



Japan RE Invest Indonesia

Energy Transition Financing Through JETP & ETM

March 3rd 2023



SUMITOMO MITSUI
FINANCIAL GROUP

Our Determination against Climate Change

SMBC Group will support our customers' transition and efforts, to maximize our contributions in realizing a decarbonized society.

Group CEO Message



SMBC Group, as a responsible financial institution, will support our customers' transition and efforts to develop new technologies, to maximize our contributions in realizing a decarbonized society.

This summer, Tokyo experienced the shortest rainy season, while the number of days on which the temperature went up to 35°C or greater reached the highest on record. Not only did countries around the world face similar extreme summer temperatures, but we also saw repeated cases of drought and mountain fire.

I am deeply concerned that such extreme weather conditions previously described as “the first time in history” or “once in a century” are becoming the new norm. Putting a stop to global warming and ensuring that this green earth is passed on to future generations are both urgent issues SMBC Group is facing, given our social responsibility, and a long-term obligation of humanity that must be fulfilled.

SMBC Group is positioning climate change and other sustainability related initiatives as key issues in our management strategy, and the Group is united to realize a smooth transition to a decarbonized society.

In FY2021, SMBC Group committed to realize net zero emissions in our own operations by 2030 and in our overall loan and investment portfolio by 2050. In FY2022, we have further enhanced our efforts addressing climate change issues, including, but are not limited to, the setting of medium-term Greenhouse Gas (GHG) emissions reduction targets for the power, oil and gas (O&G) and coal sectors, and establishing the “Net Zero Transition Plan.”

Moreover, we have been focusing on strengthening our sustainability management structure. In FY2021, we established the Group CSuO position in our CxO system and the Sustainability Committee as an internal committee of the Board, allowing us to enhance both our execution and supervision structure. In FY2022, in order to provide comprehensive solutions for customers from strategic planning related to sustainability, we brought together our various sustainability related capabilities that were spread throughout SMBC Group, and established the Sustainability Division, which is staffed by more than 100 employees.

However, the path to carbon neutrality is not a simple way forward. The development of next generation technology is essential to ensuring an orderly transition, and we must pay careful attention to each country's unique circumstances while engaging in close communication with our customers to establish a realistic route and pace towards 2050. As a responsible financial institution, SMBC Group will maximize our contributions to maintaining stable energy supply and realizing long-term decarbonization, by supporting our customers' transition and efforts to develop new technologies.

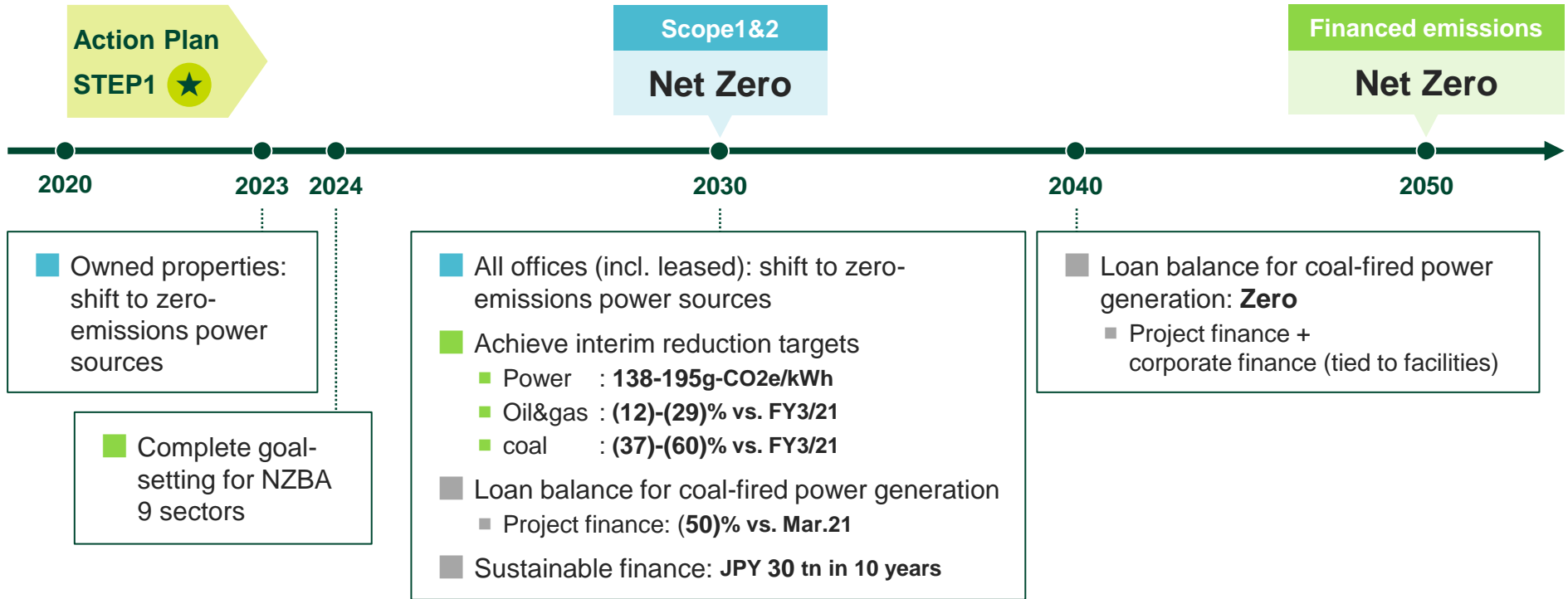
Furthermore, climate change is one of the numerous paradigm shifts the world is facing, which brings significant opportunities on the other hand. SMBC Group established a KPI of executing sustainable finance totaling JPY 30 trillion in the 10-year period up to 2030, and in FY2021, we executed sustainable finance totaling JPY 5.4 trillion by consistently capturing opportunities brought about by the market's growth.

We are also focusing on creating new businesses by collaborating with players from outside the financial sector. For example, we have realized the launch of Sustana, a service that allows for the visualization of GHG emissions, and investing/participating in Carbonplace, a global platform for carbon credit transaction. Moving forward, we will continue providing a wide range of solutions including sustainable finance, bond underwriting, leasing, and advisory services so that we can contribute to the resolution of climate change and other social issues by supporting our customer's decarbonization efforts while also consistently enhancing our corporate value.

SMBC Group's corporate color is green. As a green corporation that is committed to contributing to the realization of a sustainable society, we will continue to engage in initiatives aimed at addressing a wide range of social issues. These initiatives will not be limited to combating climate change but will also encompass issues such as respecting human rights, preserving biodiversity, and realizing economic growth. SMBC Group will take steps forward together with our customers to realize a sustainable society.

Sumitomo Mitsui Financial Group
Director President and Group CEO

SMBC's Net Zero Transition Plan

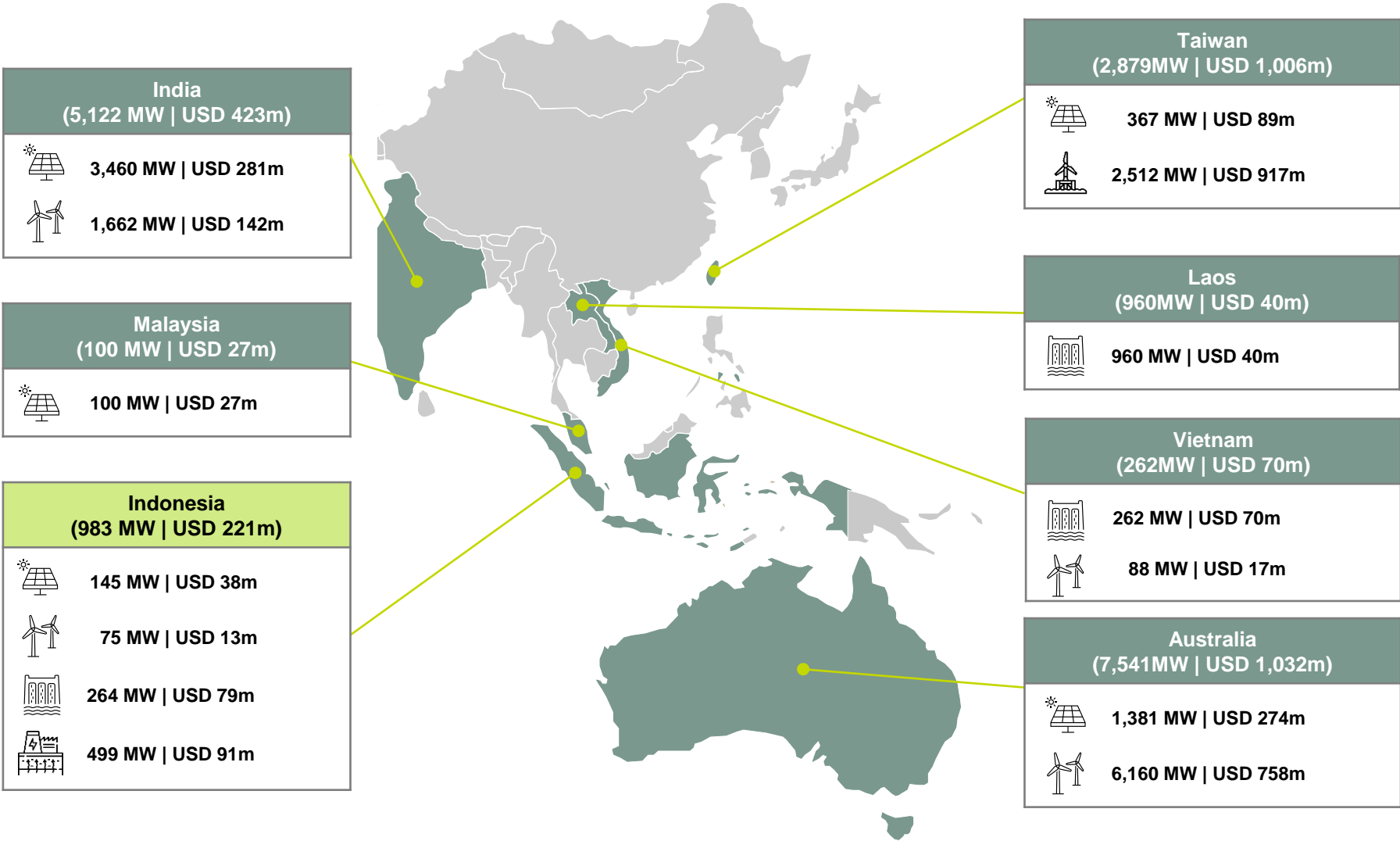


Expanding growth opportunities associated with mitigating transition risks and decarbonization

System developments	Goal-setting	Implementation strategy	Engagement
<ul style="list-style-type: none"> ★ Strengthen governance ● Capability-building 	<ul style="list-style-type: none"> ★ Calculation of financed emissions and setting reduction targets 	<ul style="list-style-type: none"> ★ Strengthen risk management ★ Promote decarbonization business ★ Reduce scope1&2 emissions 	<ul style="list-style-type: none"> ● Customer approach ● Response to other stakeholders

SMBC's Renewable Energy Project Finance in APAC

Existing commitment of USD 2.9 billion, financing 17.8 GW of renewable capacity across Asia Pacific.



* As of Sept 2022, figures refer to total gross capacity of projects financed and SMBC's commitment in debt facilities for these projects. Includes hybrid large-scale project signed in Oct 2022.

Renewable Energy Project Finance League Table in APAC

In 2021, 3 Japanese Mega Banks financed 4 Billion Dollars of Renewable energy projects in APAC regions.

#	Banks	Credit (USD million)
1	Mitsubishi UFJ Financial Group	1,501
2	Sumitomo Mitsui Financial Group	1,247
3	Mizuho Financial Group	1,144
4	Societe Generale	888
5	Nomura	605
6	Credit Agricole Group	556
7	Standard Chartered Bank	518
8	National Australia Bank	506
9	Maybank	495
10	Commonwealth Bank of Australia	446

(source) IJ Global

Japanese Government's Basic Policy for Realization of GX

Last December, Japanese Government announced the Basic Policy and the roadmap for realization of GX (Green Transformation).

- **Renewable Energy**

To expand the introduction of renewable energy, **a grid development plan** has been established.

Investment in the next 10 years will be 8 times as much as that in the past 10 years.

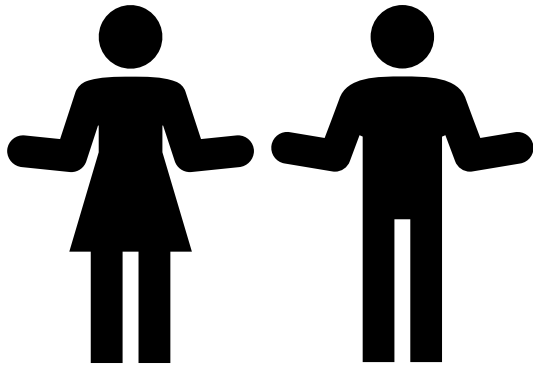
- **Nuclear power**

Replacement of reactors decided to be decommissioned with next generation innovative reactors.

Review of operating period (40 years + 20-year extension + shutdown period such as inspection)

- **"GX Economic Transition Bonds"**

Government support will be provided for **upfront investment of 20 trillion yen and aiming for more than 150 trillion yen of public and private investment over the next 10 years.**



How can we accelerate Energy Transition Financing Through JETP and ETM?

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