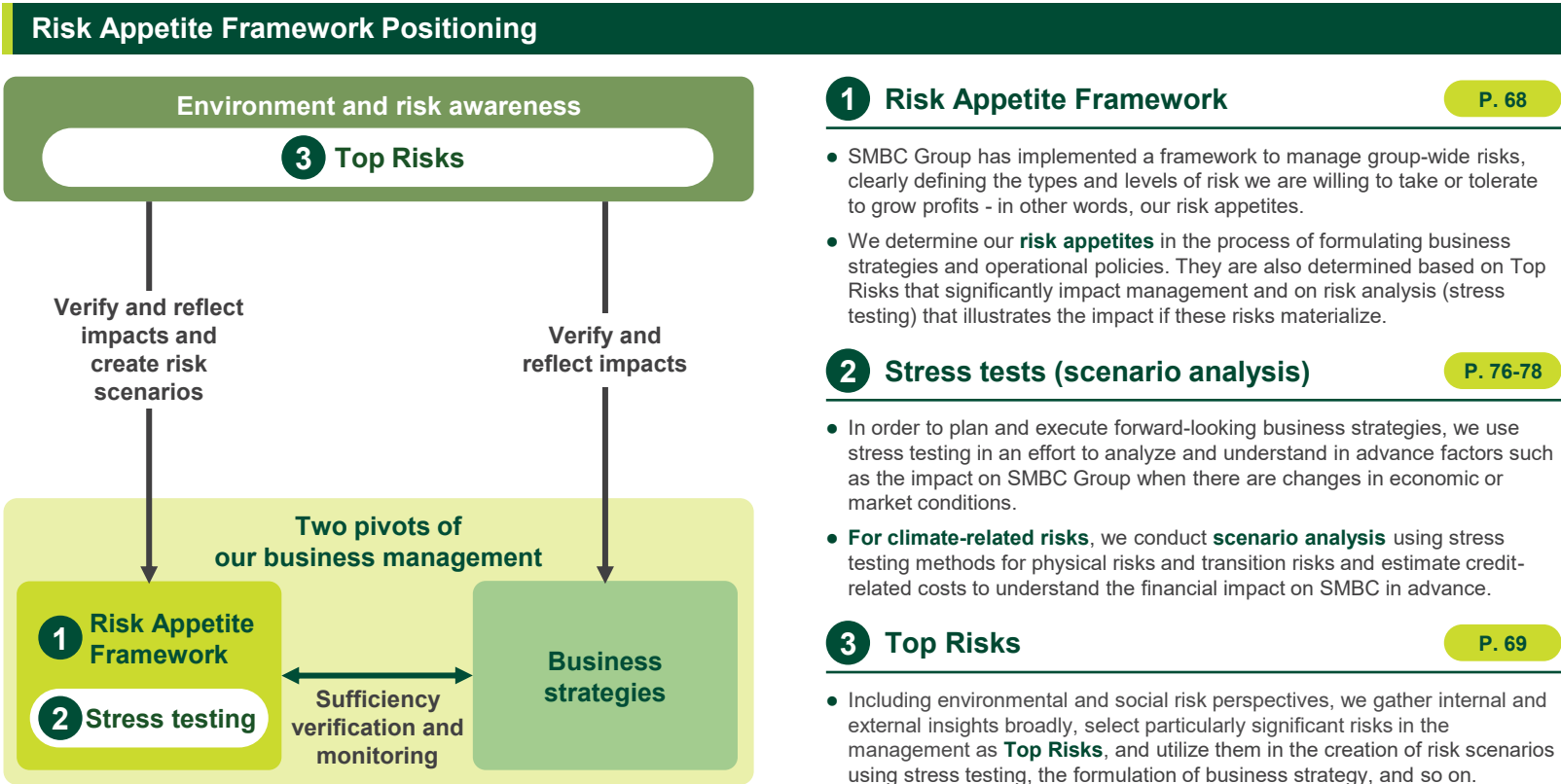
08. Metrics and targets

09. Appendix

SECTION 06

Company-wide risk management

Along with business strategy, the Risk Appetite Framework (RAF) is regarded as one of two key components of SMBC Group’s management control, to enable integrated risk management. Management shares the understanding of the environment and risks surrounding us, and uses this framework for facilitating appropriate risk-taking. Environmental and social risks are also managed within this framework.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process

07. Governance

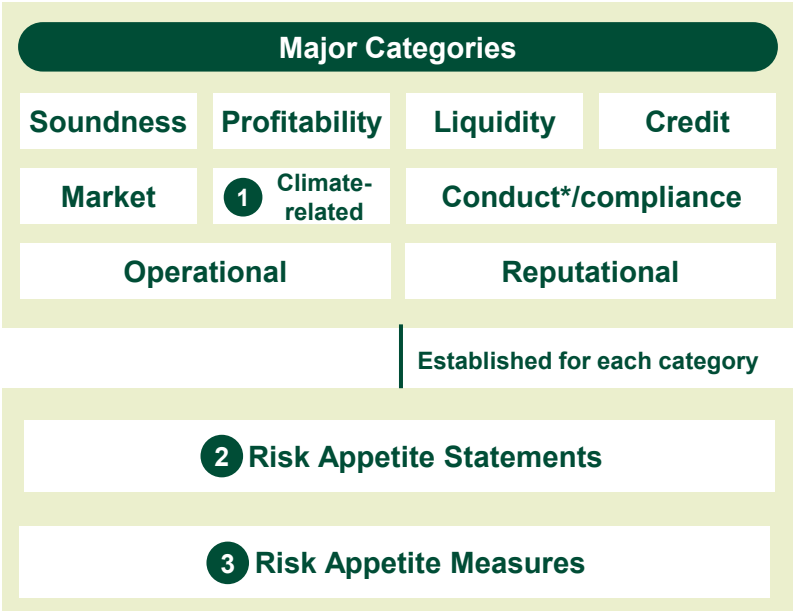
08. Metrics and targets

09. Appendix

At SMBC Group, we clarify the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (in other words, our risk appetite). We manage sectoral emissions, having also determined our risk appetite for climate-related risks.

Risk appetite composition

- Risk appetite refers to the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits.
- Individual risk appetites have been established by strategies for each business unit as necessary, based on the overall risk appetite of SMBC Group. (These risk appetites are set after the selection of the Top Risks as mentioned later, based on risk analyses (stress testing) and the consideration of the impacts if these risks should materialize.)
- The outlook for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary.



- 1

Category: Climate-related

 - To mitigate the ripple effects on credit risks and other risks triggered by climate change, a new category was established in FY2023.
- 2

Risk Appetite Statements

 - A qualitative explanation of our approach to risk-taking and risk management for various risk categories.
- 3

Risk Appetite Measures

 - Quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk/return.
 - Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.
 - To address climate-related risks, we set and manage sectoral emissions as a management indicator.

* Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, the public interest, and SMBC Group's stakeholders through acts that violate laws and regulations or social norms.

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy
06. Risk management - Company-wide risk management - Environmental and social risk management process
07. Governance
08. Metrics and targets
09. Appendix

At SMBC Group, risks that are particularly significant to management are identified as “Top Risks” based on discussions in the Risk Committee and the Group Management Committee. From the perspective of environmental and social risks, we regard the greater frequency of disasters such as large-scale earthquakes, storms and floods, disparity in political policy, legislation, and social norms relating to environmental issues and human rights, and so on as Top Risks.

Selection method	● Collect a wide range of risk events comprehensively, considering both internal and external factors. ● Evaluate the likelihood of potential risk scenarios occurring and their impact on management. ● Discuss Top Risks at meetings of the Board of Directors, the Risk Committee (an internal committee), and the Group Management Committee.	
Top Risks	Globally widening fiscal deficits	Delayed response to AI and other technological innovations
	Lower predictability from U.S. governance shifts	Sophistication of disinformation and unexpected rapid spread of information
	Political turmoil and social instability	Outbreak of severe infectious disease
	Multipolarization of the global economy	Disasters such as large-scale earthquakes, storms, and floods
	Rising military tensions and escalating conflicts	Divide in policies, regulations, and social expectations on environmental and human rights issues
	Increasing threats in cyberspace	Misconduct against customer protection and market integrity
	World economic stagnation	Inadequate preparedness for AML/CFT
	Sudden deterioration in FX funding condition, manifestation of a financial crisis	Inadequate response to system failures
	Japanese fiscal instability	Inadequate preparedness for heightened regulatory and supervisory scrutiny
	Japanese economic stagnation	Overlooking material facts related to investments, strategic alliances and partnerships
	Intensifying competition to attract JPY deposits	Difficulty in securing human resources

Note: The above is only a portion of the risks recognized by SMBC Group. Please be aware that the materialization of risks other than those listed above could have a significant impact on our management. : Top risks related to environmental and social risks

Examples of usage	● Risk Appetite Framework (described above) and the formulation of business strategies ● Creation of risk scenarios for stress testing
-------------------	--

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process

07. Governance

08. Metrics and targets

09. Appendix

Definitions of risks by category and overview of company-wide management system

SMBC Group classifies and manages the types of risks that need to be controlled as follows. We regularly review these risk types and add new risks as they arise in response to the environmental changes.

Major Risk category	Definition	Company-wide management system
Credit risk	Risk of incurring losses due to reduction or loss of asset values (including off-BS assets) resulting from credit events such as deterioration of financial conditions of obligors	- Drawing from the Basic Policy for Group-Wide Risk Management, we formulate and manage the basic policy for credit risk management each year. - We have instituted the "Credit Risk Committee," a discussion body aimed at ensuring agile and appropriate risk control, as well as safeguarding a robust governance structure in credit operations.
Market risk	Risk of incurring losses due to fluctuations in the market value of financial instruments resulting from changes in interest rates, currency rates, equity prices, etc.	In line with the "Basic Policy for Group-Wide Risk Management," we establish and manage significant matters such as the basic policy for market risk and liquidity risk management, and risk limits.
Liquidity risk	Risk of difficulty in procuring funds necessary for settlement due to mismatch in the period between fund management and procurement or unexpected outflow of funds; risk of incurring losses due to forced procurement of funds at a significantly higher interest rate than usual	We have instituted the "ALM Committee," a discussion body aimed at reviewing reports on the status of market and liquidity risk management and deliberating on ALM policies, among other matters.
Operational risk	Risk of incurring losses resulting from improper or non-functional internal processes, people and/or systems, or from occurrence of external events	- Having established the "Policies for Operational Risk Management," the Corporate Risk Management Department and Corporate Risk Information Department, as departments overseeing operational risk, along with the management departments responsible for administrative risk, system risk, tangible asset risk, legal risk, etc., function as a comprehensive operational risk management system. - They ensure the effectiveness of risk management by regularly reporting on the status of internal loss data, KRIs, risk amounts from scenarios, and risk reduction progress to the Group CRO.
Reputational risk	Risk of leading to impairment in enterprise value or a decline in customer trust due to failure in meeting expectations regarding high ethics, sincerity, etc. by stakeholders (customers, shareholders/markets, society/environment, employees, etc.), resulting from certain business operations of SMBC Group or a certain act conducted by one of its employees or another related person.	- We established the "Policies for Reputational Risk Management," and we strive to clarify the operational structure and the system, methodology, and rules related to reputational risk management, working toward achieving effective risk management. - Based on the "Basic Policy for Group-Wide Risk Management," the General Affairs Department and Public Relations Department centrally oversee this risk. They are responsible for planning, executing, promoting, and supporting risk management measures. - We have established a body to discuss various strategies for minimizing reputational risk.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process

07. Governance

08. Metrics and targets

09. Appendix

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process

07. Governance

08. Metrics and targets

09. Appendix

SECTION 06

Environmental and social risk management

We are working to sort out the events and timeframe that will accompany the transmission of environmental and social risks to each risk category.

Risk category		Event examples relating to physical risks	Event examples relating to transition risks
Environmental and social risks Risks that environmental and social factors, such as climate change, natural capital, and human rights, become risk drivers and transmit through various pathways to each risk category, ultimately resulting in losses for SMBC Group.	Credit risks	Climate change Risk of increasing credit-related costs along with the deterioration of customer performance or impairment of collateral items due to natural disasters Natural capital Risks associated with the intensification of natural disasters due to the degradation of natural capital and the deterioration of customer performance due to increased raw material procurement costs	Climate change Risks of increasing credit-related costs along with the deterioration of customer performance due to stricter regulations associated with the transition to a decarbonized society Natural capital Risks associated with deterioration of customer performance due to the cost burden of adopting new technology to lessen the dependencies on certain natural capital, and increased cost burden of responding to changes in laws, regulations, and policies to conserve and restore natural capital
	Market risk	Climate change Risk of fluctuations in the fair value of financial instruments held due to market volatility arising from natural disasters or chronic climate changes, such as rising temperatures	Climate change Risks of deterioration in customer performance and a decline in the value of strategically held stocks and funds along with stricter regulations
	Liquidity risk	Climate change Risk of deterioration in funding conditions due to natural disasters or chronic climate changes, such as rising temperatures, or outflows of deposits and other funds caused by deterioration in customers' business performance	Climate change Risk of deterioration of the funding environment and risk of a funds drain from deposits due to deterioration of the Group's reputation
	Operational risk	Climate change Risk of business discontinuation due to damage to the Head Office and branches; risk of increasing costs due to the need for a response and recovery	Climate change Risk of incurring losses due to fines and court proceedings relating to sales of products and services that do not meet climate change measures and green finance criteria
	Reputational risks	Climate change Risk of being criticized for a delayed response for business recovery from a damaged Head Office and/or branches Natural capital Risks of reputational damage if natural capital is impaired due to adverse impacts, thereby impeding customers' business activity	Climate change Risk of deterioration in the reputation of SMBC Group due to a lack of responses to climate change and a delayed response to requests from stakeholders for information disclosure Natural capital Risk of reputational damage if customers' efforts to conserve natural capital are inadequate

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

We have established policies for businesses and sectors which are likely to have significant impacts on the environment and society. These policies require that credit and business decisions in each instance are independently determined subject to compliance with local legal requirements and policies.

Cross-sectoral and cross-business policies

Support that may breach social norms such as laws and regulations

Support that may have negative impacts on the environment

Support in conflict with public order and morals

Support considered problematic in terms of public responsibility

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

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

Policies by businesses and sectors

Coal-fired power generation



Biomass energy generation



Hydroelectric power generation



Oil & gas



Mining



Tobacco manufacturing



Palm oil plantation development



Deforestation



Manufacturing of cluster bombs and other weapons of destruction



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix



We assess risks from both environmental and social perspectives for corporate and project-related matters and use the assessment results as a factor in credit decisions. We also conduct engagement with customers based on those results.

Overview of environmental and social due diligence

When considering support for customers or projects assessed as having particularly high environmental and social risks, we apply escalation procedures and engage with the relevant customers.

	Finance for corporates	Finance for projects
Overview	Periodically assess the environmental and social risks of borrowers, including climate-related transition and physical risks.	Evaluate the environmental and social impact of large-scale projects (including periodic monitoring after the project begins)
Evaluation targets	Business corporations in sectors such as oil & gas, coal, power, steel, automobile, mineral resources, agriculture, apparel, and tobacco	- Support for large-scale new development/expansion projects - Support for projects falling under policies for specific businesses and sectors
Key items	Sector-specific environmental and social risks ✓ Examples in power sector: climate, resources, local communities, occupational health and safety Mitigation measures ✓ Climate change: Transition plan P. 75 ✓ Resource management: Efficient use of resources ✓ Occupational health and safety: Safety management system, health and safety education Governance system ✓ Oversight of efforts to address environmental and social issues	Potential environmental and social risks and mitigation measures associated with the project ✓ Compliance with local laws and international standards (e.g., IFC Performance Standards) ✓ Pollution control including climate-related risks ✓ Biodiversity ✓ Protection of Indigenous communities ✓ Stakeholder engagement/grievance mechanisms ✓ Occupational health and safety ✓ Risk management system/action plans



* In addition to conventional screening, assess and evaluate how environmental and social risks may impact credit and reputational risks, and make informed, comprehensive decisions accordingly.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- **Environmental and social risk management process**
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

(Reference) Environmental and social due diligence: Evaluation of transition plans

For corporate finance in sectors with high climate-related risk, we also review transition plans during environmental and social risk assessments.

Evaluation method for transition plans

Target sectors

Power

Agriculture

Mineral resources
(including coal)

Automobiles and components

Oil & gas
(including mid/downstream)

Tobacco

Steel

Evaluation details

- Evaluations were conducted from the perspectives of GHG reduction targets, strategies and plans, and governance.
- Overall evaluations are based on companies' responses in each area.

Points to confirm (examples)

GHG reduction targets

- Short-, medium-, and long-term reduction targets
- Scope of reduction targets
- Consistency with the Paris Agreement

Strategy / Plan

- Strategy to achieve goals
- Equipment investment and related plans
- Initiatives including the supply chain

Governance

- Oversight by the Board of Directors
- Board capabilities
- Compensation system

Progress of evaluation

- Among applicable sectors, we conducted evaluations of transition plans for approximately 400 companies with credit exposure above a certain threshold.
- Evaluations are conducted periodically, and engagement is carried out as necessary.

Evaluation results for April 2025 – March 2026

Evaluation results

Low rating → High rating

All sectors

Power

Oil & gas

Automobile

Steel

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Climate change scenario analysis: Analytical approach to physical risks (1/2)

Regarding acute physical risks, scenario analyses of water disasters—which are believed to account for the majority of natural disasters caused by climate change—are conducted and their impact up to 2050 is assessed.

Steps of analysis (acute physical risks)

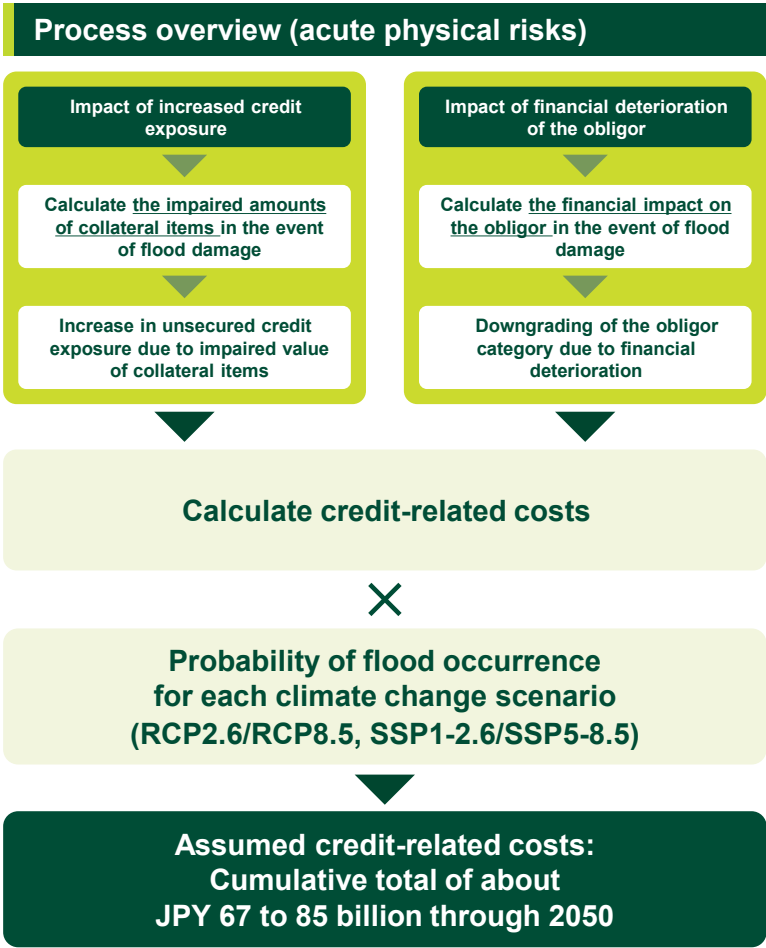
- Step 1

 - Regarding the impact of water disasters on business performance, we calculate credit-related costs that are expected to arise from two routes: impairment of collateral value of business corporations, and downgrading of the obligor's classification due to the deterioration of financial conditions.
 - In Japan, by using hazard maps disclosed by the MLIT, the assumed flood inundation depth for each of the collateral items and corporate customers located on each map are recognized.
 - For overseas, the assumed flood inundation depths for each corporate customer are calculated using AI analysis data from satellite images captured by Jupiter Intelligence.
 - Based on the flood inundation depth data, the collateral impairment impact and deterioration of financial conditions are analyzed.
- Step 2

 - Using data provided by a project to assess flood risk due to climate change* being conducted by MS&AD InterRisk Research Institute, the University of Tokyo, and the Shibaura Institute of Technology, the probability of flood occurrence up to 2050 for each of the following scenarios are set: RCP2.6 and SSP1-2.6 (2°C scenarios) as well as RCP8.5 and SSP5-8.5 (4°C scenarios), which are the basis for IPCC research projects.
- Step 3

 - The expected credit-related costs are calculated by applying the probability of flood occurrence for each climate change scenario set in Step 2 to the credit-related costs estimated in Step 1.

* 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.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

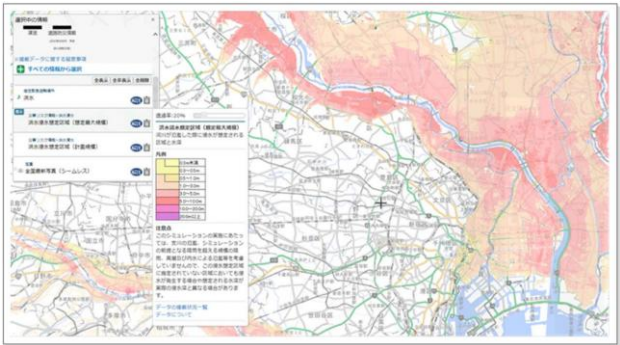
09. Appendix

Climate change scenario analysis: Analytical approach to physical risks (2/2)

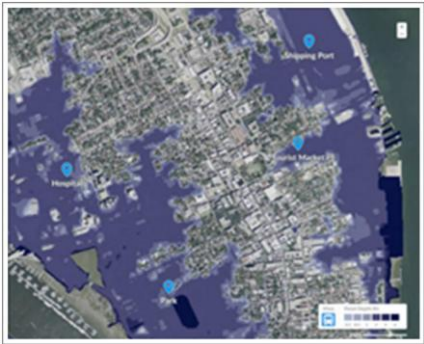
In analyzing the acute physical risks (water disasters) mentioned earlier, hazard maps and satellite analysis images such as those shown below are used. In addition, new scenario analysis of chronic physical risks (decline in productivity due to rising temperatures) and assessment of the impacts up to 2050 are conducted.

(Reference) Supplementary materials for acute physical risks

Water disaster hazard map (Ministry of Land, Infrastructure, Transport and Tourism (MLIT))



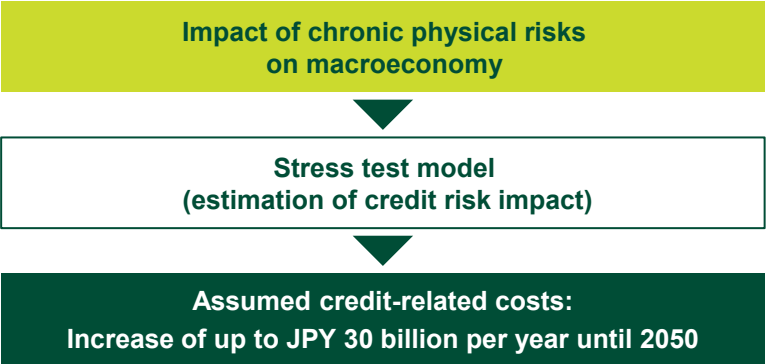
Satellite analysis image (Jupiter Intelligence)



Steps of analysis (chronic physical risks)

- Step 1
- Under the Network for Greening the Financial System's (NGFS) Current Policies scenario (a 3°C scenario), we identified chronic macroeconomic impacts, including lower productivity caused by rising temperatures and associated disruptions to supply chains.
- Step 2
- Credit-related costs assumed for the period up to 2050 by reflecting the analysis results in the stress test model that estimates the credit risk impact are calculated.

Process overview (chronic physical risks)



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Climate change scenario analysis: Analytical approach to transition risks



Scenario analysis targeting transition risks is conducted in the energy, power, steel, automobiles and components sectors, and the impact is assessed up to 2050.

Steps of analysis

Step 1

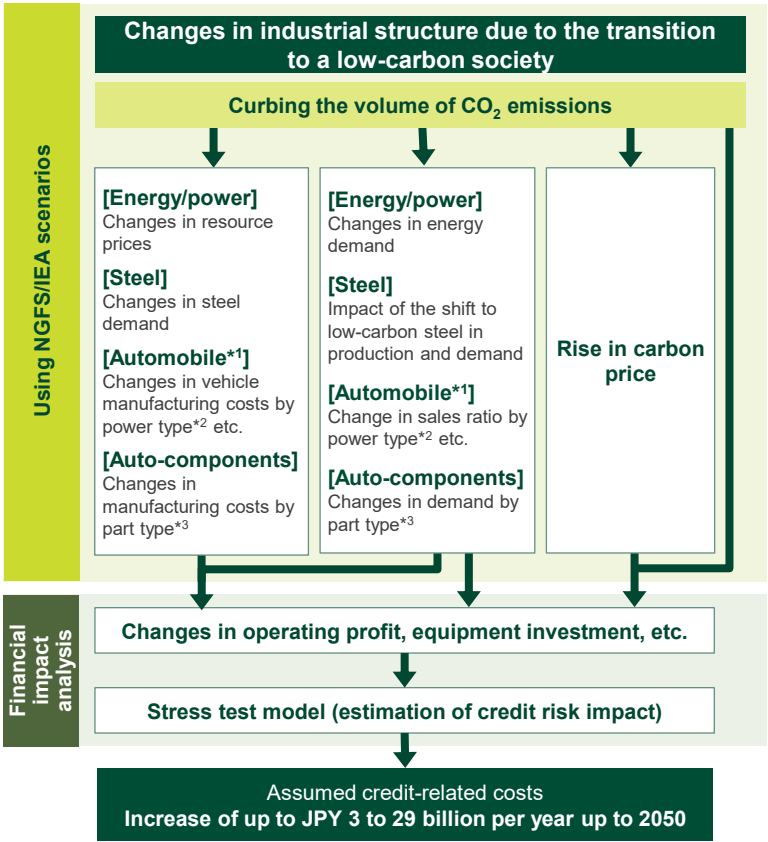
- In the transition to a decarbonized society, we analyzed the impact of risk factors anticipated in each sector on business performance under various scenarios, focusing on the energy, power, steel, automobiles and components sectors, which are expected to be particularly vulnerable due to their significant GHG emissions.
 - ✓ NGFS Current Policies scenario (3°C scenario)
 - ✓ The Net Zero 2050 scenario (1.5°C scenario), which also assumes the achievement of carbon neutrality by 2050 under the NGFS
 - ✓ IEA/NZE scenario (1.5°C scenario)

Step 2

- Credit-related costs assumed for the period up to 2050 were calculated by reflecting the analysis results in the stress test model that estimates the credit risk impact.



Process overview



*1 Automobile sector: Original equipment manufacturers (OEMs) are analyzed.
*2 All powertrains are analyzed, including internal combustion engine vehicles, hybrid electric vehicles, fuel cell electric vehicles, and battery electric vehicles.
*3 Parts are categorized into ZEV-related, non-ZEV-related, and common parts.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Analysis by sector: Risk analysis heatmap

As part of our analysis of credit risk, SMBC Group has developed a sector-specific heatmap based on the degree of impact of climate-related risks. By considering the magnitude of risks in each sector, we are enhancing risk management and strategies.

Sector-specific heatmap

- We are organizing a sector-specific heatmap based on the impact of risks associated with climate change. This sector-specific heatmap evaluates the level of climate-related risks from both quantitative and qualitative perspectives. The quantitative assessment considers factors such as estimated risk exposure by sector. The qualitative assessment evaluates the magnitude of anticipated impacts on each sector arising from “acute” natural disasters and “chronic” temperature changes associated with global warming, as well as from changes in “policy and legal,” “technology,” “market,” and “reputation” factors in the transition to a low-carbon economy.
- Regarding transition risks, we recognize that risk levels are high in carbon-intensive sectors, such as power, oil & gas, and coal. We view the response in these sectors as critical.
- For physical risks, we recognize certain risks in sectors with high resource dependence, including beverages, agriculture, food, and paper and forest products.
- However, methodologies for analyzing both transition and physical risks are still in development. Just like the aforementioned scenario analyses, we will continuously update them in accordance with changes in climate-related policies, technologies, and market conditions, as well as advances in climate science, to further enhance our strategies.

Sector	Transition risks	Physical risks
Power	Very high	Low
Oil & gas	Very high	Middle
Coal	Very high	Middle
Air cargo	Low	Low
Passenger aviation	Middle	Middle
Shipping	High	Low
Railroads	Low	Low
Truck services	Middle	Low
Automobiles and components	High	Low
Metals and mining	Middle	Low
Steel	High	Low
Chemical products	Middle	Low
Construction materials	High	Low
Capital goods	Middle	Low
Real estate	Low	Low
Beverages	Low	Middle
Agriculture	Low	Middle
Packaged foods and meat	Low	Middle
Paper and forestry products	Low	Middle

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Analysis by sector: Risk analysis (credit exposure)

Among transition risks, SMBC clarifies sector-specific credit exposure risks as a part of analysis related to credit risks. The results of analysis, such as the heatmaps described above and the scenario analyses, are reflected in the enhancement of sector-specific risk management and strategies.

Sector*1	(JPY trillion)	
	Mar. 2025*5	Mar. 2026
Power	11.9	13.2
Oil & gas	9.0	9.2
(Upstream/Integrated E&P)	2.2	2.2
(Upstream/Drilling, equipment & services)	0.2	0.2
(Midstream/Storage and transportation)	1.9	2.3
(Downstream/Refining and sales)	2.1	1.9
(Gas utilities)	0.6	0.5
(Commodity traders)	1.8	2.1
Coal (thermal coal)	0.1	0.0
Power and energy subtotal	20.9	22.4
Air cargo	0.1	0.1
Passenger aviation	1.4	1.0
Shipping	2.3	2.5
Railroads	1.4	1.4
Truck services	1.0	1.1
Automobiles and components	3.7	5.2
Transportation subtotal	9.9	11.3

Sector*1	(JPY trillion)	
	Mar. 2025*5	Mar. 2026
Metals and mining	1.7	1.8
Chemical products	4.5	4.0
Construction materials	0.9	0.9
Capital goods*2	9.2	10.2
Real estate	18.4	20.0
Steel	2.4	2.5
Materials and buildings subtotal	37.1	39.3
Beverages	1.0	1.8
Agriculture	1.0	0.8
Packaged foods and meat*3	1.6	1.6
Paper and forestry products	0.8	0.7
Agriculture, food, and forestry products subtotal	4.3	4.9
Total of the above sectors*4	72.3	77.9

*1 The sectors assessed were selected based on the definitions of carbon-related assets in the supplementary guidance of the TCFD recommendations.

*2 Machinery, electrical equipment, construction, etc.

*3 Manufacturing of packaged foods, including dairy products and meats, etc.

*4 Credit exposure of SMBC and major local subsidiaries, etc.

*5 Figures for the fiscal year ended March 2025 have been revised to reflect refinements to the industry classification.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Analysis by sector: GHG emissions

The SMBC Group calculates financed emissions to inform sector-specific reduction targets and enhance risk management, alongside heatmap and other analyses.

FY2024 actual ^{*1} Sector	Loan exposure (JPY trillion) ^{*2}	Financed emissions (Mt-CO ₂ e) ^{*3}		PCAF score	Cover-age ratio (%)
		Scope 1, 2	Scope 3		
Power	6.2	160.0	58.8	4.5	100%
Oil & gas	3.6	290.8	60.9	4.4	100%
Coal (thermal coal)	0.0	0.1	0.1	4.4	100%
Energy (including power) subtotal	9.9	450.9	119.9	4.5	100%
Air cargo	0.1	0.2	0.1	4.8	100%
Passenger aviation	1.0	3.8	2.0	4.6	100%
Shipping	1.6	5.9	6.0	4.6	100%
Railroads	1.0	1.0	0.8	4.1	100%
Truck services	0.8	2.3	1.6	4.1	100%
Automobiles and components	2.0	0.8	10.1	4.1	100%
Transportation subtotal	6.5	14.1	20.7	4.3	100%
Metals and mining	0.8	5.5	4.6	4.1	100%
Aluminum	0.0	0.4	0.6	4.0	100%
Chemical products	2.9	167.1	19.6	4.0	100%
Construction materials	0.6	0.2	3.7	4.0	100%
Cement	0.1	0.0	0.4	4.1	100%
Capital goods	4.4	2.3	22.6	4.1	100%
Real estate	15.2	0.6	2.9	4.5	100%
Steel	1.5	7.4	14.9	4.0	100%
Materials and buildings subtotal	25.6	183.6	69.3	4.3	100%
Beverages	0.5	0.3	1.4	4.1	100%
Agriculture	0.6	8.3	4.2	4.0	100%
Packaged foods and meat	0.9	10.6	4.9	4.1	100%
Paper and forestry products	0.5	0.6	1.8	4.2	100%
Agriculture, food, and forestry products subtotal	2.5	19.9	12.3	4.1	100%
Total of the above sectors	44.4	668.5	222.2	4.3	100%

^{*1} Subtotals and totals are calculated using unrounded figures and may therefore differ from the sum of the amounts shown for each item.

^{*2} Loans represent the outstanding balances of corporate loans and project finance. Please refer to the Appendix for details.

^{*3} The figures are calculated based on the outstanding balances of corporate loans and project finance, using a consistent methodology to enable comparisons across sectors. They are preliminary estimates calculated using estimated values based on the PCAF Database, and we recognize that they may differ from actual GHG emissions.

FY2025 actual ^{*1} Sector	Loan exposure (JPY trillion) ^{*2}	Financed emissions (Mt-CO ₂ e) ^{*3}		PCAF score	Cover-age ratio (%)
		Scope 1, 2	Scope 3		
Power	6.6	150.0	55.7	4.5	100%
Oil & gas	3.5	238.7	43.8	4.5	100%
Coal (thermal coal)	0.0	0.0	0.0	4.1	100%
Energy (including power) subtotal	10.1	388.7	99.6	4.5	100%
Air cargo	0.1	0.4	0.2	4.5	100%
Passenger aviation	0.7	2.3	1.2	4.6	100%
Shipping	1.8	5.8	5.9	4.6	100%
Railroads	0.8	0.9	0.7	4.1	100%
Truck services	0.9	2.2	1.6	4.1	100%
Automobiles and components	3.2	1.0	13.0	4.4	100%
Transportation subtotal	7.4	12.6	22.6	4.4	100%
Metals and mining	0.8	5.4	4.4	4.2	100%
Aluminum	0.0	0.5	0.7	4.0	100%
Chemical products	2.7	132.2	16.2	4.1	100%
Construction materials	0.6	0.2	3.3	4.1	100%
Cement	0.1	0.0	0.4	4.0	100%
Capital goods	4.6	2.3	22.7	4.1	100%
Real estate	16.9	0.6	3.0	4.5	100%
Steel	1.7	7.9	15.9	4.1	100%
Materials and buildings subtotal	27.3	149.2	66.6	4.3	100%
Beverages	0.6	0.3	1.4	4.1	100%
Agriculture	0.4	2.3	1.3	4.0	100%
Packaged foods and meat	1.0	12.1	5.2	4.1	100%
Paper and forestry products	0.5	0.5	1.6	4.1	100%
Agriculture, food, and forestry products subtotal	2.5	15.2	9.5	4.1	100%
Total of the above sectors	47.3	565.8	198.3	4.4	100%

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

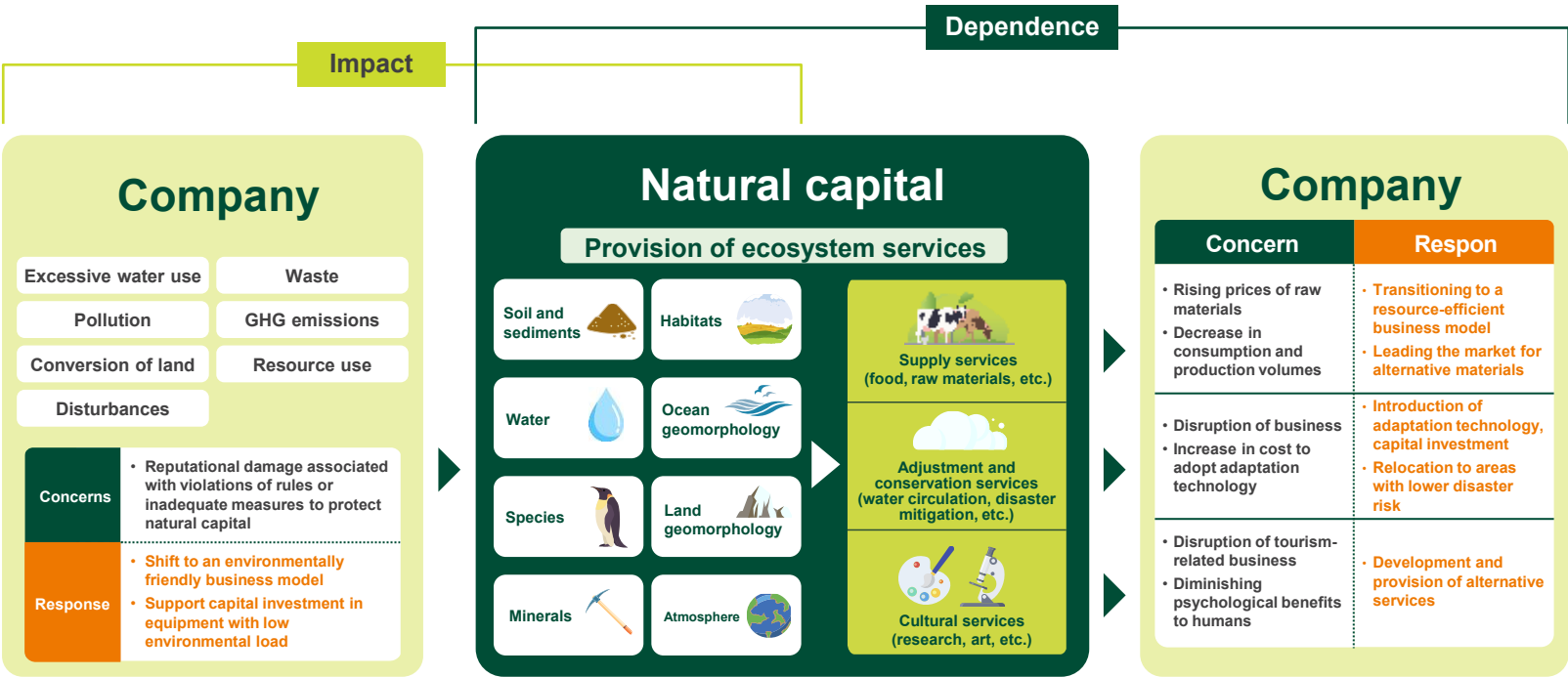
- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Companies interact with the ecosystem services provided by natural capital in terms of both dependencies and impacts. SMBC Group analyzes the degree of customers' dependency and impact on natural capital by sector, in line with the LEAP approach.



Source: Prepared by SMBC Group based on [ENCORE \(encorenature.org\)](#)

(Reference) The LEAP approach for identifying and assessing nature-related issues*

Locate	Evaluate	Assess	Prepare
- Screening of dependencies and impacts - Understanding the contact points with nature - Understanding the contact points with sensitive locations	- Environmental assets, ecosystem services, identifying impact drivers - Identifying dependencies and impacts, evaluation of importance	- Identifying opportunities and risks, priority setting, evaluation of importance - Mitigating and managing existing risks	- Determining strategies and resource allocation - Target setting and performance management - Reporting and display

* Compiled by SMBC Group from the Recommendations of the Task Force on Nature-related Financial Disclosures (TNFD)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

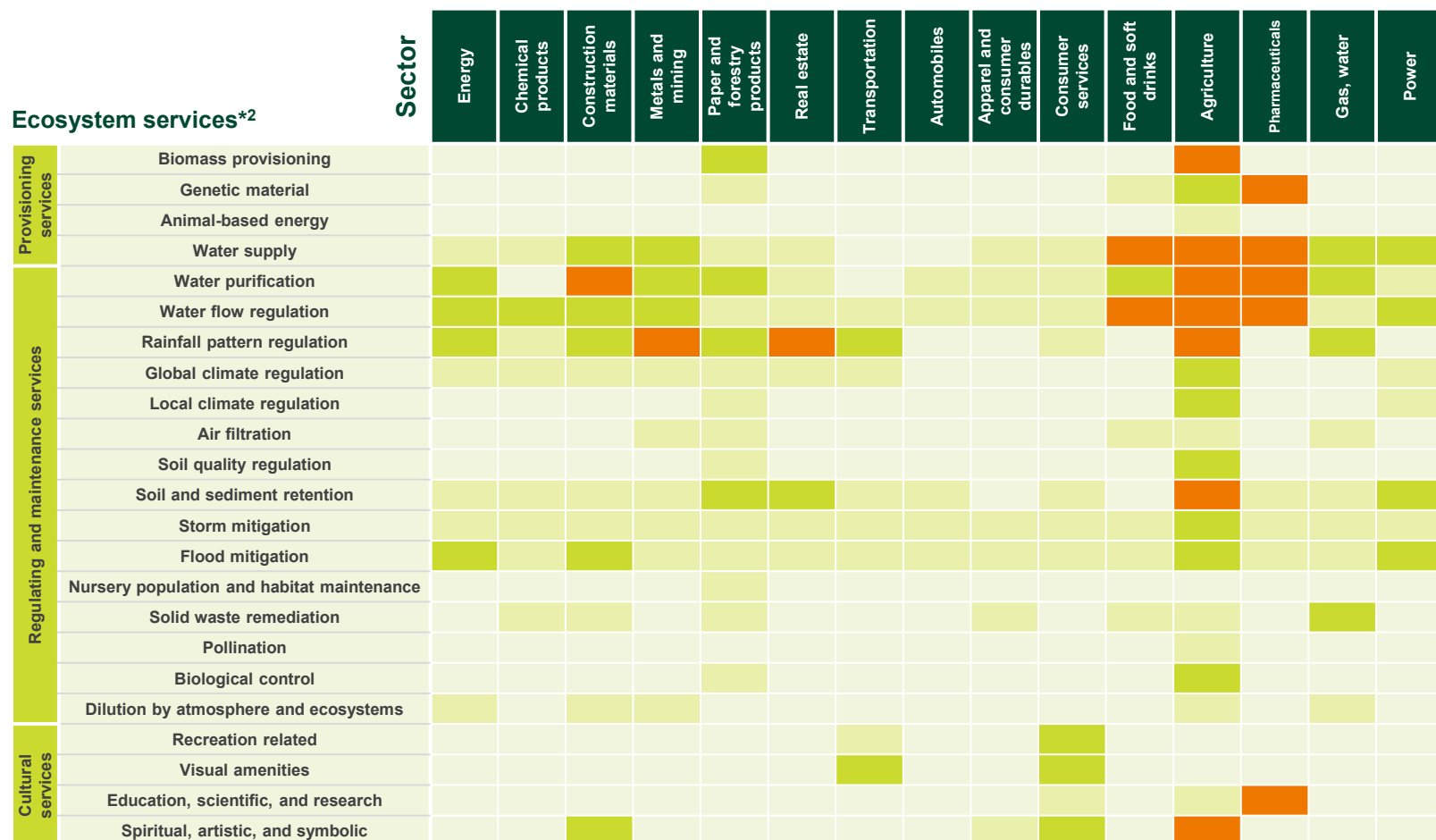
07. Governance

08. Metrics and targets

09. Appendix

Heatmap of dependencies on natural capital

Using the nature-related risk analysis tool “ENCORE,” we create a heat map*¹ targeting priority sectors as outlined in the TNFD guidance for financial institutions. On the heat map concerning dependency on natural capital, many sectors are dependent on “water,” which we recognize as particularly important natural capital for advancing business activities.



*¹ Compiled by SMBC Group from [ENCORE \(encore.nature.org\)](https://encore.nature.org)

*² For details on the definition, see the Appendix.

Very high High Middle Low, Very low, N/A

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
- Overall
- Climate change
- Natural capital
- Human rights

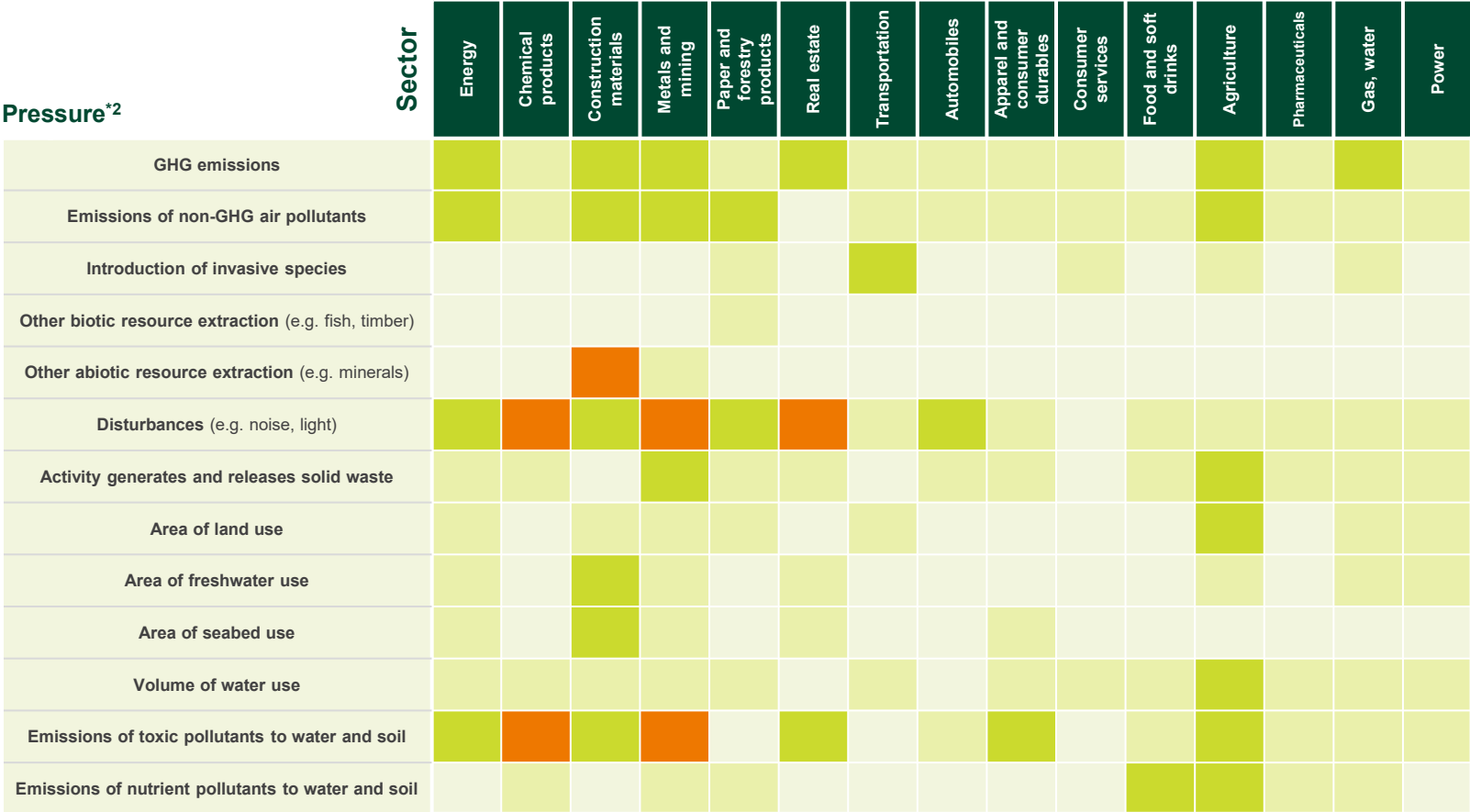
07. Governance

08. Metrics and targets

09. Appendix

Heatmap of impacts on natural capital

The heatmap^{*1} for impact on natural capital shows that many sectors have cross-category impacts on a wide range of natural capital. As these are directly linked to opportunities and risks for SMBC Group, we will focus on the positive and negative impacts that our customers’ business activities have on natural capital and address them as a priority.



^{*1} Compiled by SMBC Group from [ENCORE \(encorenature.org\)](#)

^{*2} For details on the definition, see the Appendix.

Very high

High

Middle

Low, Very low, N/A

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

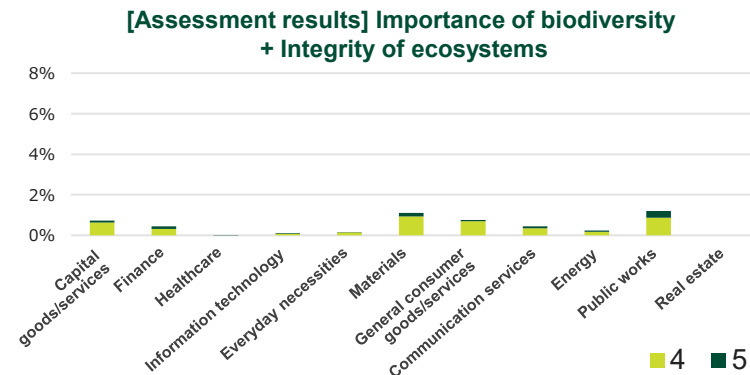
09. Appendix

To understand the interactions with high-risk areas downstream in the value chain and the characteristics by sector, we conducted a trial analysis using location data from 25,481 direct operational sites worldwide of 133 major borrowers. With the cooperation of MS&AD InterRisk Research & Consulting, we evaluated three items using multiple indicators: “importance of biodiversity,” “integrity of ecosystems,” and “physical water risk.”

- For importance of biodiversity, we assessed locations based on indicators such as Key Biodiversity Areas and protected areas. For integrity of ecosystems, we used indicators such as tree cover loss, biodiversity degradation, and species loss. Each location was rated on a five-point scale from 5: Very High to 1: Very Low.
- For physical water risk, we analyzed water-related physical risks using three indicators: water stress, flood risk, and BOD, an indicator of water pollution. Locations rated 4 or 5 for any of the three indicators, or locations rated 4 or 5 across multiple risk indicators, were identified as areas of concern due to single or compound risk factors.

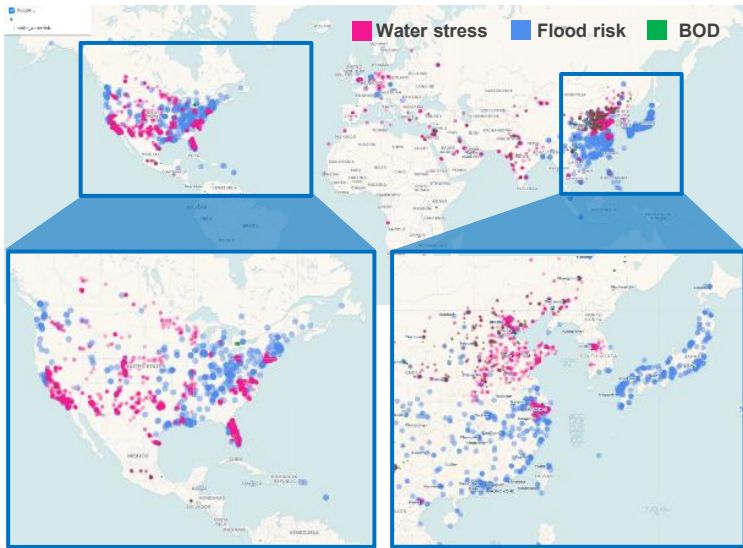
Importance of biodiversity + Integrity of ecosystems

- When combining the results for importance of biodiversity and integrity of ecosystems, the average share of locations rated 4: High or above by sector showed little variation across industries. Even in the sectors with the highest shares, the proportion was only slightly above 1%.



Physical water risks

- For physical water risk, all sectors showed a share of more than 20% of locations exposed to high risk. In particular, the Energy, Communication Services, and Information Technology sectors showed high-risk exposure at around 40% of their locations.
- High-risk locations were particularly concentrated in Asia and North America. Looking more closely at Asia, Japan and southern China showed high flood risk, while northern China showed high water stress. In North America, flood risk was particularly concentrated in the eastern region, while water stress was observed across a broad area, including around California and Florida. For BOD, although the number of relevant locations was smaller than for the other two indicators, high-risk locations were concentrated particularly in northeastern China and India.



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Potential Analysis of Biodiversity Impacts

SMBC conducted joint research with Professor Norihiro Itsubo’s Laboratory at Waseda University to analyze four sectors — Energy, Automobiles, Steel, and Electric Power — by reflecting country- and sector-specific supply chains and environmental impacts. Looking ahead to the potential future use of a nature footprint, SMBC is conducting a trial analysis to visualize and quantify biodiversity impacts through its financing and investment activities.

Analysis of Biodiversity Impacts by Country/Region and Sector



- ① Using GLORIA ^{*1}, a database that links country/region- and industry-level input-output tables with environmental data such as GHG emissions and land use, we calculated GHG emissions and land transformation areas for the four sectors.

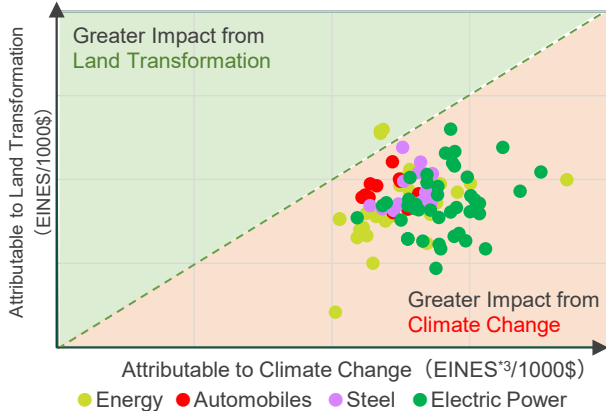
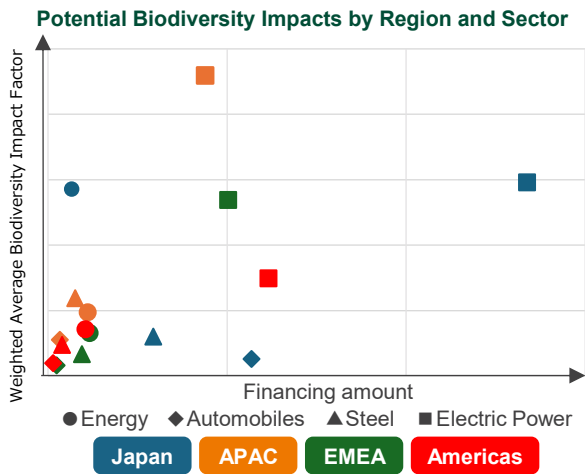
② Using LIME ^{*2}, an impact assessment method developed under the leadership of Professor Itsubo, we calculated biodiversity impacts attributable to climate change and land transformation.

③ By taking into account indirect impacts across industries, we calculated both direct and indirect biodiversity impacts for each sector.

④ By combining aggregated financing amounts by country and sector with biodiversity impact potential, we analyzed the characteristics of each sector.
- ^{*1} Global Resource Input-Output Assessment

^{*2} Life-cycle Impact Assessment Method based on Endpoint Modelling

- SMBC assesses environmental and social risks, including biodiversity impacts, and uses the results as one of the factors in credit decision-making, while also engaging with customers. In FY2024 and FY2025, SMBC is also participating as an observer in the Cabinet Office BRIDGE project, which aims to develop and demonstrate a nature footprint methodology based on an expanded version of LIME, with a view to promoting nature-related disclosures by financial and investment institutions and contributing to international standardization. Going forward, SMBC will continue to accumulate knowledge and enhance its initiatives toward better understanding and managing biodiversity impacts through its financing and investment activities.
- The chart in the upper right plots financing amount on the horizontal axis and the biodiversity impact factor on the vertical axis, showing potential biodiversity impacts by region and sector. Among the four sectors, the Electric Power sector has a particularly large financing amount, while biodiversity impacts vary by region. Since the biodiversity impact factor also incorporates indirect impacts, this variation is presumed to reflect differences in power generation fuels.
- The chart in the lower right shows the breakdown of biodiversity impacts by country and sector. The closer a point is to the upper left, the larger the impact factor attributable to land transformation; conversely, the closer it is to the lower right, the larger the impact factor attributable to climate change. The results indicate that, overall, impacts attributable to climate change are larger. For the four sectors analyzed, this suggests that the main pathway of biodiversity impact is not direct deforestation or land transformation, but rather GHG emissions from resource extraction, manufacturing, and power generation processes, which contribute to climate change over the medium to long term and ultimately damage ecosystems and biodiversity.



^{*3} Expected Increase in Number of Extinct Species

01. Message from the Group CEO
02. Editorial policy
03. Summary
04. Our approach to sustainability
05. Strategy
06. Risk management - Company-wide risk management - Environmental and social risk management process • Overall • Climate change • Natural capital • Human rights
07. Governance
08. Metrics and targets
09. Appendix

Identification and assessment of salient human rights issues for SMBC Group

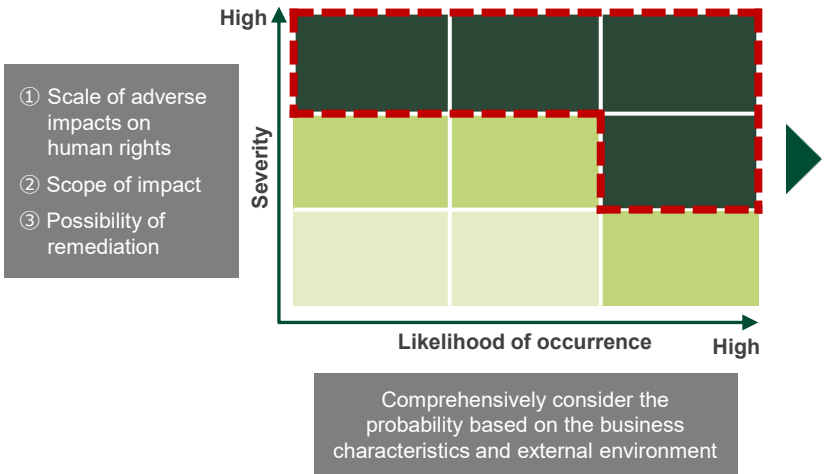
We map the human rights risks associated with the business of each SMBC Group company and identify and assess salient human rights risks.

Assessment method

In FY2022, SMBC Group took the first step in human rights due diligence by mapping the potential adverse impacts on human rights it might be involved in through its business activities. In other words, through dialogues with employees and external experts, we visualized high-risk human rights areas in terms of severity and likelihood of occurrence from three perspectives: 1) adverse impacts through transactions with customers, 2) adverse impacts through transactions with suppliers, and 3) adverse impacts on employees.

The severity of impact is determined based on the following criteria: 1) scale of the adverse impacts on human rights, 2) scope of the impacts, and 3) possibility of remediation. The likelihood of the occurrence of these impacts is determined by comprehensive consideration of their likelihood based on the business characteristics and external environment.

When determining salient human rights issues, we first identified the more serious adverse impacts from among the risks mapped, then identified those risks with some level of severity and a high likelihood of occurrence.



Results of the identification/assessment

- The salient human rights risks identified using the assessment method shown on the left are summarized in the table below.
- Going forward, SMBC Group will continue to review salient human rights risks as necessary, and focus on preventing and mitigating adverse impacts on these human rights.

Category of risk	Examples of salient human rights issues
Human rights risks related to transactions with customers	• Risk of involvement in human rights violations along supply chains due to financing and lease transactions (forced labor, child labor, occupational health and safety issues) • Risk of contributing to or being involved in infringements on the rights of indigenous peoples/local communities via investments and financing • Risk connected to infringements on human rights due to contribution to or involvement in businesses that have adverse impacts on the environment and climate change • Risk of infringements on privacy due to the influence of technology and AI development • Risk connected to discrimination due to transaction restrictions
Human rights risks related to transactions with suppliers	• Risk that the supplier will not pay sufficient wages or will not pay salaries by a stipulated date • Risk of inducing overwork among suppliers through business transactions • Risk of contributing to forced labor due mainly to the threat of punishment via transactions with suppliers • Risk of discrimination and disadvantage without reasonable grounds regarding hiring, promotions, and wages due to race, gender, language, and age at companies in the supply chain
Human rights risks related to employees	• Risk of forcing excessive or unfair work hours on employees • Risk of harassment (workplace harassment, sexual harassment, pregnancy discrimination, nursing care harassment, etc.) against colleagues • Human rights risks related to discrimination and gender • Risk of infringement on employees' privacy

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix

Environmental and social due diligence:

Supplementary information on human rights due diligence



To prevent and mitigate the risk of involvement in human rights violations within the supply chain, SMBC verifies if appropriate measures are being taken by customers with whom we provide or are considering financing. We strive to prevent and mitigate adverse impacts on human rights while obtaining the understanding and cooperation of customers.

Human rights due diligence for corporates

- To prevent and mitigate our contribution to and direct involvement in human rights violations through our investment and lending activities, we prioritize business activities that present higher environmental and social risks for periodic monitoring through environmental and social due diligence (for corporates).

New customers	• Prohibit support for businesses that engage in child labor, forced labor, or human trafficking.
Existing customers	• If there are human rights issues, encourage mitigation of adverse impacts. • If no improvement is seen, consider the business relationship carefully. • If we receive information about human rights violations, we check with our customers about their awareness and response status as necessary.

- We evaluate customers' wide range of human rights risks such as impacts on local communities, based on governance, risk mitigation measures, and the details of responses.
- We engage in dialogue with customers as necessary to address human rights risks.

Results for FY2025

- As a result of environmental and social due diligence (for corporates) assessment conducted for **approximately 450 companies**, we identified **one company** as having serious human rights violations.
- For several other companies where adverse information on human rights was discovered, we confirmed corrective actions and prevention plans to prevent recurrence.

Human rights due diligence for projects

- We confirm whether appropriate consideration of human rights is being implemented for stakeholders affected by the project. If deemed insufficient, we continue to manage the matter until necessary follow-up is completed.
- In cases where the risk is particularly high, we consider conducting onsite investigations.

Human rights checklist (examples)

- ✓ Status of resident resettlement and compensation
- ✓ Impact on Indigenous peoples and status of obtaining Free, Prior, and Informed Consent (FPIC)
- ✓ Status of stakeholder engagement and establishment of remedy and grievance mechanisms
- ✓ Impact on the living environment due to the project, including environmental pollution and other factors
- ✓ Occupational health and safety of project workers

Results for April 2025–March 2026

Total number of environmental and social due diligence (for projects) conducted*

178 cases

Follow-up instructions for human rights

16 cases

Confirmed response

4 cases

Continuing follow-up

10 cases

Case study: Electric power infrastructure project

During the due diligence, information regarding occupational health and safety risks of direct contractors and the grievance mechanism was insufficient. In addition, there was a possibility of impacts on local residents resulting from certain land use. Follow-up was conducted regarding

- The detailed process and timing of compensation related to impacts on land; and
- Information concerning the grievance mechanism.

Following confirmation that adequate measures had been implemented, the case was closed.

* Includes transactions that did not reach first disbursement

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

- Company-wide risk management
- Environmental and social risk management process
 - Overall
 - Climate change
 - Natural capital
 - Human rights

07. Governance

08. Metrics and targets

09. Appendix



SECTION 07

Governance

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

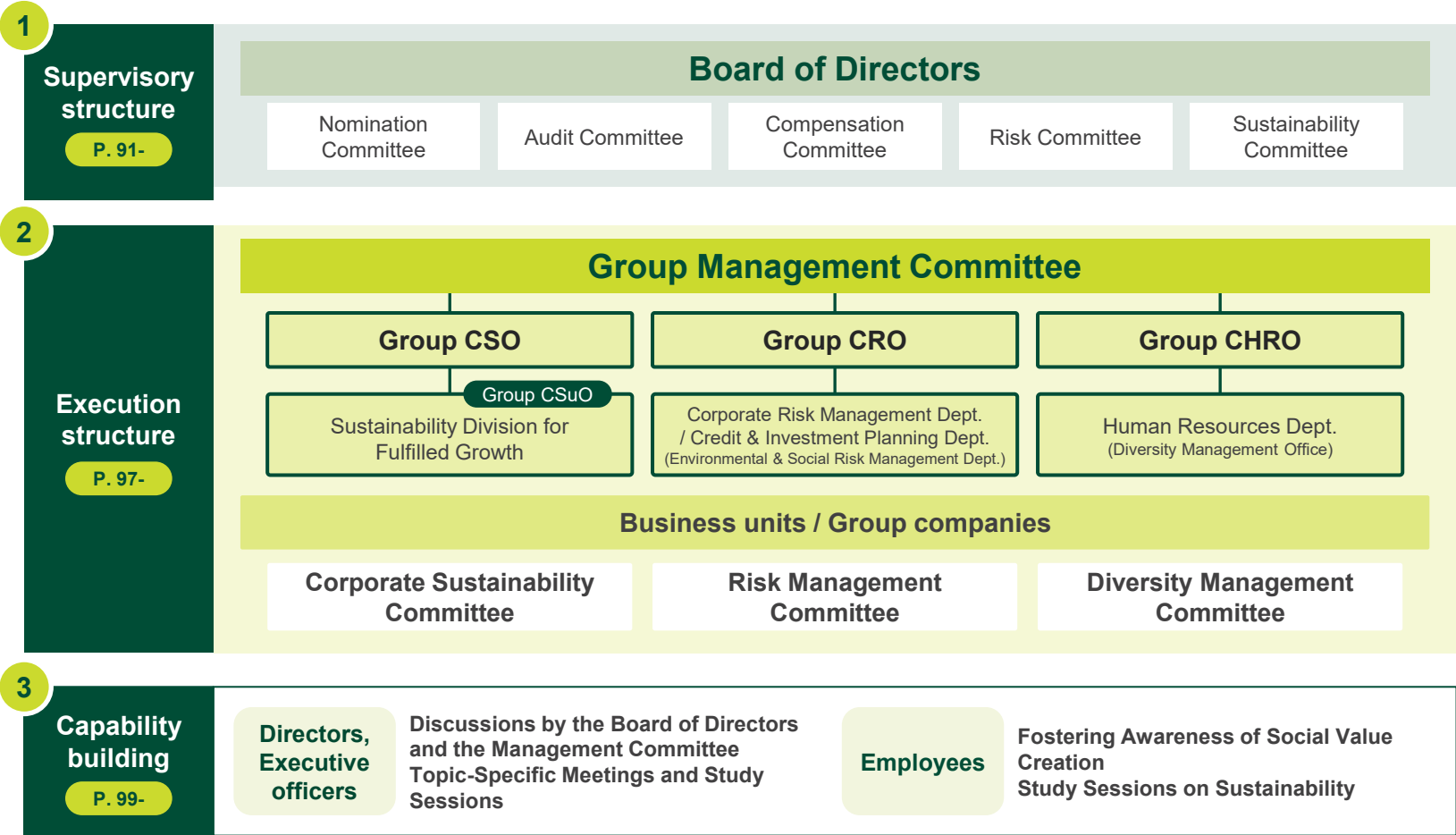
07. Governance

08. Metrics and targets

09. Appendix

Overall picture of sustainability management system

SMBC Group’s sustainability management is promoted by the responsibility of Group CxOs, including Group CEO, and operates under a robust governance structure with oversight of the Board of Directors. We also strive to further strengthen capability building through study sessions for management and employees.



The Board of Directors and each internal committee play an important role in effectively overseeing the execution of duties, from the perspectives of how to respond to material sustainability-related risks and opportunities. Going forward, we will strive to continually enhance the effectiveness of our corporate governance practices in line with the Corporate Governance Code.

Internal committees of the Board of Directors	Board of Directors	- Decides on basic management policies and other matters that are defined as exclusive resolutions by the Board of Directors under the law and supervises the execution of duties by executive officers and directors. Responsible for overseeing material sustainability-related risks and opportunities, deliberating and deciding on basic management policies and other matters from the perspective of ensuring timely and appropriate responses, and supervising the execution of duties by executive officers and directors. - From the perspective of ensuring highly effective oversight, the majority of the Board of Directors consists of outside directors, and the Chairman of the Board—who is not involved in business execution—serves as the chairperson. Furthermore, the chairs of all internal committees are outside directors. Internal Director (non-executive) 3 Internal Director (executive) 3 Total directors 13 Outside Director 7 Foreign nationals 15% Women 30%
	Nomination Committee	- Decides the contents of proposals to be submitted to the general meeting of shareholders regarding the election and dismissal of directors. Also, the committee deliberates on personnel matters concerning officers of the Company and its major subsidiaries, and on the selection of a successor to the president of the Company, etc. Deliberates on the skills matrix (including sustainability) outlining the knowledge and experience expected of directors. - Deliberates on the appointment of Group CxOs and the selection of members of internal committees of the Board, including the Sustainability Committee.
	Compensation Committee	- Establishes policies for determining the compensation of Directors, Corporate Executive Officers and Executive Officers of the Company, as well as individual remuneration for directors and corporate executive officers of the Company in accordance with those policies. - When determining performance-linked compensation and other remuneration for Directors, Corporate Executive Officers, and Executive Officers of the Company, deliberates on performance assessments that take into account the level of achievement of sustainability-related metrics.
	Audit Committee	- Audits the execution of duties by Directors and Corporate Executive Officers, including risk management, taking into account the need for appropriate oversight of material sustainability-related risks and opportunities. - The members selected by the Audit Committee conduct investigations into the business and assets of our company and subsidiaries.
	Risk Committee	- In principle, the committee meets once a quarter to deliberate on environmental and risk awareness, risk appetite management, risk management operation systems, and other important risk management issues. After deliberation on these matters, the committee provides advice to the Board of Directors. - Deliberates on sustainability-related risk management measures, etc.
	Sustainability Committee	- Deliberates on the progress of social value creation initiatives, including measures to address climate change; domestic and international sustainability developments; and other important matters related to social value creation. In principle, the Committee advises the Board of Directors semiannually. - The Group CSuO reports on progress and proposes action policies, which are supervised and deliberated upon by directors and internal/external experts.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Expert and objective discussions at the board level are rapidly reflected in executive-side initiatives.

Main topics discussed in Board of Directors (FY25)	Sustainability Committee	Risk Committee	Examples of initiatives resulting from discussions
● Approach to Social Value Creation under the New Medium-Term Management Plan	○		● Establishment of the SMBC Group Statement on Social Value Creation, Revision of the Materialities, etc.
● Stakeholder Communication on Social Value	○		● Expansion of Investor Engagement and Enhanced Outreach to Younger Generations
● Impact-Based Management Framework	○		● Publication of the Impact Report 2025 and Establishment of Impact Metrics
● Global Sustainability Developments	○		● Review of Strategies in Light of Developments in Various Countries
● Changes in the External Environment Surrounding Climate Change	○		● Review of Climate-Related Sectoral Emissions Reduction Targets
● Direction of Initiatives to Decarbonize the Real Economy	○		● Development of a Framework to Support New Energy and Technologies
● Environmental and Social Risk Management Framework	○	○	● Enhancement of the Risk Management Framework and Streamlining of Processes
● Direction of Sustainable Business	○		● Promotion of Transition Finance
● Direction of Human Capital Management under the New Medium-Term Management Plan			● Introduction of a New Human Resources System, Publication of the Human Capital Story, etc.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

When selecting director candidates, the Nomination Committee deliberates on the skills matrix* that summarizes the knowledge and experience expected of directors. The skills matrix includes “Sustainability” as one of its categories, and the SMFG Corporate Governance Guideline also specifies sustainability as one of the criteria for selecting outside director candidates. We seek to strengthen the Board’s oversight of sustainability management by appointing directors with the expertise and business experience necessary to oversee sustainability-related risks and opportunities

* These are areas particularly expected of the relevant directors and do not represent all of the knowledge and experience possessed by the directors.

Knowledge and experience we expect in particular							
	Corporate management	Finance	Global	Legal affairs / Risk management	Financial accounting	IT/DX	Sustainability
Makoto Takashima							
Toru Nakashima							
Teiko Kudo							
Kazuyuki Anchi							
Takeshi Mikami							
Honami Matsugasaki							
Sonosuke Kadonaga							
Jun Sawada							
Yoriko Goto							
Isao Teshirogi							
Norimitsu Takashima							
Charles D. Lake II							
Jenifer Rogers							
: Internal Director (non-executive) : Internal Director (executive) : Outside Director							

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Composition of the Board of Directors and internal committees*1

Director / Committee member		Board of Directors	Nomination Committee	Audit Committee	Compensation Committee	Risk Committee	Sustainability Committee
Makoto Takashima	Chairman of the Board	●	●		●		●
Toru Nakashima	Director President, Group CEO	●			●		●
Teiko Kudo	Director Deputy President and Executive Officer	●					
Kazuyuki Anchi	Director Senior Managing Executive Officer	●				●	
Takeshi Mikami	Director	●		●			
Honami Matsugasaki	Director	●		●			
Sonosuke Kadonaga	Outside Director	●	●	●			
Jun Sawada	Outside Director	●	●		●		
Yoriko Goto	Outside Director	●		●			●
Isao Teshirogi	Outside Director	●			●	●	
Norimitsu Takashima	Outside Director	●	●	●			
Charles D. Lake II	Outside Director	●				●	
Jenifer Rogers	Outside Director	●			●		●
Hirohide Yamaguchi *2	Outside expert					●	
Tatsuo Yamazaki *3	Outside expert					●	
Yukari Takamura *4	Outside expert						●
Tetsuyuki Kagaya *5	Outside expert						●
Eiichiro Adachi *6	Expert						●

● : Chairperson/Committee Chair ● : Director/Committee member

*1 As of September 2026

*2 Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

*3 Specially appointed professor at the International University of Health and Welfare, former Vice Minister of Finance for International Affairs

*4 Professor at the University of Tokyo Institute for Future Initiatives

*5 Professor at the Graduate School of Business Administration, Hitotsubashi University

*6 Fellow of JRI

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

(Reference) FY2025 attendance record for Board of Directors / internal committees*1

Director / Committee member		Board of Directors		Nomination Committee		Audit Committee		Compensation Committee		Risk Committee		Sustainability Committee	
Takeshi Kunibe*2	Chairman of the Board	(●)	2/2	(●)	1/1			(●)	2/2				
Makoto Takashima*1	Chairman of the Board	●	11/11	●	4/4			●	5/5			●	2/2
Toru Nakashima	Director President, Group CEO	●	13/13					●	7/7			●	2/2
Teiko Kudo	Director Deputy President and Executive Officer	●	13/13										
Kazuyuki Anchi*1	Director Senior Managing Executive Officer	●	11/11							●	3/3		
Toshihiro Isshiki	Director	●	13/13			●	15/15						
Yoshiyuki Gono*2	Director	(●)	2/2			(●)	3/3						
Honami Matsugasaki*1	Director	●	11/11			●	12/12						
Sonosuke Kadonaga	Outside Director	●	13/13	●	5/5	●	15/15						
Yoshinobu Tsutsui*2	Outside Director	(●)	2/2	(●)	1/1			(●)	2/2				
Jun Sawada*1	Outside Director	●	10/11	●	4/4			●	5/5				
Yoriko Goto*1	Outside Director	●	11/11			●	12/12					●	2/2
Isao Teshirogi*1	Outside Director	●	11/11					●	5/5	●	3/3		
Eriko Sakurai*2	Outside Director	(●)	2/2	(●)	1/1	(●)	3/3	(●)	2/2				
Norimitsu Takashima*1	Outside Director	●	11/11	●	4/4			●	5/5				
Charles D. Lake II	Outside Director	●	13/13	(●)	1/1	●	15/15			●	4/4		
Jenifer Rogers	Outside Director	●	13/13					●	7/7			●	2/2
Hirohide Yamaguchi*3	Outside expert									●	4/4		
Tatsuo Yamazaki*4	Outside expert									●	4/4		
Yukari Takamura*5	Outside expert											●	2/2
Eiichiro Adachi*6	Expert											●	2/2

● : Chairperson/Committee Chair ● : Director/Committee member () : Left office during the fiscal year

*1 Attendance of each director during their tenure in FY2025

*2 Retired during the fiscal year. Titles and affiliations are as of the time of retirement

*3 Chairman of the Advisory Board of Nikko Research Center, former Deputy Governor of the Bank of Japan

*4 Specially appointed professor at the International University of Health and Welfare, Former Vice Minister of Finance for International Affairs

*5 Professor at the University of Tokyo Institute for Future Initiatives

*6 Fellow of JRI

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Expertise of the Sustainability Committee members

With the addition of an external expert in 2026, the Committee is working to enhance the effectiveness of its oversight of the progress of sustainability-related initiatives and other matters through multifaceted discussions, including from a corporate value perspective.

Chairperson and Outside Director Yoriko Goto	- Served as an outside director of SMBC from 2022 to 2025. Appointed as an outside director and Sustainability Committee chairperson of our company in 2025. - As Chair of the Board at Deloitte Tohmatsu Group, promotes sustainability from a supervisory perspective by providing proposals from the board to position the enhancement of social value as a management objective of the group. - Representative of the Yoriko Goto CPA Office. Also concurrently serves as Outside Director of Shionogi & Co., Ltd. and Sony Group Corporation.
Outside Director Jenifer Rogers	- Appointed as an outside director and Sustainability Committee member of our company in 2023. - Attorney at Law, admitted in New York, the U.S.A. In addition to her expertise in corporate law, as the president of the American Chamber of Commerce in Japan (ACCI) in 2021, she promoted initiatives to enhance economic relations between Japan and the United States—including the area of sustainability—and to strengthen the international business environment. - Concurrently holds positions as General Counsel International at Asurion Japan Holdings G.K. and as Outside Director at ASICS Corporation and Tokyo Electron Ltd.
Outside expert Yukari Takamura	- Appointed as a Sustainability Committee member of our company in 2021. - She specializes in international law and environmental law and conducts research on international treaties on the environment as well as legal policies on climate change and energy. - After serving as a professor at Nagoya University's Graduate School and professor at the University of Tokyo's Integrated Research System for Sustainability Science (IR3S), she became a professor at the University of Tokyo's Institute for Future Initiatives in April 2019. - She also serves as chairperson of the Central Environment Council, the Tokyo Metropolitan Environmental Council, the Procurement Price Calculation Committee for Feed-in Tariff Scheme for Renewable Energy, a member of the Financial Services Agency's Expert Panel on Sustainable Finance, a member of the Working Group on Corporate Disclosure of the Financial System Council, a member of the Sustainability Standards Board of Japan (SSBJ) of the Financial Accounting Standards Foundation, and a member of the Advisory Group on Climate Change and Sustainable Development of the Asian Development Bank.
New Outside expert Tetsuyuki Kagaya	- Appointed as a Sustainability Committee member of our company in 2026 - He specializes in financial accounting and corporate valuation, conducting research on the measurement, valuation, and disclosure of intangible assets, as well as the impact of non-financial disclosures on corporate valuation - Professor at the Graduate School of Business Administration, Hitotsubashi University, since 2020 - He has served in various roles, including as Chair of the Cabinet Office's Study Group on Effective Disclosure and Governance of Intellectual Property Investment and Utilization Strategies and as Chair of the Japan Patent Office's Research Study on Promoting Intellectual Property Management to Enhance Corporate Value - Concurrently holds positions as a Director of The Accounting and Economic Association of Japan and as an Outside Director of Dexerials Corporation, etc.
Expert Eiichiro Adachi	- Appointed as a member of the Sustainability Committee of our company in 2021. - After joining The Japan Research Institute, Ltd. ("JRI") in 1990, he served as the Senior Counselor and the Head of the Institute for Societal Values in Future Generations at JRI. - He has mainly conducted industry research and corporate evaluations from the perspective of corporate social responsibility, and has been involved in numerous projects related to the environmentally conscious actions of financial institutions and research into socially responsible investment. He also serves as a Japanese expert of the Technical Committee ISO (International Organization for Standardization)/TC 322.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sustainability initiatives are promoted mainly by the Group Management Committee, the Corporate Sustainability Committee, the top management of each Group company, and the Group CxOs, with continuous efforts to strengthen initiatives.

Group Management Committee	- Functions as the highest decision-making body for the business execution and management of the entire Group under the Board of Directors. - Deliberates on measures aimed at achieving sustainability for the entire Group.	President/CEO of Group companies	- Promotes sustainability initiatives at each company. - Participates in the Corporate Sustainability Committee.
Corporate Sustainability Committee	- Deliberates on the promotion of sustainability and the creation of social value across the Group, as well as the integration of sustainability management. - With the Group CEO as the committee chair, it promotes the achievement of sustainability under the commitment of the upper management. - Participants include the Presidents of Group companies, the Group CSO, Group CRO, Group CHRO, and Group CSuO, etc.	Group CEO	Approves measures to achieve sustainability at Group Management Committee meetings and elsewhere.
Risk Management Committee	- Chaired by the Group CRO. - Deliberates on risk management measures related to sustainability.	Group CSO	Oversees efforts related to measures for creating social value.
Diversity Management Committee	- Deliberates on diversity-related initiatives across the Group. - Chaired by the Group CEO, with the Group CHRO serving as Vice Chair, it promotes human capital management across the Group. - Participants include the President/CEO of Group companies.	Group CRO	Promotes risk management across the Group, including from a sustainability perspective.
		Group CHRO	Oversees and promotes initiatives related to human capital management across the Group and plans and manages related policies.
		Group CSuO	- Established in 2021. - Oversees and promotes initiatives related to sustainability and creating social value across the Group and plans and manages related policies.

Expertise of the Group CSuO

Group CSuO Masayuki Takanashi	- Appointed as general manager of the Corporate Sustainability Dept. at both SMFG and SMBC in April 2022 and the Group CSuO in April 2023. - Joined Sumitomo Bank (now SMBC) in 1993 and led the creation of the bank's first annual report (published in 2016) in the Corporate Planning Department. As the Co-General Manager of the Loan Capital Markets Department in London, he also promoted sustainable finance in EMEA. - After the appointment as Group CSuO, he has been promoting the following as the head of sustainability strategies for the entire Group: enhancement of risk management and transition plans related to climate change, strengthening sustainability-related business, promotion of initiatives for creating social value, building internal capability, and stimulation of stakeholder communication.
--	---

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Executive compensation

As in the previous Medium-Term Management Plan period, we have incorporated sustainability-related evaluation criteria into our executive compensation system to ensure that it functions as an appropriate incentive.

		: Cash compensation		: Stock compensation(restricted stock)		: Variable compensation		: Non-performance-linked compensation					
SMFG's Executives (excluding Outside Directors and Audit Committee Members)		Compensation Components		Payment Standards (Range of Variation) and Performance Indicators				Timing of compensation determination					
		Base salary		Fixed compensation				-					
		Bonus		Compensation determined based on SMBC Group's annual performance, etc. (0%~150%) Standard levels × SMBC Group's annual performance, performance of the executive, etc.				Once a year					
				Financial Indicators ^{*1}		Weight		Non-financial Indicator		Weight			
				SMFG consolidated net business profit		Annual growth/ Target achievement		50%		Results of external sustainability ratings		±5%	
				SMFG net income attributable to owners of parent		Annual growth/ Target achievement		50%					
		Stock Compensation Plan I		Compensation determined based on SMBC Group's medium-term performance, etc. (0%~150%) "Standard levels" × "SMBC Group's medium-term performance, etc."				At the end of the Medium-Term Management Plan					
				Evaluation Indicators				Weight					
				Financial Indicators		ROTE		30%					
						SMFG consolidated gross profit		30%					
				Share-Related Indicator		TSR (Total shareholder return) ^{*2}		20%					
				Non-financial Indicator		Initiatives related to Social Value Creation and Employees ^{*3}		20%					
				Adjustment Factors		Build Next Core Compliance, customer-oriented initiatives, risk management, etc.		±10%					
				In the case that the CET1 ratio ^{*4} falls below a designated level at the end of each fiscal year, no compensation under Stock Compensation Plan I will be paid for the relevant fiscal year (knock-out provision).									
		Stock Compensation Plan III		Non-performance-linked compensation (granted upon promotion)				-					
		Base salary		Fixed compensation				-					
		Stock Compensation Plan II		Non-performance-linked compensation				-					
Outside Directors and Audit Committee Members													

Stock compensation ratio: 25 – 45%

Performance-linked ratio: 40 – 60%

Key points

- Deferred bonuses, remuneration under Stock Compensation Plans I and III are subject to malus and clawback provisions.

➔ This ensures prudence as a financial institution.

- Introduction of Sustainability Assessments into Annual Performance-Linked Compensation
- Incorporation of Assessments of Social Value Creation Initiatives into the Evaluation Criteria for Medium-Term Performance-Linked Compensation

➔ Introduction of Sustainability Assessments

Key points

- Deferred bonuses, remuneration under Stock Compensation Plans I and III are subject to malus and clawback provisions.

➔ This ensures prudence as a financial institution.

- Introduction of Sustainability Assessments into Annual Performance-Linked Compensation
- Incorporation of Assessments of Social Value Creation Initiatives into the Evaluation Criteria for Medium-Term Performance-Linked Compensation

➔ Introduction of Sustainability Assessments

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

^{*1} If the Compensation Committee recognizes special circumstances not sufficiently reflected in the financial indicators, it may reflect them in the evaluation within a range of ±5% through its deliberation, to ensure appropriate compensation aligned with the business environment.

^{*2} The Compensation Committee calculates the performance achievement level through a relative evaluation of TSR during the period of the Medium-Term Management Plan.

^{*3} The Compensation Committee will determine the evaluation with respect to "Initiatives related to Social Value Creation and Employees" based on the status of initiatives and the achievement of KPIs related to the materialities for Social Value Creation (Green Planet, Thriving People, and Fulfilled Growth) and Employees (Talent Policy Score, calculated by combining the results of each item in the employee engagement survey).

^{*4} Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities.

Capability building (directors, executive officers, employees)

We are undertaking capability-building initiatives to enhance our governance framework, raise employee awareness, and strengthen expertise.

Capability building for directors and executive officers

- We continuously share sustainability-related information to enhance the effectiveness of sustainability governance, including through discussions by the Board of Directors and the Management Committee.

Board of Directors and Management Committee

Topics (examples)	Key discussion points
External developments related to climate change	• Energy policies by country and region • Trends in global GHG emissions scenarios, etc.

Raising employee awareness and expertise

- To expand initiatives that advance sustainability and social value creation, we continuously work to raise employee awareness and strengthen

Shaka-kachi DAY

- Shaka-kachi DAY gives employees an opportunity to reflect on how they can join social value creation and take action themselves.
- Each location designates a day to plan and implement initiatives to address social issues in collaboration with local communities, including customers.
- In FY2025, 8,702 employees globally participated.



►Example initiative:
Ecosystem conservation activities in a nature reserve in Hong Kong

Shaka-kachi AWARD

- Recognizes employees' initiatives to create social value.
- In FY2025, the winners of the Group CEO Award and Employee Award were selected from 922 entries involving approximately 5,912 participants.



►Group CEO Award Winner:
Local power generation and consumption in the "SMBC Forest" in collaboration with a leading circular economy company

Support framework for outside directors

- We provide outside directors with the information and knowledge—including on sustainability-related business activities—needed to oversee management, together with opportunities and frameworks that enable them to perform their expected roles.
 - ✓ Participation in executive-level meetings and informal sessions on specific themes
 - ✓ Study sessions on key topics led by external experts

CSuO Channel

- Employee study sessions in which the Group CSuO explains themes related to sustainability and social value creation.
- Since FY2021, cumulative participation has exceeded 4,000 employees.

Examples of FY25 themes	• Supporting decarbonization management and supply-chain initiatives • Nature positive and finance—Why did SMBC buy forests? • COP30: key changes and takeaways
-------------------------	---

Sustainability Study Sessions

- We continuously hold internal study sessions on the expertise and solutions needed to support customers' sustainability management.
- A total of 59 sessions were held in FY2025.

Examples of FY25 themes	• Latest perspectives on enhancing corporate value • Sustainability deposits as a competitive offering • Key points for promoting CO₂ visualization services
-------------------------	---

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

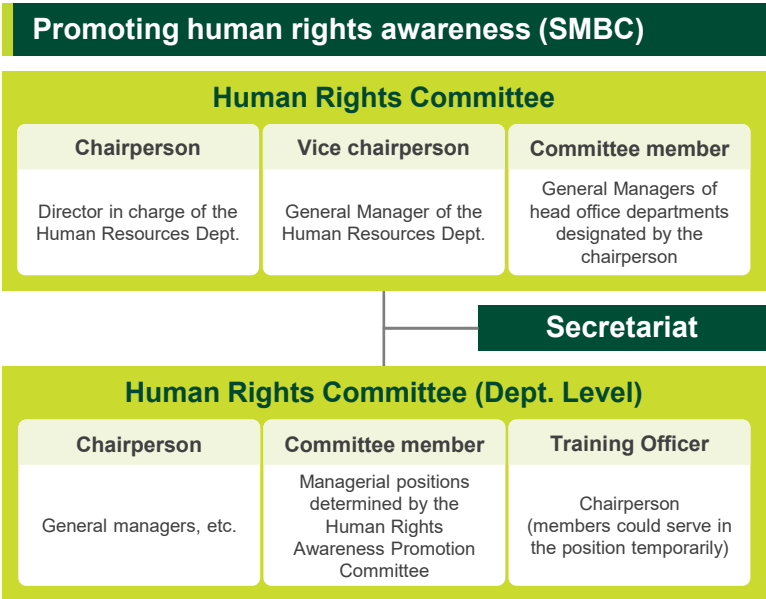
06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

We are actively working to raise awareness of human rights so that all employees will respect the human rights of customers, suppliers and other employees.



01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 08

Metrics and targets

Key climate and nature-related metrics and targets



To promote strategies and risk management related to climate change and natural capital, we monitor the following metrics and targets.

Metrics	Targets	Recent results	vs. BY	
Sustainable finance	Cumulative JPY 50 trillion by 2030	Cumulative JPY 45 trillion (FY2020–FY2025)	–	Performance P.103
Green finance	Cumulative JPY 20 trillion by 2030	Cumulative JPY 21 trillion (FY2020–FY2025)	Target Achieved	Definition and Scope P.109
Sectoral emissions	Net zero by 2050	–	–	
Oil & gas*¹	FY2030: -7 to -24% (38.0-31.0 Mt-CO ₂ e (from FY2020))	-67% (13.4 Mt-CO ₂ e (FY2025))	-67% (from FY2020)	
Power*¹	FY2030: 195 to 270 g-CO ₂ e/kWh	224 g-CO ₂ e/kWh (FY2025)	-33% (from FY2020)	
Steel	FY2030: 1.2 to 1.8 t-CO ₂ e/t-Steel	2.0 t-CO ₂ e/t-Steel (FY2025)	–	
Automobile	FY2030: 120 to 161 g-CO ₂ e/vkm	186 g-CO ₂ e/vkm (FY2025)	-9% (from FY2021)	Performance P.33-36
Real estate	FY2030: 33 to 43 kg-CO ₂ e/m ²	76 kg-CO ₂ e/m ² (FY2025)	-6% (from FY2021)	Calculation Methodology P.114-
Loan balance for coal-fired power generation*²	Zero balance by FY2040 Project finance, equipment-linked corporate finance	Project finance JPY 165 billion (FY2025) Equipment-linked corporate finance JPY 50 billion (FY2025)	- JPY 87 billion (from FY2021) - JPY 35 billion (from FY2021)	
Loan balance for thermal coal mining sector*²	Zero balance by FY2030 OECD countries	JPY 2 billion (FY2025)	- JPY 26 billion (from FY2021)	
	Zero balance by FY2040 Non-OECD countries	JPY 17 billion (FY2025)	- JPY 62 billion (from FY2021)	
Operational GHG emissions	Net zero by FY2030	81 kt-CO ₂ e (FY2025)	-55% (from FY2021)	Performance P.105 Calculation Methodology P.110

*1 Targets were revised following an update to the reference scenario. For coal, progress is managed based on the outstanding balance of loans for coal mining rather than emissions.

*2 The amounts shown in the "Recent results" and "vs. BY" columns have been rounded to the nearest billion yen.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

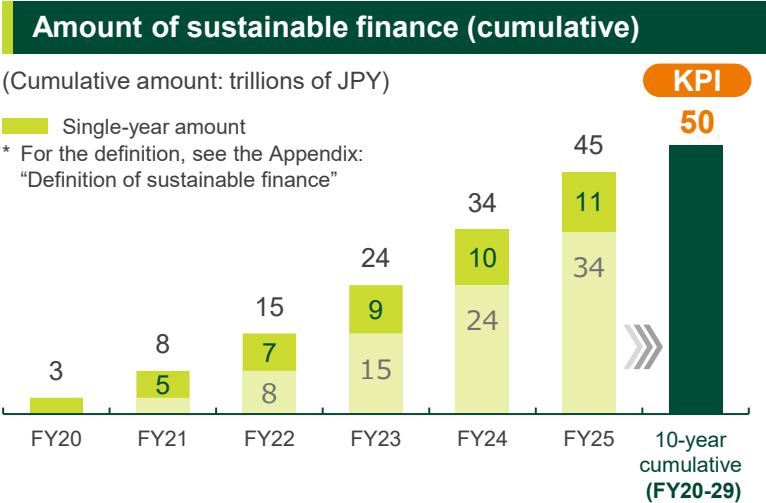
06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

To support our clients in addressing social issues, we are actively promoting sustainable finance. We are making steady progress toward our target of JPY 50 trillion in execution by 2030, including JPY 20 trillion in green finance. We have already achieved the green finance target ahead of schedule.



League table

SMBC SUMITOMO MITSUI BANKING CORPORATION

Global

1st

Sustainability Coordinator*¹

SMBC SMBC NIKKO

Global

4th

Global GSSS investment-grade corporate bond bookrunner*²

*1 Environmental Finance (FY2025)
*2 Global GSSS IG Corp Bonds Bookrunner League Table, Bloomberg (CY2025)

Case studies

Brazil

Sustainable finance, in collaboration with JICA, to improve sanitation infrastructure in Brazil

Vietnam

As the sole Coordinator, SMBC led Vietnam's first US\$1.44bn bank SLL with VPBank.

Chile

Green loan for the world's third-largest battery storage facility

United Kingdom

Sustainability coordinator, alongside strategic partner Jefferies as financial advisor, supporting a merger in the UK telecoms sector

SMBC Sustainable Finance Framework

- By using a comprehensive framework developed by SMBC and supported by an independent assessment, customers can access sustainable finance more quickly and efficiently. The framework includes use-of-proceeds categories in growth areas such as adaptation and blue finance and can be applied across a broad range of business activities.

Eligible Products (Japan only)	Green, Social, and Sustainability-Linked Loans
Second-Party Opinion	Obtained from Japan Credit Rating Agency, Ltd.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



SMBC signed the Poseidon Principles in 2021 and discloses information regarding its ship finance portfolio.

What are the Poseidon Principles?

The International Maritime Organization (IMO) formulated the IMO GHG reduction strategy with the aim of rapidly reducing GHG emissions.

- Goal (2018)
Reduce GHG emissions by more than 50% by 2050 (vs. 2008) and achieve net zero early in this century.
- Revised goal (2023)
Reduce GHG emissions by 20 to 30% by 2030, by 70 to 80% by 2040 (vs. 2008), and achieve net zero by 2050.

The Poseidon Principles are an initiative led by private financial institutions to tackle the IMO’s reduction goals and were established in 2019 by major financial institutions.

Financial institutions that have signed the Poseidon Principles are required to annually measure and publish a portfolio climate alignment (PCA) score*1 for their ship finance portfolios based on a common framework set out in the Principles.

SMBC’s own initiatives



- SMBC signed the Principles in January 2021, and joined the Steering Committee in May 2024.
- Since 2021, we have been disclosing our PCA score against the IMO goals (2018).
✓ The score improvement is mainly supported by the financing of more fuel-efficient ships and the increased focus by shipping companies and charterers on the reduction of fuel consumption.
- Since 2023, we have been disclosing our PCA score vs. the new IMO goals (2023).
- When the IMO CII correction factor*2 is applied, the following improvements are expected.
✓ PCA (minimum) : (2024 results) 15.7% ⇒ (2025 results) 7.3%
✓ PCA (striving) : (2024 results) 21.3% ⇒ (2025 results) 13.8%

*1 PCA is an indicator that shows the degree of alignment with IMO goals, with 0% indicating that emissions are exactly in line with the goals.
(A negative score indicates an emission reduction pace that exceeds the goals, while a positive score indicates a reduction pace that falls short of the goals.)

*2 The IMO CII (Carbon Intensity Indicator) is an index established by the International Maritime Organization (IMO) to measure the carbon dioxide emission efficiency of ships. This index is calculated using correction factors that account for specific operational conditions and special circumstances based on the type of vessel (such as shuttle tankers), ensuring that each vessel is assessed against a fairer standard.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

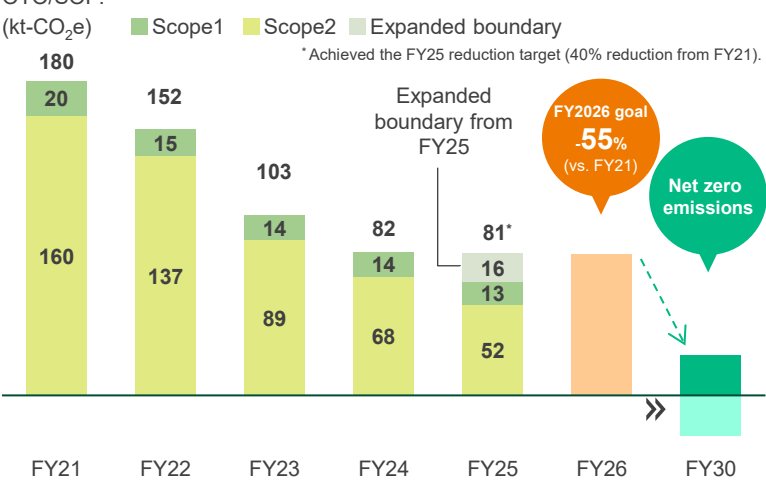
09. Appendix

Reducing operational GHG (Scopes 1 and 2)

We are committed to achieving net-zero GHG emissions (Scopes 1 and 2) from our operations by FY2030. We are promoting the transition to renewable energy and reduction of emissions by switching to clean energy for procured electricity.

Results and targets

Scope:
Domestic and overseas bases of Sumitomo Mitsui Financial Group and its consolidated subsidiaries as of FY21 (excluding equity-method affiliates)
From FY25, the calculation scope was expanded to include SMICC and OTO/SOF.
(kt-CO₂e) Scope1 Scope2 Expanded boundary
* Achieved the FY25 reduction target (40% reduction from FY21).



Main initiatives	Future focus areas	Initiatives for residual emissions
Switching to renewable energy for our own properties in Japan	Switching to renewable energy for leased properties	Clarifying the definition of net zero
SMBC Kawasaki Mega Solar Place	Introducing environmentally friendly vehicles	Utilization of carbon credits
Offsite Corporate PPA	Early disclosure	

Main Initiatives

Introduction of Renewable Energy through PPAs Sourced from Natural Energy

- Promotion of Energy-Efficiency Measures in Buildings



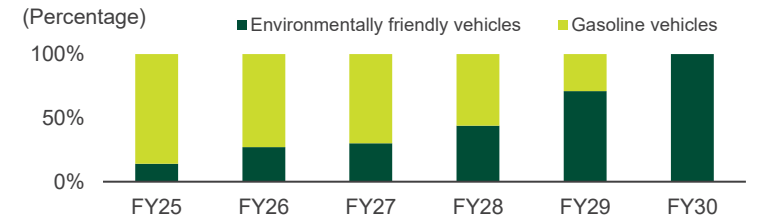
Procurement of geothermal power electricity

- Introduction of water-saving and energy-saving automatic control systems
- AI-based control of air conditioning systems throughout buildings



Target for environmentally friendly vehicles (SMBC)

- Aiming to convert 100% of domestic company vehicles to environmentally friendly vehicles by FY30



01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

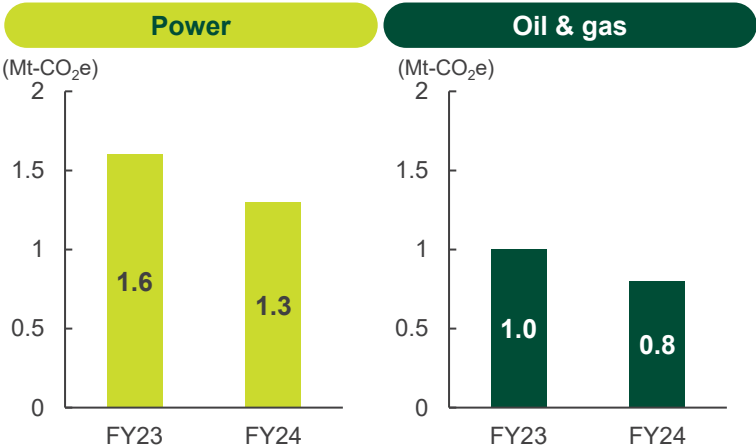
09. Appendix



In addition to SMBC’s Scope 3, Category 15 (FE) emissions, SMBC Nikko Securities and SMDAM calculate GHG emissions in line with their respective business characteristics.

SMBC Nikko Securities:
Underwriting Financed Emissions

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



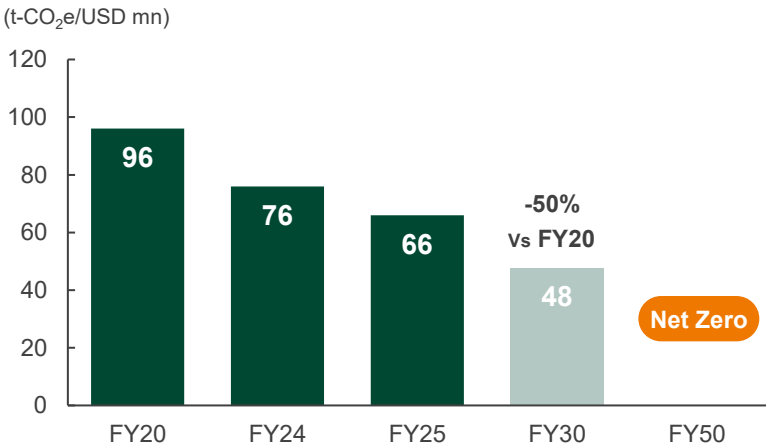
* Figures revised from the Sustainability Report 2024 due to more precise calculations

Details of emission calculations

- Appendix: Methodology for calculating facilitated emissions **P. 123**

SMDAM:
Reduction targets and results

- Setting portfolio GHG emissions (carbon footprint) per USD 1 million of market value of investment as a KPI.
- Setting 2030 medium-term targets as well as 2050 long-term targets and disclosing progress.



Details of emission calculations and reduction goals

- SMDAM website > Information disclosure based on TCFD <https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

01. Message from
the Group CEO

02. Editorial policy

03. Summary

04. Our approach
to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

SECTION 09

Appendix

External evaluation

Inclusion in indices (As of Sep 2026)

GPIF selected indexes

2026 CONSTITUENT MSCI JAPAN ^{*1}
EMPOWERING WOMEN INDEX (WIN)

2026 CONSTITUENT MSCI NIKONKABU ^{*1}
ESG SELECT LEADERS INDEX



**FTSE JPX Blossom
Japan Sector
Relative Index**



**FTSE JPX Blossom
Japan Index**



FTSE4Good

2026



Sompo Sustainability Index

2026 CONSTITUENT MSCI JAPAN ^{*1}
ESG SELECT LEADERS INDEX

Various awards and certifications



2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

NIKKEI
Smart Work
★★★★★ 2026 Best 45



^{*2}



^{*3}



^{*4}

Initiatives



Signatory of:



^{*1} The inclusion of Sumitomo Mitsui Financial Group, Inc in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Sumitomo Mitsui Financial Group, Inc by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

^{*2} Five major Group companies acquired this certification

^{*3} Seven major Group companies acquired this certification (two companies acquired Level 3 certification and five companies acquired Level 2 certification)

^{*4} Four major Group companies acquired this certification

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Definition	
Green Financing 	Financing for environmentally friendly projects such as climate change countermeasures (projects that fall under the “green project categories” of the International Capital Markets Association’s (ICMA) Green Bond Principles, etc.) Green project categories • Renewable energy • Energy efficiency • Pollution prevention and control • Environmentally sustainable management of living natural resources and land use • Terrestrial and aquatic biodiversity • Clean transportation • Sustainable water and wastewater management • Climate change adaptation • Eco-efficient production technologies and processes • Green building that meets environmental standards
	Financing for social-related projects (projects that fall under the “social project categories” of the ICMA’s Social Bond Principles, etc.) Social project categories • Basic infrastructure of affordable price (drinking water, sewerage, sanitation facilities, transportation, energy, etc.) • Access to essential services (education, health, etc.) • Housing of affordable price • Employment creation through the potential benefits of funding for SMEs • Employment creation through the potential benefits of microfinance • Food security • Socioeconomic improvement and empowerment
	Finance aiming to support efforts to reduce GHG emissions in accordance with a long-term strategy to achieve carbon neutrality in line with the Climate Transition Finance Handbook by ICMA or Transition Finance Playbook by SMBC Group
Finance in scope	
SMBC	• Green finance, social finance, transition finance • Other finance for the purpose of support/promotion to resolve environmental and social issues • Project finance (for renewable energy, public infrastructure, etc.) • SMBC original products (SMBC Social Issues Resolution Promotion & Support Loan, Human Capital Management Promotion & Analysis Loan, etc.) • Green Loan, Social Loan, Sustainability-Linked Loan, Transition Loan, Positive Impact Finance • Non-recourse loans for environmental real estate properties, etc.
SMBC Nikko Securities	• Green Bond, Social Bond, Sustainability-Linked Bond, Transition Bond, etc. • Green equity, social equity, transition equity, etc.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Calculation method for Scopes 1 and 2

GHG emissions relating to Scopes 1, 2, and 3 (Categories 1 to 14) are calculated with reference to GHG protocols (2004).

Item	Scope 1	Scope 2
Target GHG	● CO ₂ (Among the seven types of GHG, financial institutions emit almost no GHGs other than CO ₂ in the course of their operations)	
Target years	● FY2025*1	
Target boundaries	- Our method for determining the aggregated scope of GHGs to be reported as a company that is obliged to do so involves calculating in accordance with GHG protocols (2004) and selecting approaches for management control. - Target boundaries are domestic and overseas bases of Sumitomo Mitsui Financial Group and its consolidated subsidiaries (excluding equity-method affiliates).	
Calculation method	Calculated using amount of activity and emission factors listed below.	- Calculated using amount of activity and emission factors listed below for both location and market criteria. - Figures in this report are according to the market criteria used for KPIs. - Information regarding key contract certificates purchased is as follows. Domestic Non-Fossil Certificates (NFCs) and International Renewable Energy Certificates (I-RECs) for countries in South America, such as Brazil and Chile. RECs, etc., for the NAR Green-e Renewable Energy Standard in the United States and Canada. - See our Sustainability Data Book for location criteria calculation results.
Amount of activity	- Usage amounts of city gas, liquefied petroleum gas (LPG), fuel oil, diesel, and gasoline (for automobiles). - Gasoline usage amounts from some automobiles are calculated based on gasoline payment amounts and average gasoline prices. - The basis for amount of activity is data from external sources that includes energy use itemization materials and aggregation tables from building management companies and owners based on purchase receipts.	- Power, steam, hot water, and cold water usage amounts. - Results values are used for power usage amounts, although in some cases, estimated values are used. The estimation method is as follows. - The unit for power usage (kWh/m2) is set based on SMBC's (domestic operations) power usage amounts in the previous fiscal year and on total floor areas. Total floor areas at bases for which power usage data cannot be obtained in the unit (kWh/m2) are multiplied to estimate usage amounts. - The basis for amount of activity is data from external sources that includes energy use itemization materials and aggregation tables from building management companies and owners based on purchase receipts.
Emission factors	- The majority of emissions occur in Japan, so emission factors based on the SHK system*2 announced by the Ministry of the Environment are used. - Emission factors used for some overseas bases are in line with local circumstances.	- The following emission factors are used. - Electricity - Domestic: The emission factors list for each electrical business operator—"Emission factors after adjustment," which is based on the SHK system—is used. - Overseas: Where the emission factor applicable to a contract with an electricity provider cannot be determined, country-specific emission factors published by the International Energy Agency (IEA), such as those provided in its Emission Factors, are used. - Heat (steam, hot water, and cold water) - Default emission factors by heat supplier under the SHK system are used.

*1 For certain locations, CO₂ emissions for the period from March 1 to March 31, 2026, are estimated using a reasonable methodology based on the previous fiscal year's consumption data.

*2 GHG Emissions Calculation, Reporting, and Disclosure System based on the Act on Promotion of Global Warming Countermeasures (Global Warming Act)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Calculation method for Scope 3 (Categories 1 to 14)



Item		Description
Target GHG		CO₂ (Among the seven types of GHG, financial institutions emit almost no GHG other than CO₂ in the course of their operations)
Target years		FY2025
Calculation method		- Calculation is based on estimates that use activity-based emissions and emission factors listed in each of the following categories. - When doing so, among usable data, data for incorporation is determined so as to prioritize primary data and verified data directly related to company activities. - Regarding activity-based data, primary data is used, but verified data is not.
1	Purchased goods and services	- Amounts used include 1) paper purchasing costs, 2) advertising costs, 3) automobile-related costs, 4) communication costs, and 5) outsourcing costs, and calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain." - The calculated emissions cover SMBC only. Emissions for the entire SMFG Group are calculated by applying the ratio of the total number of SMFG Group employees to the number of SMBC employees.
2	Capital goods	- Capital goods are calculated by applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" to costs incurred from purchasing or acquiring fixed assets of SMFG and Group consolidated subsidiaries. - The scope for aggregation is SMBC only.
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	- Calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" and the IDEA* to usage amounts for fuels—for example, city gas and LPG—power, and steam. - Calculation involves multiplying SMFG Group's equivalent employee ratios using emissions units, then calculating emissions throughout SMFG Group.
4	Upstream transportation and distribution	- For upstream transportation and distribution, calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" to amounts for 1) shipping of administrative supplies, 2) shipping of internal mail, etc. - The calculated emissions cover SMBC only. Emissions for the entire SMFG Group are calculated by applying the ratio of the total number of SMFG Group employees to the number of SMBC employees.
5	Waste generated in operations	- Calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" and the IDEA* to waste amounts from four SMBC head office buildings (Head Office, East Tower, Osaka Head Office, and Kobe Head Office). - The calculated emissions cover SMBC's four head office buildings only. Emissions for the entire SMFG Group are calculated by applying the ratio of the total number of SMFG Group employees to the number of employees at SMBC's four head office buildings.
6	Business travel	- Calculated from domestic and overseas business travel costs for SMBC domestic employees. Methods of transport for domestic business travel are 1) rail, 2) air, and 3) car, and for overseas business travel, 1) rail and 2) air, and the calculation involves amounts for business travel costs per method of transport each fiscal year. - Calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" to the applicable amounts. - The calculated emissions cover SMBC only. Emissions for the entire SMFG Group are calculated by applying the ratio of the total number of SMFG Group employees to the number of SMBC employees.
7	Employee commuting	- Calculated from commuting costs for SMBC domestic employees. Methods of transport used for commuting are 1) rail and 2) bus/private owned car, and the calculation involves commuting costs per method of transport using result percentages for methods of transport in each fiscal year. - Calculation involves applying emissions units from the Ministry of the Environment's "Database on Emissions Unit Values for Calculating Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain" to the applicable amounts. - The calculated emissions cover SMBC's domestic employees only. Emissions for the entire SMFG Group are calculated by applying the ratio of the total number of SMFG Group employees to the number of SMBC's domestic employees.
8–14	-	- Category 8 (upstream leased assets) is included in Scopes 1 and 2. - Categories 9 to 12 and 14 are not applicable due to the nature of business. - The calculation method for Category 13 (downstream leased assets) is under consideration.

* IDEA: An inventory database that provides environmental impact data for products and services in Japan

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Simplified calculation method for Scope 3, Category 15 (FE)



Target assets	Loans (including corporate loans and project finance) and undrawn loan commitments*1					
Target sectors	The following 21 sectors based on recommended disclosure items in the TCFD Recommendations, etc.					
	Power	Oil & gas	Coal (thermal coal)	Air cargo	Passenger aviation	Shipping
	Railroads	Truck services	Automobiles and components	Metals and mining	Aluminum	Chemical products
	Construction materials	Cement	Capital goods*2	Real estate*3	Steel	Beverages
Target years	Baseline : End of March 2026 and end of March 2025 (end of March 2026 only for undrawn loan commitments) Customer's financial data : Most recent financial data available at the time of calculation*5					
Data source for GHG emissions	Calculated using a unified method for all sectors using emission coefficients per revenue/asset amount cited from the PCAF database*6 (Corporate finance) - Estimated using emission factors per revenue cited from the PCAF database (equivalent to Score 4) - If calculation is not possible with emission factors per amount of assets, estimated using emission factors per asset amount cited from the PCAF database (equivalent to Score 5) (Non-corporate finance) - Estimated using emission factors per revenue cited from the PCAF database (equivalent to Score 5)					
The basic formula (1) (Score 4)	Financed emissions = Σ Attribution factor $\times$ Company emissions - Attribution factor = Each customer's loan amount (outstanding loan balance) or undrawn loan commitment amount / (Total Equity + Debt)*7 - Company emissions (GHG emissions) = Each customer's revenue $\times$ Emission factor per revenue amount					
The basic formula (2) (Score 5)	The following formula is used when the calculation is not possible using the basic formula (1) Financed emissions = Σ Outstanding amount $\times$ GHG emissions / Assets - Outstanding amount = Each customer's loan amount (outstanding loan balance) or undrawn loan commitment amount - GHG emissions / Assets = Emission factor per asset value taken from the PCAF Standard database					
Points to note	Due to revisions to the PCAF Standard, changes in definitions based on practical aspects of measurement (various definitions, measurement ranges, time points, etc.) and sophistication, calculation methods may change in the future, and calculation results may change significantly. The coefficients used to calculate the estimates are the emission factors per revenue and asset value from the PCAF database. These factors are subject to change in the process of refinement, etc., and the calculation results may change significantly in the future. By definition, Scopes 1, 2, and 3 allow multiple sectors or companies to record multiple GHG emissions. We also recognize as a challenge the fact that the PCAF database does not include data for estimating Scope 3 downstream GHG emissions.					

*1 The calculation covers SMBC and its major banking subsidiaries; other consolidated subsidiaries are excluded.

*2 Machinery, electrical equipment, construction, etc.

*3 The calculation is limited to corporate loans associated with transition risks and excludes loans to individuals, including mortgage loans.

*4 Including packaged food manufacturing such as dairy products and meat

*5 If there is no consolidated financial data, single-entity financial data is used

*6 Given that the scope of emissions calculation varies by borrower and that the PCAF database does not enable the estimation of downstream Scope 3 emissions, a standardized estimation method is used instead of emissions data disclosed by borrowers.

*7 Only Total equity + Debt used, not EVIC

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Calculation Results for Scope 3 Category 15 (FE)



FY2025 Results ^{*1} Sector	Loans					Project Finance					Undrawn Loan Commitments				
	Financed Emissions(Mt-CO ₂ e) ^{*2}				Exposure ^{*3} (JPY tn)	Financed Emissions(Mt-CO ₂ e) ^{*2}				Exposure ^{*3} (JPY tn)	Financed Emissions(Mt-CO ₂ e) ^{*2}				Exposure ^{*3} (JPY tn)
	Scope1	Scope2	Scope3	Total		Scope1	Scope2	Scope3	Total		Scope1	Scope2	Scope3	Total	
Power	78.8	1.6	28.3	108.7	3.6	69.1	0.5	27.4	97.1	2.9	65.2	1.6	22.4	89.3	4.4
Oil & gas	140.1	9.5	37.3	186.9	2.3	87.1	2.0	6.6	95.6	1.2	368.5	14.6	54.3	437.4	3.7
Coal (thermal coal)	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy (including power) subtotal	218.9	11.1	65.6	295.6	5.9	156.2	2.5	34.0	192.7	4.1	433.7	16.2	76.8	526.7	8.1
Air cargo	0.4	0.0	0.2	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.3	0.9	0.1
Passenger aviation	2.2	0.1	1.2	3.5	0.7	0.0	0.0	0.0	0.0	0.0	2.0	0.1	1.1	3.2	0.2
Shipping	5.2	0.3	5.6	11.1	1.7	0.2	0.0	0.3	0.5	0.1	1.6	0.1	1.8	3.5	0.6
Railroads	0.6	0.2	0.7	1.6	0.8	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.3	0.7	0.3
Truck services	2.1	0.2	1.6	3.8	0.9	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.6	0.1
Automobiles and components	0.5	0.6	12.9	13.9	3.1	0.0	0.0	0.2	0.2	0.1	0.2	0.3	6.9	7.4	1.7
Transportation subtotal	10.9	1.4	22.2	34.5	7.2	0.3	0.0	0.5	0.8	0.2	5.1	0.6	10.6	16.3	3.1
Metals and mining	4.3	1.0	4.3	9.5	0.7	0.1	0.0	0.2	0.3	0.0	2.7	0.6	2.8	6.2	0.6
Aluminum	0.1	0.4	0.7	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.7	1.2	0.1
Chemical products	113.9	16.3	15.8	145.9	2.6	1.8	0.3	0.4	2.5	0.1	47.2	6.7	6.3	60.2	0.9
Construction materials	0.2	0.0	3.3	3.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8	0.2
Cement	0.0	0.0	0.4	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Capital goods	1.0	1.2	22.7	24.9	4.6	0.0	0.0	0.0	0.0	0.0	0.9	0.7	16.0	17.6	2.9
Real estate	0.4	0.2	3.0	3.6	16.4	0.0	0.0	0.1	0.1	0.5	0.0	0.0	0.4	0.5	2.2
Steel	3.0	4.9	15.9	23.9	1.7	0.0	0.0	0.0	0.0	0.0	0.7	1.2	3.9	5.8	0.5
Materials and buildings subtotal	122.9	24.1	65.9	212.9	26.7	1.9	0.3	0.7	2.9	0.7	51.7	9.7	30.9	92.3	7.2
Beverages	0.2	0.1	1.4	1.7	0.6	0.0	0.0	0.0	0.0	0.0	0.3	0.2	2.1	2.6	1.1
Agriculture	1.9	0.4	1.3	3.7	0.4	0.0	0.0	0.0	0.0	0.0	2.7	0.5	1.6	4.8	0.3
Packaged foods and meat	10.9	1.2	5.2	17.3	1.0	0.0	0.0	0.0	0.0	0.0	4.3	0.6	2.7	7.6	0.4
Paper and forestry products	0.4	0.1	1.6	2.1	0.5	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.5	0.6	0.2
Agriculture, food, and forestry products subtotal	13.3	1.9	9.5	24.8	2.5	0.0	0.0	0.0	0.0	0.0	7.4	1.3	6.9	15.6	1.9
Total of the above sectors	366.0	38.5	163.2	567.8	42.3	158.4	2.8	35.1	196.3	5.0	497.9	27.8	125.2	650.9	20.4

*1 Subtotals and totals are based on unrounded figures and may not equal the sum of the figures shown.

*2 Results are calculated using a unified methodology for cross-sector comparison and may differ from real-economy GHG emissions, including when emission factors from the PCAF database are used.

*3 Exposures are presented before deducting the allowance for loan losses. The financed emissions calculation covers JPY 67.6 trillion, approximately 40% of aggregate exposure, including exposure from loans, project finance, and undrawn loan commitments outside the calculation scope.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sectoral emissions calculation (1)

Overview of calculation and target-setting approach



Category	Oil & Gas	Power sector	Steel sector	Automobile sector	Real estate sector	
Sectoral emissions calculation						
Calculation target	Assets	Loans and project finance provided by SMBC and its major banking subsidiaries that identify transition risk as material (outstanding balances as of the end of March) * Although some overseas offices have different fiscal year-end dates, including the end of December, end-March balances are used for consistency with the initial target-setting approach to tracking companies' performance. * Internal management exchange rates are used; therefore, figures may differ from those calculated for financial reporting purposes.				
	Sector	Borrowers with the upstream production business	Borrowers with the power generation business	Borrowers with the crude steel production business	Borrowers with the automobile production business (Gross vehicle weight of 3.5 tons or less)	Domestic borrowers of commercial real estate (non-recourse loans) or real estate REITs
	Value chains/ Scope	Scopes 1, 2, and 3 (Category 11) related to upstream production business	Scope 1 related to power generation business	Scopes 1 and 2 related to crude steel production business	Scopes 1, 2, and 3 (Category 11, WTW) related to automobile production business	Scopes 1 and 2 related to property operations, including Scope 3 Category 13 for REITs
	GHG	CO ₂ , CH ₄ , N ₂ O, HFCs, NF ₃ , PFCs, SF ₆				
	KPI	Absolute emission (Mt-CO ₂ e)	Physical carbon intensity (g-CO ₂ e/kWh)	Physical carbon intensity (t-CO ₂ e/t-Steel)	Physical carbon intensity (g-CO ₂ e/vkm)	Physical carbon intensity (kg-CO ₂ e/m ²)
	Offset	Not considered at the moment (to be reviewed based on international trends and guideline developments)				
	Data collection	Each company's disclosure information / Public databases / Internal information / Data providers				
Individual calculation	Refer to PCAF, follow the data quality hierarchy, and estimate from production volume or sales as needed	Refer to PCAF, follow the data quality hierarchy, and estimate from power generation and equipment capacity as needed	Refer to PCAF, follow the data quality hierarchy, and estimate from crude steel production volume by technology as needed	Refer to PCAF, follow the data quality hierarchy, and estimate from production and sales figures by powertrain as needed	Refer to PCAF, follow the data quality hierarchy, and estimate from property types as needed	
Portfolio calculation	Calculate portfolio emissions (absolute emissions) using the attribution factor approach	Calculate portfolio carbon intensity using the portfolio weighted average approach				
Setting Sectoral emissions reduction targets						
Medium-term reduction target (FY2030)	Oil & Gas: 7–24% reduction(vs. FY2020)	195–270 g-CO ₂ e/kWh	1.2–1.8 t-CO ₂ e/t-Steel	120–161 g-CO ₂ e/vkm	33–43 kg-CO ₂ e/m ²	
Consistency with the Paris Agreement	See the IEA/NZE scenario		See the MPP/Carbon Cost scenario (1.5°C consistency)	See the IEA/NZE scenario	See the CRREM 1.5°C Pathway	
Approval/Review						
Governance	Approved by the Management Committee, reviewed by the Board of Directors (+ Sustainability Committee)					
Periodic review	During this medium-term plan period (FY2026–2028), review as necessary					

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

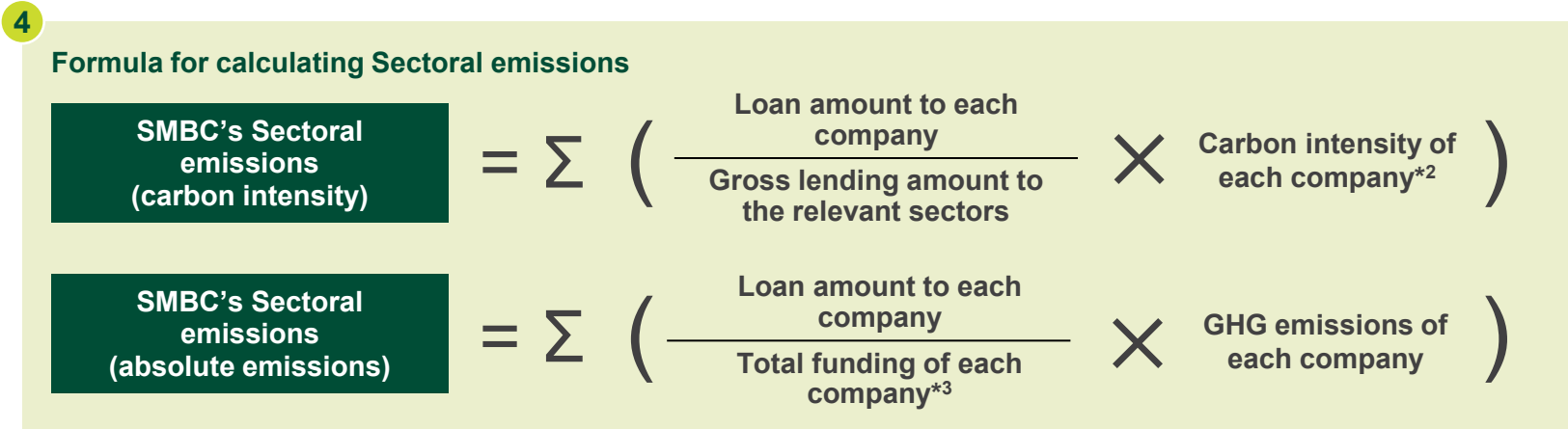
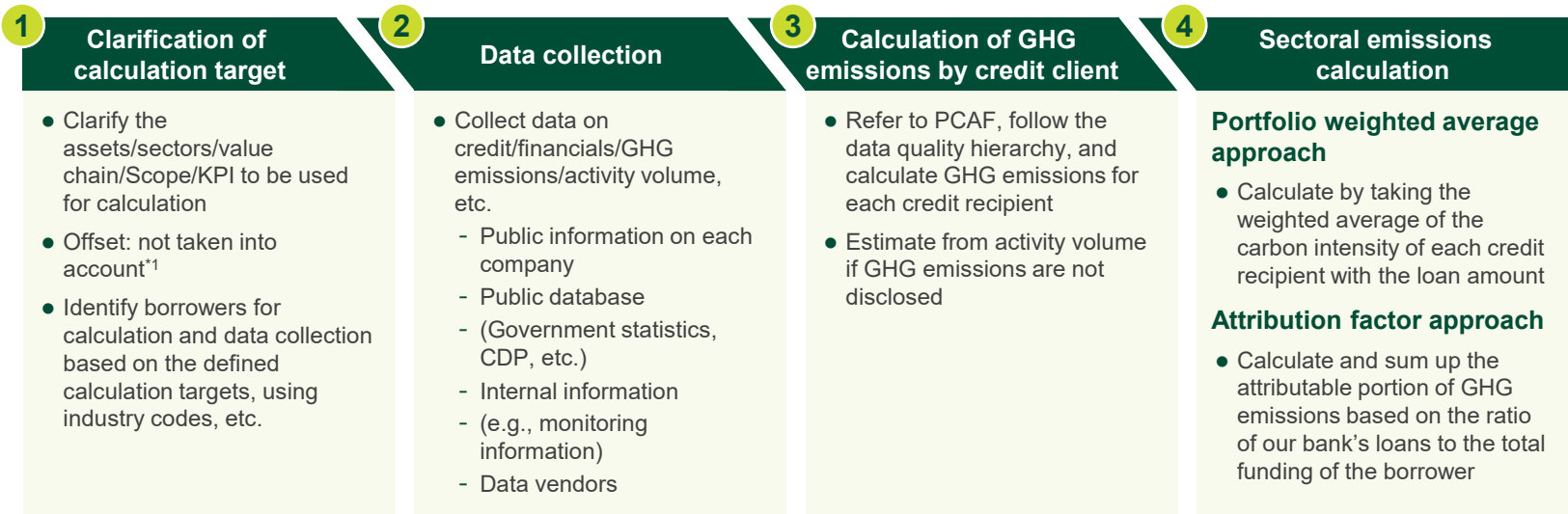
08. Metrics and targets

09. Appendix

Sectoral emissions calculation (2)

Overall picture of the calculation approach

SMBC Group’s calculation of sectoral emissions consists of the following four steps.



^{*1} The Net Zero Target and how the associated carbon credits should be used by SMBC Group and credit recipient companies will be examined, taking into account the status of development of global standards.
^{*2} Carbon intensity = GHG emissions / physical activity (e.g., kWh)
^{*3} Unlisted company: Total equity + Debt; Listed company: EVIC (Enterprise Value Including Cash)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sectoral emissions calculation (2)

Overall picture of the calculation approach 1. Clarification of calculation target

SMBC Group adopts a sector-specific approach and calculates Sectoral emissions for the oil & gas, power, steel, automobile, and real estate sectors, using SMBC's loans as the target asset.

Item	SMBC Group's approach and calculation approach	Target sectors	Corresponding target industry code (GICS)	Eligible businesses*3
(Presuppositions) Sector-specific approach	- Each industry sector has its own unique challenges, and there are differences in the path to decarbonization and the speed of reduction. - The approach of setting emission paths by industry while taking into account climate science is called the Sectoral Decarbonization Approach (SDA) and is widely adopted by companies participating in the SBTi. - Financial institutions' portfolios are diverse, and there is a need to engage with customers in many industries according to their circumstances. Therefore, SMBC Group adopts a sectoral approach when calculating and setting targets for sectoral emissions.	Oil & gas	- Integrated Oil & Gas - Oil & Gas Exploration & Production	Borrowers with the upstream production business
Target assets	In the Group's core business of lending*1, SMBC and its primary consolidated subsidiaries*2 account for the majority of those lending operations.	Power	- Electric Utilities - Multi-Utilities - Independent Power Producers & Energy Traders - Renewable Electricity	Borrowers with the power generation business
Target sectors	- Taking into account Scope 3 Category 15, GHG emissions, climate-related risks, loan balances, and other factors, five material sectors were selected as the calculation scope. - Identify specific borrowers in each sector for calculation based on GICS. - Specific targets for calculation in each sector are identified based on the perspective of the target value chain (i.e., whether the company has a business that is subject to calculation), which will be discussed later.	Steel	Steel	Borrowers with the crude steel production business
		Automobile	Automobile Manufacturers	Borrowers with automobile production business (Gross vehicle weight of 3.5 tons or less)
		Real estate	- Non-recourse loans for commercial real estate in Japan - Loans to domestic REITs (J-REITs) * Extract the above real estate-related cases regardless of GICS	

*1 Loans (corporate finance and project finance, etc.) are subject to calculation, based on year-end balances as of March 31

*2 As of the end of March 2026, SMFG's consolidated loan balance was JPY 118 trillion, and SMBC's consolidated loan balance was JPY 118 trillion. For details on the financial statements of Sumitomo Mitsui Financial Group and SMBC, please refer to the financial reports (Annual Securities Reports, SEC Filings, etc.).

*3 Among companies classified in the target sectors, those engaged in the target business (generating ≥5% of revenue from it) are included. From the perspective of portfolio management, in order to understand the potential of emissions, estimates are also made based on the estimated power generation and production volumes for projects under construction with project financing.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sectoral emissions calculation (2)

Overall picture of the calculation approach 1. Identification of scope of calculation

Target value chains/Scope and KPIs are set based on sector-specific characteristics.

Sector	Target value chain / Scope*1	KPI	GHG*2
Oil & gas	- The majority of life-cycle GHG emissions from fossil fuels come from upstream mining and production operations (including methane leakage) and fuel use. - In order to measure GHG emissions related to upstream production operations and the use of their products, calculation targets include direct and indirect emissions related to fossil fuel production (Scopes 1 and 2) and product use emissions (Scope 3 Category 11) of credit recipient companies.	- In order to decarbonize, it is necessary to reduce consumption of fossil fuels through alternate use of electrification, hydrogen, etc. (The IEA/NZE scenario also assumes a decrease in the ratio of fossil fuels to primary energy and a decrease in consumption itself). - Based on this characteristic, an absolute emission (Mt-CO₂e) that indicates direct GHG emissions is set as a measurement index.	
Power	- The majority of GHG emissions come from power generation, not transmission and distribution or retail operations, and power generation assets are subject to stranded asset risk. - To measure GHG emissions from power generation projects, direct emissions (Scope 1) related to power generation by credit recipient companies are included in the scope of calculation.	- Continued economic growth in developing countries, the shift from gasoline to electric vehicles, and other industrial electrification will increase electricity demand in the process of decarbonization. - Under the IEA/NZE scenario, the power sector is expected to reduce GHG emissions and increase power generation, mainly from renewable energy sources, toward 2050. - Based on this characteristic, in the transition process, carbon intensity (g-CO₂e/kWh) related to power generation is set as a measurement index to emphasize efficiency in terms of GHG emissions.	
Steel	- The majority of GHG emissions come from iron and steel making (crude steel production) operations, not from raw material mining or processing and distribution operations. - Direct and indirect emissions (Scopes 1 and 2) of credit recipient companies are included in the scope of calculation to measure GHG emissions related to production operations.		CO ₂ , CH ₄ , N ₂ O, HFCs, NF ₃ , PFCs, SF ₆
Automobile	- In the case of internal combustion engine vehicles, the main emission source is fossil fuel consumption during driving. In contrast, for electric vehicles, emissions during the manufacture of batteries, which are key components, and emissions at the power generation stage of the electricity consumed during driving are significant. - In particular, the progress of GHG emissions related to power generation varies by country and region, and the WTW³ perspective is important when aiming to reduce GHG emissions in the real economy. - In order to measure GHG emissions from vehicle production and driving, direct and indirect emissions from vehicle production (Scopes 1 and 2) and emissions from product use from a WTW³ perspective (Scope 3 Category 11) by the credit recipient companies are included in the calculation targets.	- Like electricity, steel is an essential material in infrastructure fields such as energy, construction, transportation, and electronic equipment. - As automobiles and real estate are also an important part of infrastructure, total demand is expected to increase due to economic growth in developing countries, etc. - Under the IEA/NZE scenario (1.5°C scenario), each sector is expected to reduce GHG emissions, while total demand (crude steel production, passenger car mileage, total building floor area) will increase toward 2050. - Based on these characteristics, in the transition process, in order to emphasize efficiency in terms of GHG emissions, the carbon intensity of physical activities in each sector, such as crude steel production, vehicle operation, and building use, is set as a measurement index.	
Real estate	- The majority of life-cycle GHG emissions come from the use of buildings, not from construction, renovation, demolition, etc. - In order to measure GHG emissions during the building use stage, direct and indirect emissions (Scopes 1 and 2) of the financed properties are included in the calculation targets. - In the case of REITs, where funds flow indirectly to commercial real estate, emissions are recorded as for leased properties, so emissions related to leased assets (downstream) (Scope 3 Category 13) are also included in the scope of calculation.		

*1 Some value chains within each sector are targeted, but there may be cases where only part of the value chain's emissions are included in SMFG's sectoral emissions calculations (resulting in overestimation).
(For example, if the borrower only discloses total GHG emissions for all sectors or the entire value chain.)

*2 All GHGs are included in the calculation scope; however, there may be cases where not all GHGs of a borrower are included in SMFG's sectoral emissions calculations (resulting in underestimation).
(This may occur if borrowers only disclose certain GHGs such as CO₂, or if GHG emissions are not disclosed at all and SMFG must estimate them.)

*3 Emissions from the process from fuel extraction to energy supply to vehicles are WTT (Well to Tank), emissions from vehicle operation are TTW (Tank to Wheel), and emissions from vehicle operation over its life cycle considering both are called WTW (Well to Wheel).

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sectoral emissions calculation (2)

Overall picture of the calculation approach 2. Data collection



Referring to the data quality concept in PCAF, we collect data using not only data vendors but also disclosure documents and materials from the time of credit assessment.

Data collection approach

- Emissions data for each company in a financial institution's portfolio is required to calculate the GHG emissions of its portfolio of investments and loans.
- However, not all companies disclose their GHG emissions, and the disclosure status varies depending on company size, industry, and region, which is a major issue in calculating GHG emissions for financial institutions.
- The PCAF Standard defines a data quality score in light of this situation and recommends that calculations be made in accordance with the score.
- In this calculation, emissions data (Score 1–2) based on disclosed information is prioritized by referring to this data quality score, and emissions are estimated if not available (Score 3–4; estimation methods in next section).
- If data is insufficient for appropriate estimation, parent company data is used. If that is also unavailable, the client is excluded from actual results as “not calculated.”*

Table of data quality scores in PCAF

Category	Concrete examples	Score
Reported emissions	Emissions data verified by an independent third party	1
	Unverified emissions data	2
Physical activity-based emissions	Estimated emissions based on energy consumption and other data	3
	Estimated emissions based on production volume and other data	4
Economic activity-based emissions	Estimated emissions based on sales data for each company	5
	Estimated emissions based on each company's asset data	5

(Source: Based on the PCAF Standard)

Main data sources

- Since information from data providers alone is incomplete, in addition to various information obtained internally through credit operations and monitoring, emissions data and activity-based data (such as electricity generation) are also collected based on disclosure information from borrower companies (such as integrated reports) and surveys of public information (such as electricity survey statistics).
- If the collected data appears to be inaccurate (e.g., large year-over-year fluctuations, significant deviation from industry averages), we verify it using other data sources or engage in dialogue with data vendors or clients, making corrections or using lower-score data as needed.
- For emissions and activity-based data, we use the latest data available as of the end of March of the same year used for balance-based assessments.

Category	Example of data source
GHG emissions-related data	• Integrated reports and various sustainability-related reports (Project Finance) Monitoring Report • CDP • Data vendors (Bloomberg)
Activity-based data	• Integrated reports and various sustainability-related reports • Public database of each country • Financial reports (Securities Report, Annual Report, etc.) • (Project Finance) Monitoring Report • Intra-bank data • Data vendors (Bloomberg, S&P Global Mobility)
Financial data	• Financial reports (Securities Report, Annual Report, etc.) • Intra-bank data • Data vendors (Bloomberg)

* Calculation coverage for FY25 results is approximately 90%.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Sectoral emissions calculation (2)

Overall picture of the calculation approach 3. and 4. GHG calculation



For GHG emissions per credit recipient, where emissions data is lacking, we make estimates based on activity-based or revenue data. Sectoral emissions are also calculated by using either an attribution factor or a portfolio-weighted average approach.

Sector	Calculation of GHG emissions by credit client (Estimation methods when Score 1–2 cannot be obtained)* ¹	Sectoral emissions calculation
Oil & gas	Score 3: Multiply fossil fuel production volume by GHG (CO₂, CH₄) emissions factors during production (IEA) to estimate Scopes 1 and 2, and multiply by CO₂ emissions factors during combustion (Ministry of the Environment) to estimate Scope 3. Score 4: Estimate fossil fuel production volume by dividing fossil fuel-related revenue by fossil fuel unit prices (World Bank), and estimate Scopes 1, 2, and 3 as in Score 3.	SMBC's sectoral emissions (absolute emissions) = $\sum \left(\frac{\text{Loan amount to each company}}{\text{Total funding of each company}} \times \text{GHG emissions of each company} \right)$ - Use attribution factor approach based on PCAF Standard to calculate portfolio emissions (absolute emissions). - For the total funding, use EVIC for listed companies; for others, use Total Equity + Debt (or total project cost) per client/project.
Power	Score 3: Multiply power generation by energy source by GHG (CO₂, CH₄, N₂O) emissions factors during power generation (IEA) to estimate carbon intensity (Scope 1). * If generation data is unavailable, estimate based on installed capacity by energy source and operation rate by energy source (per METI, etc.), and calculate Scope 1 carbon intensity during power generation using the above method.	
Steel	Score 3: Multiply production volumes by blast furnace and electric furnace by CO₂ emissions factors during production (MPP) to estimate the carbon intensity of crude steel production (Scope 1,2).	SMBC's sectoral emissions (carbon intensity) = $\sum \left(\frac{\text{Loan amount to each company}}{\text{Gross lending amount to each sector}} \times \text{Carbon intensity of each company} \right)$ - Use the weighted average approach as recommended by PACTA, etc.² to calculate portfolio carbon intensity. - Under the IEA/NZE scenario, the power sector is expected to reduce GHG emissions and increase power generation, mainly from renewable energy sources, toward 2050.
Automobile	Score 3: Multiply powertrain-specific production volume by GHG emissions factors during production (IEA) and divide by regional life cycle mileage (IEA, etc.) to estimate Scopes 1 and 2 carbon intensity. Multiply powertrain-specific production volume by driving CO₂ emissions factors from a WTW perspective (IEA, Ministry of the Environment, PCAF) to estimate Scope 3 carbon intensity.	
Real estate	Score 3: Multiply floor area by building type by CO₂ emissions factors during use (Ministry of the Environment) or by GHG emissions factors excluding NF₃ (CRREM) to estimate carbon intensity associated with building use.	

*1 For Oil & Gas, estimations based on Score 5 (asset-based) or below, and for other sectors, estimations based on Score 4 (revenue-based) or below are not conducted. Where data is lacking, the borrower is excluded from actual results as "not calculated."

*2 Paris Agreement Capital Transition Assessment: Climate change transition risk assessment tool developed by the 2 Degrees Investing Initiative (2DII), a climate-related think tank.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

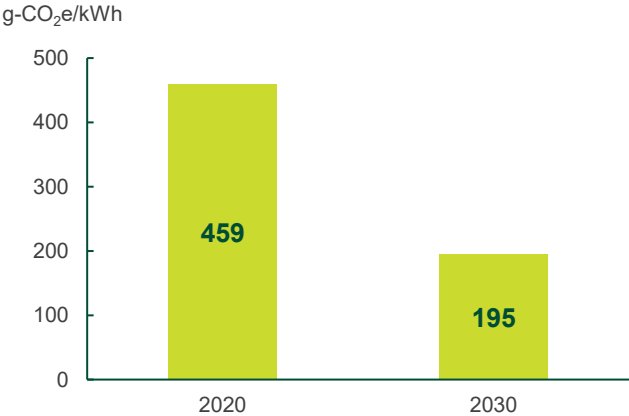
09. Appendix

Medium-term reduction targets are set for the power and oil & gas sectors in line with the 1.5°C scenario.

- Set a goal of achieving net-zero GHG emissions across the entire investment and loan portfolio by 2050 and establish sector-specific medium-term reduction targets toward the goal.
- For the power sector, the carbon intensity during generation (g-CO₂e/kWh) is indicated in the IEA NZE scenario, which we reference when setting targets.
- For the Oil & gas sector, GHG emissions from each fossil fuel are indicated and we refer to these reduction rates when setting targets.

Reference scenario (IEA/NZE scenario)

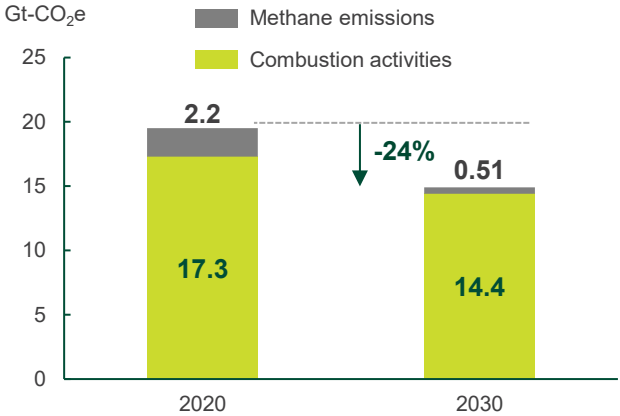
Power sector



Source: Prepared from the IEA_WEO2024 (NZE scenario)

FY2030 target
195 to 270 g-CO₂e/kWh
(See the IEA APS – NZE scenario)

Oil & gas sector



Source: Prepared from the IEA_WEO2024 (NZE scenario)

FY2030 target
Compared to FY2020 -7% to -24%
(See the IEA APS – NZE scenario)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

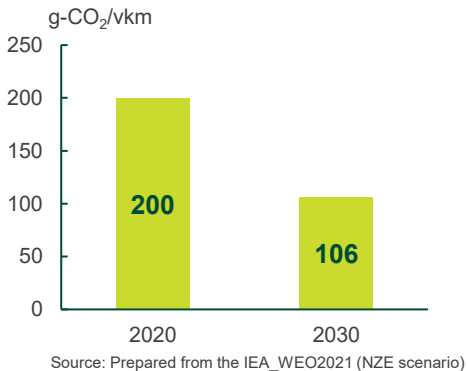
09. Appendix

Medium-term reduction targets have also been set for the automobile, steel, and real estate sectors in line with the 1.5°C scenario.

- Regarding the automobile sector, the IEA/NZE scenario shows the assumed carbon intensity (g-CO₂/km) of passenger cars, which should be referenced when setting targets (WTT emissions should be considered separately).
- In the steel sector, the Mission Possible Partnership’s analysis of decarbonization scenarios for the steel sector shows crude steel production and GHG emissions by technology, which should be referred to when setting targets, taking into account the fact that blast furnace crude steel production is the dominant method in Asia.
- In the real estate sector, CRREM, an international initiative to calculate and publish GHG reduction scenarios for commercial real estate, provides a 1.5°C scenario and carbon intensity (kg-CO₂e/m²) by property type in Japan, which should be referenced when setting targets.

Reference scenario (IEA/NZE scenario)

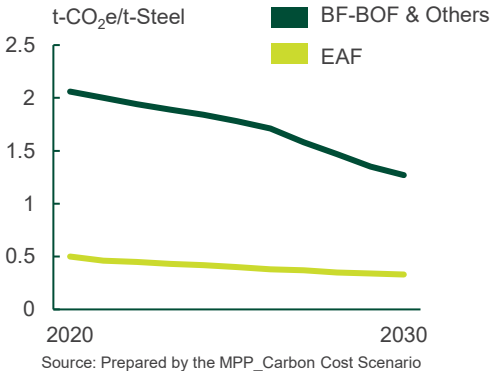
Automobile sector



Considering WTT

FY2030 target
120 to 161 g-CO₂e/vkm
 (See SBTi SDA Tool B2DS – IEA NZE scenario)

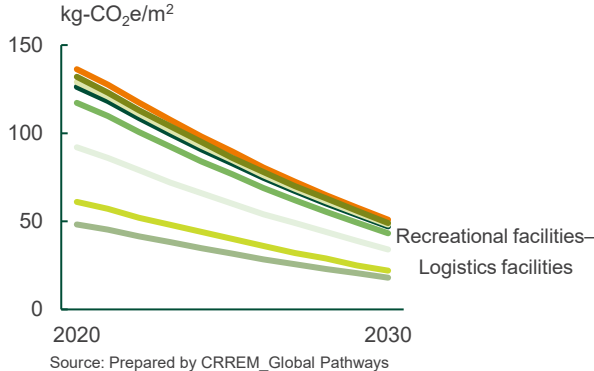
Steel sector



Considering the blast furnace/electric furnace ratio

FY2030 target
1.2 to 1.8 t-CO₂e/t-Steel
 (See consistent with customers’ goal of becoming carbon neutral by 2050 – MPP Carbon Cost scenario)

Real estate sector



Considering property ratio

FY2030 target
33 to 43 kg-CO₂e/m²
 (See the CRREM 2°C scenario – 1.5°C scenario)

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

We are establishing the following governance and review framework for portfolio GHG reduction targets. In addition, we are working on establishing internal controls and discussing with an auditing firm to obtain third-party assurance.

Item	Initiative status/policy
Governance on reduction targets and transition plans	- Clarify responsibility for sustainability in both supervision and execution, and establish a system (See “Governance” part). - Reduction targets and transition plans are established through deliberations by the Management Committee. - The Group CSuO reports regularly to the Board of Directors and the Sustainability Committee on reduction targets, transition plans, and the status of initiatives.
Medium-term reduction target periodic review	- Based on the opinions of the Board of Directors and the Sustainability Committee, we regularly review our reduction targets and transition plans, taking into account the latest developments in climate science, including those from the IPCC. - Regarding GHG emissions from underwriting operations (facilitated emissions), SMBC Nikko Securities conducted estimates for equity and bond underwriting and is currently considering setting targets based on the results.
Third-party assurance	- Third-party assurance has been obtained for operational GHG emissions. - For sectoral emissions, we are working on establishing internal controls and engaging with external auditors to further enhance and refine our calculation methodologies.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

We calculate GHG emissions for the power and oil & gas sectors, regarding the core securities operations of bond and equity underwriting, based on the PCAF guidelines.

Summary of facilitated emissions calculation

Category		Power sector	Oil & gas sector
Approaches to calculating GHG emissions related to underwriting			
Calculation target	Target activities	Underwriting of bonds and equities at SMBC Nikko Securities and major local subsidiaries, etc.	
	Sector	Issuer companies that fall within the power sector (GICS) and have power generation operations	Issuer companies that fall within the oil and gas sector (GICS) and have upstream production operations
	Scope	Scope 1	Scope 1 and 2 and Scope 3 (Category 11)
	KPI	Absolute emissions (Mt-CO ₂ e)	
	Offset	Not taken into consideration at this moment	
Collect data		Company disclosures/data provider	

Formula for calculating facilitated emissions

Facilitated emissions (absolute emissions)

=

Underwriting amount*1

EVIC or total equity + Debt*2

×

Weighting factor 33%

×

Annual emissions of the issuer: Mt-CO₂e

)

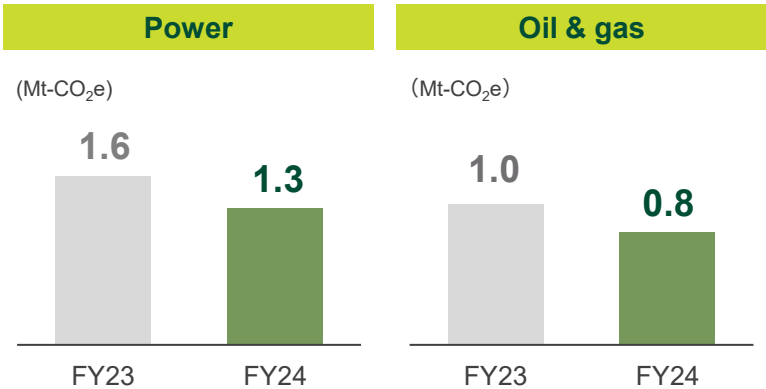
*1 If the underwriting amount is unknown, the facilitated amount is used Facilitated amount = Total raised amount × League table credit (attribution factor for financial institutions)

*2 Listed companies: EVIC, Non-public companies: Total equity + Debt (treated as zero with negative equity)

Facilitated emissions (FY2024 results)

Sector	GHG emissions	Data quality scores	Coverage*3
Power	1.3 Mt-CO ₂ e	Scope 1: 1.0	91%
Oil & gas	0.8 Mt-CO ₂ e ✓ Scope 1, 2: 0.1 ✓ Scope 3: 0.8*4	Scope 1, 2: 0.8 Scope 3: 1.1	82%

Due to rounding, the breakdown of GHG emissions may not add up to the total.



*3 By sector, on an underwriting amount or league table credit basis

*4 Scope 3, Category 11: Use of sold product

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Coal-fired- and coal mining-related exposure



In the power and coal (thermal coal) sectors, we have established a phase-out strategy^{*1} for coal-fired power generation and thermal coal mining.

Assets ^{*2}		Definition	FY2021	FY2022	FY2023	FY2024	FY2025	Targets
Power Sector	(Coal-fired power) Loan balance for project finance ^{*3}	Total loans and undrawn amounts of commitments to coal-fired power project finance	JPY 251 billion	JPY 228 billion	JPY 225 billion	JPY 194 billion	JPY 165 billion	FY2030 -50% (compared to FY2020) Zero balance in FY2040
	(Coal-fired power) Loan balance for equipment-linked corporate finance ^{*3}	Total loans and undrawn amounts of commitments to coal-fired power equipment-linked corporate finance	JPY 86 billion	JPY 77 billion	JPY 68 billion	JPY 57 billion	JPY 50 billion	Zero balance in FY2040
Coal sector	Loan balance for thermal coal mining sector ^{*4} (OECD countries)	Total loans and undrawn amounts of commitments to corporates whose main business is general coal mining, located in OECD countries	JPY 29 billion	JPY 20 billion	JPY 8 billion	JPY 4 billion	JPY 2 billion	Zero balance in FY2030
	Loan balance for thermal coal mining sector ^{*4} (Non-OECD countries)	Businesses located in non-OECD countries (definition other than location is the same as above)	JPY 78 billion	JPY 69 billion	JPY 37 billion	JPY 24 billion	JPY 17 billion	Zero balance in FY2040

^{*1} A phase-out target is set for coal-fired power as well as coal mining due to particularly high stranded asset risk.

^{*2} Scope of coverage: SMBC and its major banking subsidiaries engaged in banking operations that recognize material risks associated with transition risk, including increased credit-related costs, mainly in lending operations, and reputational damage.

^{*3} Excluding projects that contribute to efforts toward transitioning to a decarbonized society.

^{*4} Excluding support provided for the activities of our clients contributing to the transition from fossil fuels.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

The TNFD recommendations call for organizations to indicate the areas in which their assets and operational bases are located, and then identify and disclose any locations that border sensitive locations (areas that are important for natural capital and biodiversity). Using the following process, we investigated the points of contact between our company’s bases and sensitive locations, and confirmed the impact of our sales activities on nature.

Operational bases and information gathering

Mapping

Identification of sensitive locations

Contact points with operational bases

Going forward

- Collected location data from a total of **544 bases**.



* Our sales bases have been added to the tiles of the Geospatial Information Authority of Japan.

Building name	Number of offices
Domestic sales offices	472 locations
Head office building	8 locations
Welfare facilities and training centers	14 locations
Warehouses, storage centers, etc.	10 locations
Operation center	40 locations
Total	544 locations

Natural environment conservation-related designated areas

- National park
- Quasi-national park
- Wilderness environment conservation area
- Natural environment conservation area
- Habitat conservation area
- Nationally designated wildlife sanctuary
- Wetland registered with the Ramsar Convention

- SMBC’s domestic operational bases are conveniently located in urban areas and around major stations, so no “locations adjacent to sensitive locations” were found.
- In addition, in some areas of the Kansai region, we found that some of our bases were located relatively close to sensitive locations (within a two km radius). However, in light of the characteristics of the bases, we determined that **the impact** on natural capital and biodiversity **would be limited**.

- Considering natural capital and biodiversity**, we will reduce water usage and waste volume at each existing base and consider initiatives to reduce the impact of the environmental load across SMBC Group.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Core content	Standard	Report Section
Governance	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	P.90-99
	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	P.90,97,99
Strategy	the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	P.18
	the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain.	P.18
	the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan.	P.18-38
	the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning.	P.18,29-31
	the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.	P.29-31
Risk Management	the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks.	P.29-38,72-81
	the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	-
	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	P.67-70
Metrics and Targets	information relevant to the cross-industry metric categories.	P.32,80-81,98, 102-105,109-124
	industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry.	P.74-75,80
	targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	P.102-105,120-121,124

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Component / Item		Main content	Report Section
Foundations	Corporate policy on response to climate change and approach to initiatives	- Establishment & Revisions of the SMBC Group Statement on Social Value Creation and Group Environmental Policy - We aim to achieve net zero for our operations by 2030 and for our investment and loan portfolio by 2050	P.8,19,102
	Strengthening governance for climate change response	- Supervision by the Board of Directors and internal committees, including the Sustainability Committee - Establishment of the Group CSuO to oversee and promote group-wide sustainability initiatives, including response to climate change - Enhancement of the executive compensation system and operation of the internal control process - Capability building for executives and employees	P.90-99
Implementation strategy	Decarbonization businesses	- Expansion of decarbonization support solutions: Advisory services for emissions measurement and strategy development, co-creation of business initiatives, including renewable energy deployment, carbon credits, financing support for decarbonization - Expanding finance by enhancing risk-taking capabilities including new energy technologies, and transition finance	P.21-27
	Climate-related risk analysis and management	- Environmental and social due diligence (ESDD) (corporate/projects) - Policies for specific businesses and sectors	P.73-75
	Sectoral emissions	- Calculating sectoral emissions and setting goals - Developing metrics and targets to support decarbonization of the real economy: set "CO₂ emissions reductions" target	P.26,32-36,104
	Operational GHG emissions	Introducing renewable energy, switching to eco-friendly vehicles, and developing offset policies	P.105
Engagement strategy	Engagement with customers	- Transition Finance Playbook and Transition Finance Scorebook - Dialogue on transition plans using ESDD	P.25,74,75
	Engagement with industry	Participating in the PCAF, IIF, Japan Hydrogen Association (JH2A), ATF-SG, etc.	P.28
	Engagement with governments and authorities	Participating in various committees organized by the Japanese government	P.28
Metrics and targets	Sustainable finance KPIs	Cumulative total of JPY 50 trillion by FY29	P.103
	Sectoral emissions reduction targets	Setting targets for the power, oil & gas, coal, steel, automobile, and real estate sectors	P.32-36
	Operational GHG emissions reduction targets (Scopes 1 and 2)	Compared to FY21: 40% reduction by FY25 and 55% reduction by FY26	P.105

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Core content	Standard	Report Section
Governance	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	P.90-96,98-99
	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	P.90,97,99
	C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	P.49-61,87-88, 90-99
Strategy	A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	P.40,82-86
	B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	P.40-46
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	-
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	P.44-45,125
Risk Management	A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	P.67-70,72
	A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	P.67-70,72,82-86
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	P.73-74
	C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	P.73-74
Metrics and Targets	A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	P.103
	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	P.103
	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	P.103

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

UNGP Reporting Framework required items		Report Section
Policy Commitment	A1.1 How has the public commitment been developed?	P.49
	A1.2 Whose human rights does the public commitment address?	P.14,48,50
	A1.3 How is the public commitment disseminated?	P.49,56,61,73,88,100
Embedding Respect for Human Rights	A2.1 How is day-to-day responsibility for human rights performance organized within the company, and why?	P.49,53,55,57,61,90,91,97,100
	A2.2 What kinds of human rights issues are discussed by senior management and by the Board, and why?	P.61,90,91,97,100
	A2.3 How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	P.55,57,100
	A2.4 How does the company make clear in its business relationships the importance it places on respect for human rights?	P.49-50,56-61,73,87-88
	A2.5 What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	P.61,88
Statement of salient issues	B1 State the salient human rights issues associated with the company's activities and business relationships during the reporting period.	P.87
Determination of salient issues	B2 Describe how the salient human rights issues were determined, including any input from stakeholders.	P.50,87
Choice of focal geographies	B3 If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	-
Additional severe impacts	B4 Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	-

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

UNGP Reporting Framework required items		Report Section
Specific Policies	C1.1 How does the company make clear the relevance and significance of such policies to those who need to implement them?	P.54-59,61,73-74, 88,100
Stakeholder Engagement	C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	P.57-61,87
	C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	P.59-61,88
	C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	P.49,59-61,88
Assessing Impacts	C3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	P.57-58,61,88
	C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	P.57-58,61,88
Integrating Findings and Taking Action	C4.1 How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	P.53,57-58,61, 73,88,90,91,97
	C4.2 When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	P.50,61,73-74,88, 91,97
	C4.3 During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	P.51-61,73,87,100
Tracking Performance	C5.1 What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	P.88
Remediation	C6.1 Through what means can the company receive complaints or concerns related to each salient issue?	P.57-58,61
	C6.2 How does the company know if people feel able and empowered to raise complaints or concerns?	P.57-58
	C6.3 How does the company process complaints and assess the effectiveness of outcomes?	P.57-58
	C6.4 During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	P.57-58
	C6.5 During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	P.57-58

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

Organization abbreviation	
Abbreviation	Official title
SMFG	Sumitomo Mitsui Financial Group (holding company)
SMBC	Sumitomo Mitsui Banking Corporation
SMBC Trust	SMBC Trust Bank
SMFL	Sumitomo Mitsui Finance and Leasing Company
SMBC Nikko	SMBC Nikko Securities
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance Company
JRI	Japan Research Institute
Sumitomo Mitsui DS / SMDAM	Sumitomo Mitsui DS Asset Management
SMICC	SMFG India Credit Company
OTO	PT Oto Multiartha
SOF	PT Summit Oto Finance

Job title abbreviation	
Abbreviation	Official title
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSO	Chief Strategy Officer
CRO	Chief Risk Officer
CCO	Chief Compliance Officer
CHRO	Chief Human Resources Officer
CIO	Chief Information Officer
CISO	Chief Information Security Officer
CDAO	Chief Data and Analytics Officer
CDIO	Chief Digital Innovation Officer
CSuO	Chief Sustainability Officer
CAE	Chief Audit Executive

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



Term	Official title	Remarks
APS	Announced Pledges Scenario	An IEA scenario that assumes all announced national climate targets and net zero pledges are met in full and on time (equivalent to a temperature rise of approximately 1.7°C in 2100 in WEO 2024).
B2DS	Beyond 2 Degree Scenario	Less than 2°C scenario published by the IEA (>50% probability of maintaining at 1.75°C or less)
BEV	Battery Electric Vehicle	Battery-powered electric vehicles
BF-BOF	Blast Furnace-Basic Oxygen Furnace	-
CRREM	Carbon Risk Real Estate Monitor	International initiative to calculate and publish GHG reduction scenarios for commercial real estate
CX	Customer Experience	-
EAF	Electric Arc Furnace	-
EV	Electric Vehicle	-
EVIC	Enterprise Value Including Cash	A financial metric that represents the total value of a company, including its cash reserves
GHG	Greenhouse Gas	-
GX	Green Transformation	Transforming society and economic systems toward carbon neutrality
IEA	International Energy Agency	-
ILO	International Labour Organization	-
IPCC	Intergovernmental Panel on Climate Change	-
KGI	Key Goal Indicator	-
KPI	Key Performance Indicator	-
NGFS	Network for Greening the Financial System	-
NZE	Net Zero Emissions by 2050 Scenario	The IEA's published decarbonization scenarios for achieving net zero GHG emissions by 2050

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



Term	Official title	Remarks
OECD	Organisation for Economic Co-operation and Development	-
OEM	Original Equipment Manufacturer	In this document, this refers to automakers in the automobile industry
PCAF	Partnership for Carbon Accounting Financials	-
PHEV	Plug-in Hybrid Electric Vehicle	-
RAF	Risk Appetite Framework	-
Scope1	-	Direct greenhouse gas emissions by businesses themselves
Scope2	-	Indirect emissions from the use of electricity, heat, and steam supplied by other companies
Scope3	-	Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the business's activities)
SBTi	Science Based Targets Initiative	-
SDS	Sustainable Development Scenario	Published by the IEA
TCFD	Task Force on Climate-related Financial Disclosures	-
TF	Transition Finance	Financial services and products designed to support companies and industries in their transition toward more sustainable and low-carbon business models
TNFD	Taskforce on Nature-related Financial Disclosures	-
TSR	Total Shareholder Return	-
UNGC	United Nations Global Compact	-

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



Ecosystem services	Definition
Biomass provisioning	The function of supplying reusable organic resources derived from plants and animals, such as grass, wood, fish, wild plants, and animals.
Genetic material	Refers to the DNA of all living organisms, used to develop new varieties, synthesize genes, and create products using genetic material.
Animal-based energy	Labor provided by domesticated animals such as cattle, horses, donkeys, goats, etc.
Water supply	The function of supplying users with water of appropriate quality for various uses through rainfall, melting snow, lakes, rivers, etc.
Water purification	Restores and maintains surface and groundwater bodies, improving water quality through nutrient retention and pollutant breakdown and removal.
Water flow regulation	The function of circulating water through absorption, storage, and evapotranspiration via rivers, soil, and the atmosphere.
Rainfall pattern regulation	The regulatory function of the hydrological cycle, such as rainfall generation, through evapotranspiration on a subcontinental scale by forests and other vegetation.
Global climate regulation	Earth's climate control function through the removal and sequestration of carbon dioxide and other greenhouse gases from the atmosphere.
Local climate regulation	The regulatory function of ambient atmospheric conditions through vegetation within the region.
Air filtration	The ability to filter pollutants from the atmosphere and reduce their harmful effects through deposition, uptake, fixation, and storage of pollutants.
Soil quality regulation	The ability to regulate soil fertility and properties through processes such as weathering, nitrogen fixation, nitrification, and mineralization.
Soil and sediment retention	The ability to stabilize vegetation and prevent damage to buildings, infrastructure, and other ecosystem services by reducing soil and sediment erosion and landslides.
Storm mitigation	The ability to reduce the negative impact of wind and sand on local communities through forests and other vegetation.
Flood mitigation	The function of seaside and riparian vegetation as a physical barrier against storm surges and high water levels, protecting beaches and riverbanks and preventing flooding.
Nursery population and habitat maintenance	Functions that maintain species through habitat retention and gene pool protection.
Solid waste remediation	The ability to reduce the harmful effects of discarded organic and inorganic materials through microorganisms, algae, plants, and animals.
Pollination	The ability to maintain or increase the number and diversity of other species through pollinators.
Biological control	The ability to prevent or reduce the impact of pests and human diseases.
Dilution by atmosphere and ecosystems	The ability to dilute gases, liquids, and waste generated by human activities, e.g., with fresh water, seawater, and air.
Recreation related	Services that enable people to directly interact with and enjoy the natural environment on-site.
Visual amenity	Services that provide sensory (especially visual) benefits to human beings and contribute to a comfortable life.
Education, scientific and research	Services that enable humans to gain and use knowledge about the natural environment.
Spiritual, artistic and symbolic	Services that contribute to the construction of identity and expression in the arts through the cultural, historical, aesthetic, and religious perceptions of the natural environment by humans.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



Pressure	Definition
Emissions of GHG	Activity emits GHG. Examples include volume of carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), Sulphur hexafluoride (SF ₆), Hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs), etc.
Emissions of non-GHG air pollutants	Activity emits non GHG air pollutants. Examples include volume of fine particulate matter (PM2.5) and coarse particulate matter (PM10), Volatile Organic Compounds (VOCs), mono-nitrogen oxides (NO and NO ₂ , commonly referred to as NOx), Sulphur dioxide (SO ₂), Carbon monoxide (CO), etc.
Introduction of invasive species	Activity directly introduces non-native invasive species into areas of operation.
Other biotic resource extraction (e.g. fish, timber)	Activity extracts biotic resources including fish and timber.
Other abiotic resource extraction	Activity extracts abiotic resources. Examples include volume of mineral extracted.
Disturbances (e.g. noise, light)	Activity produces noise or light pollution that has potential to harm organisms.
Generation and release of solid waste	Activity generates and releases solid waste.
Area of land use	Activity uses land area. Example metrics include area of agriculture by type, area of forest plantation by type, area of open cast mine by type, etc.
Area of freshwater use	Freshwater area is used for the activity. Examples of metrics include area of wetland, ponds, lakes, streams, rivers or peatland necessary to provide ecosystem services such as water purification, fish spawning, areas of infrastructure necessary to use rivers and lakes such as bridges, dams, and flood barriers, etc. Impacts include hydrological changes, freshwater geomorphology and fluvial processes.
Area of seabed use	Seabed area is used for the activity. Examples of metrics include area of aquaculture by type, area of seabed mining by type, etc. Impacts include hydrological changes, freshwater geomorphology and fluvial processes.
Volume of water use	Water is used for the activity. Example metrics include volume of groundwater consumed, volume of surface water consumed, etc.
Emissions of toxic pollutants to water and soil	Activity emits toxic pollutants that can directly harm organisms and the environment.
Emissions of nutrient pollutants to water and soil	Activity emits nutrient pollutants that can lead to eutrophication.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix



This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of Sumitomo Mitsui Financial Group, Inc. (“the Company”) and its management with respect to the Company’s future financial condition and results of operations. This document also contains "sustainability statements" related to the sustainability activities of the Company concerning the environmental, social, and governance matters.

In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements or sustainability statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance or results include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of the Company’s securities portfolio; incurrence of significant credit-related costs; the Company’s ability to successfully implement its business strategy through its subsidiaries, affiliates and alliance partners; and exposure to new risks as the Company expands the scope of its business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements or sustainability statements, which speak only as of the date of this document. The Company undertakes no obligation to update or revise any forward-looking statements or sustainability statements. The sustainability initiatives described in the "sustainability statements" are undertaken in accordance with policies and practices independently determined by the Company, with the aim of supporting and addressing its risk management and other financing and investment objectives. Each decision will be made subject to local legal requirements.

Please refer to the Company’s most recent disclosure documents such as its annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as its earnings press releases, for a more detailed description of the risks and uncertainties that may affect its financial conditions, its operating results, and investors’ decisions.

Our investment decisions, including those that may involve sustainability considerations, pursuant to its independently determined policies and practices that seek to promote and be responsive to its risk management and other investment objectives. Any and all engagement by the company with other entities or organizations on sustainability or related issues is pursuant to, and consistent with, those independently determined policies and practices. Each decision will be made subject to local legal requirements.

01. Message from the Group CEO

02. Editorial policy

03. Summary

04. Our approach to sustainability

05. Strategy

06. Risk management

07. Governance

08. Metrics and targets

09. Appendix

