

SMBC Group English

Proposal 1

Partial amendment to the Articles of Incorporation (Setting and disclosing short- and medium-term greenhouse gas emissions reduction targets consistent with the goals of the Paris Agreement)

Proposal details

The following clause shall be added to the Articles of Incorporation:

Chapter X: “Shift to Decarbonized Society”

Clause Y: “Setting and disclosing short- and medium-term GHG emissions reduction targets consistent with the goals of the Paris Agreement”

1. To promote the long-term success of the Company, given the risks and opportunities associated with climate change, and in accordance with the Company’s commitment to the Paris Agreement on climate change, the Company shall set and disclose a business plan with short-term and mid-term greenhouse gas emissions reduction targets across its overall investment and loan portfolio aligned with Article 2.1(a) of the Paris Agreement (the “Paris goals”).

2. The Company shall report on its progress against such targets in its annual reporting.

Reasons for proposal

This proposal aims to maintain and increase the Company’s corporate value, by appropriately managing the Company’s exposure to climate change risks, and ensuring information transparency through setting and disclosing business plans aligned with the Paris Agreement goals, including short-term (by 2025) and medium-term (by 2030) greenhouse gas emissions reduction targets across its entire investment and loan portfolio.

To align with the 2050 net zero goal set by the Japanese government and the Company’s own goal of net zero emissions across its entire loan and investment portfolios, it is imperative to set concrete short- and medium-term targets and develop compatible business plans. Disclosing its progress against such targets annually will ensure the Company’s financing activities are consistent with these goals.

By adding this clause to the Articles of Incorporation, the Company can effectively manage exposure to climate change risks, align with its long-term net zero goal and promote sustainable growth.

Proposal 2

Partial amendment to the Articles of Incorporation (Financing consistent with the IEA’s Net Zero Emissions Scenario, etc)

Proposal details

The following clause shall be added to the Articles of Incorporation:

Chapter X: “Shift to Decarbonized Society”

Clause Z: “Financing consistent with the IEA’s Net Zero Emissions Scenario, etc.”

Acknowledging the Company's support for the goal of net-zero emissions by 2050, and in accordance with both the Environmental Program Finance Initiative (UNEP FI) recommendations to the G20 Sustainable Finance Working Group and the International Energy Agency (IEA)'s Net Zero Emissions by 2050 Scenario, the Company shall set and disclose proactive measures to ensure the proceeds of the Company's lending and underwriting are not used for the expansion of fossil fuel supply or associated infrastructure.

Reasons for proposal

The purpose of this proposal is to manage the Company's exposure to climate risk appropriately and maintain and improve corporate value. The proposal addresses climate change risk by setting and disclosing measures to ensure that the company's financing activities are not inconsistent with the IEA's net-zero by 2050 emissions scenario and the UNEP FI recommendations to the G20 Sustainable Finance Working Group.

The risks of the IEA scenario are widely recognized, and it is clear from the scenario and climate science that there is no room to develop new oil and gas fields or coal mines, or new infrastructure to facilitate such development if we are to reach the 1.5 °C target of the Paris Agreement.

The Company has set a goal of net-zero greenhouse gas emissions from its entire investment and loan portfolio by 2050, but continues to provide significant funding to facilitate fossil fuel expansion. We propose to add this clause to the Articles of Incorporation in order to manage the Company's exposure to transition risk and to become a financial institution that drives the trend toward a carbon-free society.