

Medium- to Long-Term Environmental Targets **(FY2022~2025):**

The SMFL Group has its environmental policy, explicitly stating its aims in contributing to the resolution of global environmental issues. In April 2020, as one element of Our Vision within the SMFL Way, the SMFL Group declared its intention to become a company "chosen for its commitment to SDGs," and since then has been working on various initiatives. In April 2022, we established three medium- to long-term environmental targets. Targets 1 and 2 are related to the decarbonization of SMFL and the SMFL Group, and under Target 3 we aim to contribute to resolving social issues, including the decarbonization of our customers' operations.

Target 1:

Net-zero greenhouse gas emissions by SMFL in Japan (up to FY2023) (Achieved)

We achieved Target 1 one year ahead of schedule in FY2022 and maintained net-zero emissions in FY2023 and FY2024. Given that the majority of our Scope 1 emissions are due to gasoline use in company vehicles, we have been taking measures to reduce its gasoline consumption. These measures include a 37% reduction in the number of vehicles by the end of FY2024 compared to FY2021, and simultaneously replacing them with environmentally friendly alternatives. We have offset any remaining Scope 1 emissions after implementing these measures through the use of carbon credits. For Scope 2 emissions, we have set and achieved our goal of sourcing all electricity used from renewable energy sources on a non-consolidated basis in Japan. This includes switching to renewable energy sources and utilizing non-fossil fuel certificates. Furthermore, we used all of the non-fossil certificates derived from the solar power facilities owned by the SMFL Group, while ensuring the continuity and transparency of our renewable energy procurement within the SMFL Group, from generation to consumption, over the long term.

Non-consolidated GHG emissions in Japan (Scope 1 and Scope 2)

t-CO ₂ e	FY2022	FY2023	FY2024
Scope 1	808	672	534
Voluntary offset through the use of carbon credits	808	672	534
Scope 2	0	0	0

Target 2:**Net-zero greenhouse gas emissions by the SMFL Group (by FY2025)**

To calculate the SMFL Group's GHG emissions more precisely, we introduced a cloud system for calculating GHG emissions in April 2024. Additionally, SMFL Group has obtained third-party assurance for its Scope 1 and 2 GHG emissions for FY2024. Toward achieving environmental Target 2, we will further promote activities to reduce the SMFL Group's GHG emissions and procure carbon credits, non-fossil fuel certificates, and overseas renewable energy certificates.

Consolidated GHG emissions (Scope 1 and Scope 2)

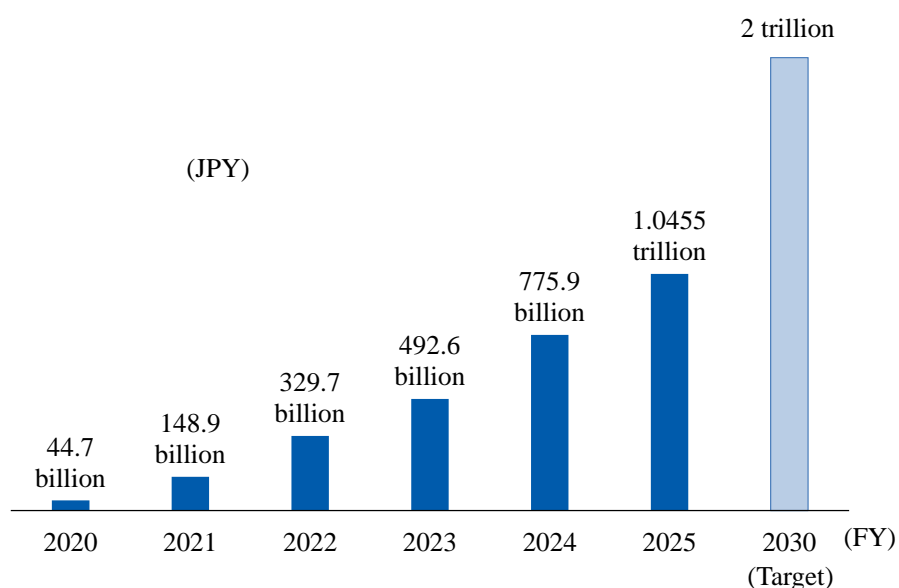
t-CO ₂ e	FY2023	FY2024	Emissions factors/Notes
Scope 1	2,665	3,223	In principle, we use the emission factors published in the Greenhouse Gas Emissions Accounting, Reporting and Disclosure System under Japan's Act on Promotion of Global Warming Countermeasures to calculate Scope 1 emissions. For Scope 1 emissions, SMBC Aviation Capital's share is recorded as 1,541 t-CO ₂ e for FY2023 and 2,414 t-CO ₂ e for FY2024.
Scope 2	2,034	1,309	In principle, we use the provider-specific emission factors; otherwise, we use the country-specific emission factors published by IEA (International Energy Agency). Due to the review of the calculation Boundary, Scope 2 emissions for FY2023 were revised. Scope 2 emissions are after the application of non-fossil fuel certificates on SMFL in Japan. (Prior to application: 2,460 t-CO ₂ e for FY2023 and 1,513 t-CO ₂ e for FY2024)

Target 3: Expand sustainability -related businesses

The SMFL Group is focusing on sustainability-related businesses to help address social issues, including climate issues, and to support customers in their decarbonization efforts. Initially, we set a cumulative contract value target of JPY 1 trillion for FY2020 to FY2029, but we have moved this target date forward to FY2025 while raising the cumulative target to JPY 2 trillion for FY2030.

Driven by our customers' growing interest in sustainability, the cumulative contract value for sustainability-related businesses reached JPY 1.0455 trillion over the six years to FY2025. We will continue to accelerate our efforts in each business to achieve these targets.

Cumulative contract value



Main transactions (FY2020–)

- Investment in and financing of renewable energy power generation businesses such as solar, wind, hydro and biomass
- Environmentally certified real estate development and financing projects
- SDGs Lease Mirai 2030® (donation type) /(evaluation type), SDGs leases in collaboration with companies and government agencies, real estate version of SDGs leases, etc.
- Sustainability-linked leases and loans (included from FY2023)
- Leases including carbon credits (included from FY2024)

*The inclusion of transactions related to sustainability in the aggregation target is subject to approval by the SDGs Promotion Committee.