

【NEWS RELEASE】

August 31, 2022

Sumitomo Mitsui Financial Group

Publication of the “SMBC Group TCFD Report 2022”

Sumitomo Mitsui Financial Group, Inc. (President and Group CEO: Jun Ohta; hereinafter the Group is collectively referred to as the “SMBC Group”) hereby publishes the “SMBC Group TCFD Report 2022” (hereinafter referred to as the “Report”).

The SMBC Group has been proactively taking measures against climate change since we announced its support to the Task Force on Climate-related Financial Information Disclosure (TCFD) in December 2017. Since the SMBC Group became the first global financial institution to estimate and disclose the financial impacts of climate change in 2019 and announced Greenhouse Gas (GHC) emissions reduction targets for our loan and investment portfolios in the power and energy sector in 2022, we have accelerated our efforts against climate change.

The report contains new efforts made by the SMBC Group within the past year. Newly added items for disclosure include the following:

1. Enhancement of the governance structure

In FY2022, the SMBC Group established the Sustainability Division and the Environmental and Social Risk Management Department to enhance our approach to sustainability. In addition, starting in FY2022, we adopted quantitative ESG evaluation items in our executive compensation system to reflect the degree of achievement of long-term targets related to sustainability, including climate change responses.

The report describes sustainability-related organizational changes and enhancement of the compensation system as new efforts to strengthen the governance on climate change responses.

2. Establishment of a transition plan

The SMBC Group established the “Roadmap Addressing Climate Change” and is making advanced efforts to build a decarbonized society.

The “Roadmap Addressing Climate Change” was recently updated to the “Transition Plan to Achieve Net Zero Emissions,” which is included in the Report. The transition plan systematically explains the set of targets and actions defined by the SMBC Group with a focus on achieving the goal of attaining net zero emissions by 2050. By implementing the transition plan, we strive to minimize transition risks and expand growth opportunities associated with decarbonization and aim to achieve net zero emissions.

3. Enhancement of the analysis of climate change scenarios

The SMBC Group, through our core company Sumitomo Mitsui Banking Corporation, performs climate change scenario analyses for physical risks and transition risks, and calculates the amount of anticipated risks. Since the publication of last year's TCFD Report, we have performed a new analysis for physical risks in line with the scenarios described in the IPCC Sixth Assessment Report and added automobile and iron and steel sectors in the analysis of transition risks.

The Report contains the analysis process and calculation results, including details of the above-mentioned adjustments.

4. Revision of policies for specific sectors and businesses

The SMBC Group has policies for specific sectors and businesses which are likely to have impacts on climate change. Each policy is periodically reviewed considering the external environment.

We recently revised the policies for coal-fired power generation, palm oil plantation development, and deforestation. The Report describes the revised policies for each sector.

5. Establishment of additional mid-term reduction targets for GHG emissions in loan and investment portfolios

The SMBC Group sets GHG emissions reduction targets in loan and investment portfolios for each sector to achieve net zero emissions by 2050.

We recently established GHG emissions reduction targets in loan and investment portfolios for the oil and gas and coal sectors in addition to the target for the power sector that was set in May 2022. This Report describes the calculation process, results of current estimation, and mid-term GHG emissions reduction targets in loan and investment portfolios for each sector, covering corporate finance and project finance of Sumitomo Mitsui Banking Corporation.

The SMBC Group strives to proactively contribute to the realization of sustainability and enhanced disclosure by maintaining dialogue and working together with our stakeholders, including our customers.

The Japanese version of the Report is now published. The English version will be released in September.

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