

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 our policies and practices to adhere with regulatory requirements related to Environmental, Social, and Governance (ESG);
- aligning with ESG related frameworks and policies from SMBC Head Office and Regional management;
- introducing a Sustainability Finance Framework and embedding it into the Manila Branch Environmental & 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 environment and society, 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 for the Bank 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)

- ✧ Achieve net zero greenhouse gas emissions across our own operations by 2030, in alignment with SMBC Group's target.
- ✧ Contribute to SMBC Group's 2030 portfolio greenhouse gas reduction targets: 37-60% for coal and 12-29% for oil & gas (compared to FY2020); and 138-195 gCO₂e/kWh for power generation.
- ✧ Contribute to SMBC Group's target to execute JPY 50 trillion of sustainable finance from FY2020 to FY2029 (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 principle upon which SMBC Group's efforts to realize a sustainable society will be 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 global transformation into a better society. 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 sustainable society. Stances/approaches expressed in the Framework are those of the Group as a whole, and group companies implement this framework in line with each of their business' framework in line with each of their businesses.

SMBC Group also established "SMBC Group GREEN x GLOBE 2030" in April 2020, a ten-year plan that extends to 2030 and is based upon the Sustainability Statement. Key pillars of the plan include: 1) Sustainability initiatives that are directed towards our customers/society; 2) Internal initiatives that contribute to Sustainability management; and 3) Enhance engagement with investors.

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