

【NEWS RELEASE】

September 29, 2023

Sumitomo Mitsui Financial Group

Publication of the “SMBC Group TCFD Report 2023”

TOKYO, September 29, 2023 --- 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 2023” (hereinafter referred to as the “Report”).

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

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

1. Governance

SMBC Group has introduced quantitative ESG evaluation metrics into its executive compensation system from FY2022. In April 2023, SMBC Group has made additional revisions to incorporate new quantitative ESG indicator (such as portfolio GHG emission reduction and sustainable finance execution amount) and qualitative indicator (such as efforts to address materiality issues) in the medium-term performance-linked compensation

In addition, to enhance the transparency of our sustainability management structure, we are newly disclosing the expertise of Sustainability Committee members and the Group CSuO. Furthermore, in March 2023, we welcomed Paul Polman, former CEO of Unilever and Deputy Chairman of the UN Global Compact, as a new Global Advisor aiming for a more advanced management structure.

2. Strategy

SMBC Group has newly formulated the Transition Finance Playbook aimed at supporting transition and technological innovation, as well as a phase-out strategy for thermal coal mining. Furthermore, in pursuit of realizing a decarbonized society and enhancing corporate value through our climate change measures, we have formulated the Transition Plan that systematizes a series of SMBC Group's goals and actions. This Report outlines the specific implementation plans for each strategy during our new medium-term management plan (FY2023 to 2025), including the reduction of portfolio GHG emissions, decarbonization business, client engagement, and more.

3. Risk Management

SMBC Group has introduced a framework to manage climate-related risks within the "Risk Appetite Framework", a framework for managing risks across the entire group. We will manage GHG emissions and carbon intensity by sector and department to achieve our portfolio GHG emission reduction targets.

Furthermore, for sectors considered to have high transition risks, we are also introducing an individual company transition strategy assessment framework. Here, we will check the status of responses to transition risks for each debtor and build a risk control framework according to the evaluation.

4. Metrics and Targets

SMBC Group has upwardly revised its 2030 target for sustainable finance execution (from 30 trillion yen to 50 trillion yen), set mid-term targets for reducing its own GHG emissions, and newly formulate a phase-out strategy for the thermal coal mining sector.

Regarding portfolio GHG emissions, this Report also describes the status of estimated calculation and the direction of its methodology for the real estate sector, in addition to the steel and automobile sectors announced this May. Furthermore, regarding underwriting business, SMBC Nikko Securities is conducting preliminary calculations of facilitated emissions for the power and oil & gas sectors.

SMBC Group will further actively contribute to the achievement of sustainability by engaging in dialogue with customers and other stakeholders and acting together with them, advancing our disclosures as well.

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https://www.smfg.co.jp/english/sustainability/materiality/environment/climate/pdf/tcf_d_report_e_2023.pdf