

## **SMBC Manila Branch – Sustainability Strategic Objectives (SSO) Disclosure**

Our sustainability journey began with the commitment made by Sumitomo Mitsui Banking Corporation (“SMBC”) to building strong relationships with the communities it serves.

In April 2020, the Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1085 on Sustainable Finance Framework. SMBC Manila Branch (“the Bank”) is aligned to SMBC’s sustainable finance goals and is committed to doing its part in creating a more sustainable future.

We have taken steps to integrate sustainability principles into our business and operations, including by:

- enhancing the Bank’s policies and practices to adhere with regulatory requirements related to sustainability topics;
- aligning with sustainability related frameworks and policies from SMBC Head Office and Regional management;
- establishing the Manila Branch Environmental & Social Risk Management Policy;
- establishing the Sustainability Strategic Objectives (SSO) document; and
- developing and implementing various initiatives and activities to raise awareness among employees.

We aim to embed our sustainability principles, including those related to the environmental and social well-being, into our corporate governance framework, risk management systems and strategic objectives in a manner consistent with the size, risk profile and complexity of our operations.

### **Our Sustainability Objectives**

#### **❖ Embedding sustainability in the Bank’s strategy**

The Bank will segment approved strategies into short-, medium- and long-term horizons as prescribed in BSP Circular 1128.

#### **❖ Identification of sustainable financing opportunities**

The Bank will continue to build its sustainable financing portfolio and identify new areas of opportunity in line with our SSO. The Bank will perform an assessment of the local market and evaluate opportunities with the potential to support the transition to a lower carbon economy.

#### **A. Short-term objectives (by 2025)**

- ✧ Enhance customers’ understanding on their environmental and social challenges in the Philippines.
- ✧ Provide sustainable financing solutions to customers in the Philippines to help them achieve their sustainability goals.
- ✧ Introduce sustainable financing products such as, but not limited to, green loans, social loans, and sustainability-linked loans – subject to feasibility study and product approvals.
- ✧ Identify and collaborate on external stakeholder initiatives to help address environmental and social challenges.

#### **B. Medium-term objectives (by 2030)**

- ✧ Contribute to SMBC Group’s 2030 portfolio greenhouse gas reduction targets to:
  - reduce coal sector emissions by 37-60% compared to FY2020
  - reduce oil & gas sector emissions by 12-29% compared to FY2020; and
  - reduce power generation emissions intensity to 138-195 g-CO<sub>2</sub>e/kWh by FY2030.
- ✧ Contribute to SMBC Group’s target to execute JPY 50 trillion of sustainable finance by 2030 (including JPY 20 trillion in green finance).

### C. Long-term objectives (by 2050)

- ✧ Reduce the balance of loans in project finance and equipment-linked corporate finance for coal-fired power generation to zero by FY2040, in alignment with SMBC Group's target.
- ✧ Achieve net zero greenhouse gas emissions across our finance portfolio by 2050, in alignment with SMBC Group's target.
- ✧ Throughout the journey, the Bank will collaborate with stakeholders to help address environmental and social challenges in the Philippines through a range of programs and initiatives.

### **SMBC Head Office Sustainability Policy**

To demonstrate its commitment to a more sustainable future, in April 2020, SMBC Group updated its Group Mission to include the following statement: *"We contribute to a sustainable society by addressing environmental and social issues"*.

Soon after, the SMBC Group Statement on Sustainability was also established, which lays out the basic principles upon which SMBC Group's efforts to realize a sustainable society are based. Within the Statement on Sustainability, SMBC Group outlines its aim to help realize the Sustainable Development Goals as set forth by the United Nations in order to support sustainable development and resolve social issues. SMBC Group also commits to engaging and cooperating with customers and other stakeholders to contribute to the transition to a more sustainable future. Moreover, the statement clarifies SMBC Group's intent to support the spirit of the Paris Agreement and contribute to resolving environmental issues.

In addition, SMBC Group established the SMBC Group Environmental and Social Framework ("Framework") to articulate its comprehensive stance to the environment and society and contributing to the realization of a more sustainable society. Policies and commitments included in the Framework apply to SMBC as a whole, and SMBC Group companies implement this framework in line with each of their businesses.

To learn more about sustainability at SMBC Group, please visit our website at:  
<https://www.smfg.co.jp/english/sustainability>