

【NEWS RELEASE】

December 9, 2021

The Climate Service, Inc.

IBM Japan, Ltd.

Sumitomo Mitsui Banking Corporation

Sumitomo Mitsui Banking Corporation, The Climate Service, Inc. of the United States, and IBM Japan, Ltd. have signed a memorandum of understanding.

Support corporate climate change disclosure by providing climate change risk /opportunity analysis services

Sumitomo Mitsui Banking Corporation (“SMBC”, President and CEO: Makoto Takashima), The Climate Service, Inc. (“TCS”, headquartered in North Carolina, US), and IBM Japan, Ltd. (“IBM Japan”, GM and President: Akio Yamaguchi, headquartered in Tokyo, Japan) announced today that they have signed a memorandum of understanding with the aim of jointly developing services for customers that will allow them to analyze the risks and opportunities related to climate change, as well as the potential impact of regulations governing financial disclosure.

TCS provides “The Climanomics® platform” which analyzes risks and opportunities and quantifies financial impact, in line with the Task Force on Climate-Related Financial Information Disclosure (TCFD *1), which provides an international framework for climate change-related disclosure. From August this year, SMBC and IBM Japan have performed a proof of concept using TCS's Climanomics® platform in Japan, focusing on customers aiming to list on the Tokyo Stock Exchange Prime Market from the spring of 2022. As a result, we have received a certain degree of evaluation for the analysis of risks associated with climate change, and we will start full-scale plan to provide services to our customers in early 2022.

The movement towards making climate change-related financial information disclosure is accelerating on a global basis. TCFD has provided guidelines for companies covering disclosure of their action plans aimed at achieving decarbonization. In addition, with the revision of the Corporate Governance Code in June 2021, some listed companies in Japan are now required to disclose information in line with the TCFD.

On the other hand, analysis of risks and opportunities required by TCFD and quantification of financial impact require highly specialized business knowledge, climate expertise, and capabilities around collecting large amounts of data and examining quantification methods, so digital utilization is indispensable. We believe that TCS’s services will be a solution to these issues.

The Climanomics® platform aligns with TCFD. Guided by a team including scientists from the world-renowned Intergovernmental Panel on Climate Change (IPCC) and leveraging over a thousand proprietary econometric functions, the Climanomics® platform blends terabytes of climate science with data from

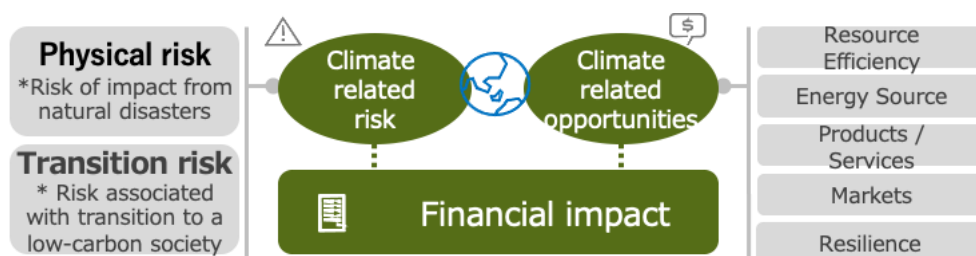
individual company assets to offer analysis covering multiple climate scenarios over a time horizon of up to 80 years.

The platform enables assessment of physical risks including temperature extremes, drought, wildfire, coastal and fluvial flooding, tropical cyclones and water stress, and packages data into simple visualizations to provide insights into the location, severity, and timing of climate risks, quantified in financial terms. The analysis contents and results are available to the users through the cloud-based user interface or data export. Since a standardized quantification model for migration risks and opportunities analysis has not been established yet, the quantification of financial impact is done through leveraging data sets available from the scientific community. This method will be continuously upgraded to align with industry standards.

IBM Japan has a wealth of knowledge and skills that have tackled ESG issues of global and diverse companies in terms of technology. We will support the introduction of this service to more customers based on our track record and knowledge of supporting TCFD support for advanced European and US companies.

SMBC's "SMBC Group GREEN Innovator" program will facilitate to support customers in resolving management issues related to various sustainability initiatives. SMBC, together with TCS and IBM Japan, will support customers in Japan by providing the Climanomics® platform to support TCFD reporting, and will contribute to efforts toward a sustainable society.

(*1) Financial Impact of Climate-related Risks and Opportunities (Overview)



About SMBC

SMBC was established in April 2001 through the merger of Sakura Bank and Sumitomo Bank. SMBC has strengths in one of the largest operating bases in Japan, speed of strategy implementation, and the ability to provide financial services through a leading group company. Under the Sumitomo Mitsui Financial Group, we will work together with other group companies to provide our customers with high quality complex financial services.

About TCS

The Climate Service combines data and expertise from leading climate scientists with powerful, secure technology to model climate-related financial risks. This helps investors, companies, and communities understand their financial risks from the changing climate and the opportunities from a transition to a lower-

carbon economy. Named a leader—the highest designation possible—by Forrester Research’s Climate Risk Analytics New Wave report, The Climate Service works to embed climate risk data into every decision on the planet to accelerate an equitable transition to a low-carbon economy.

About the Climanomics® platform

Trusted by clients including the world’s largest banks, asset managers, real estate investors, Fortune 500 firms, and public bodies, including the US Federal Government, the Climanomics® platform from The Climate Service enables climate risk assessment and reporting consistent with the TCFD framework. Providing asset and portfolio-level analysis, evaluating assets anywhere in the world, the platform models risks and opportunities decades into the future.

About IBM Japan

Founded in 1937, IBM Japan is a subsidiary of IBM Corporation, which operates in more than 175 countries around the world. With integrated services ranging from basic research and business consulting to IT system development, integration, maintenance and operation, IBM Japan provides high-value hybrid cloud and AI solutions that help drive clients’ business and digital transformation

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