



CSR REPORT 2018

Contents

SMBC Group has not published a booklet version of CSR Report, instead disclosing information on our website. (In order to improve convenience, we post a PDF version of our website, what we call CSR report.)

This CSR Report reports on SMBC Group's overall CSR activities with the objective of clarifying the Group's concept of "fulfilling CSR as an integral aspect of management" and its efforts to put this concept into practice.

In addition, the Group has made innovative use of links to effectively guide readers to different areas within its CSR web pages in order to highlight the Group's characteristic initiatives and enable browsing according to purpose.

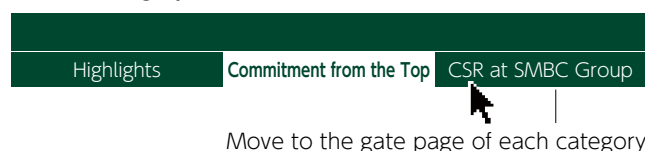
Looking ahead, the Group will focus on maintaining a dialogue with stakeholders by enhancing its communication activities.

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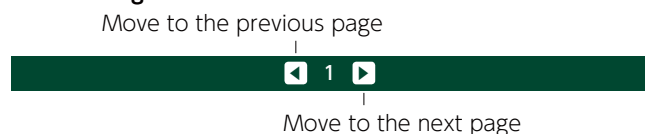
How to Use this Report

You can move between the pages of this report using the category tabs, navigation buttons and link buttons.

Header category tabs



Footer navigation buttons



Editorial Policy

CSR Website Editorial Policy

This website has been created for the purpose of communicating to stakeholders the roles played by the SMBC Group in helping to realize a sustainable society, as well as its initiatives. The website reports the SMBC Group's overall CSR initiatives so that stakeholders may understand that the Group views the practice of CSR as management itself as well as its practical initiatives.

The website compiles characteristic initiatives, including the latest examples, centering on policies, systems, and programs related to CSR at SMBC and the holding company SMBC Group. We aim to continue to enhance the range of information disclosed. Effective links are also provided to information disclosed on the websites of individual Group companies in connection with examples of initiatives at those companies.

The CSR report is a PDF file version of this site and allows stakeholders to review the CSR initiatives of the SMBC Group in a single document.

Note on Company Names

Sumitomo Mitsui Financial Group, Inc. is referred to on this site and in the CSR report as the "holding company SMBC Group" or "SMBC Group," and the overall corporate group that includes the main Group companies is referred to as the "SMBC Group."

Scope of this Report

- Sumitomo Mitsui Financial Group, Inc.
- Sumitomo Mitsui Banking Corporation
- SMBC Trust Bank Ltd.
- Sumitomo Mitsui Finance and Leasing Company, Limited
- SMBC Nikko Securities Inc.
- SMBC Friend Securities Co., Ltd.(*)
- Sumitomo Mitsui Card Company, Limited
- Cedyne Financial Corporation
- SMBC Consumer Finance Co., Ltd.
- The Japan Research Institute, Limited
- Sumitomo Mitsui Asset Management Company, Limited

* SMBC Friend Securities has formed a merger with SMBC Nikko Securities in January 2018.

Reporting period and other information

Reporting Period

The fiscal 2017 period, the 12-months from April 1, 2017 to March 31, 2018

* The Report contains additional information including certain up-to-date data as well as future prospects where considered October 2017.

Month of Issue

September 2017 (Previous issue: December 2016)

Reference Guidelines

We refer to GRI "Sustainability Reporting Guideline (G4)."

GRI (Global Reporting Initiative): Established as an international standard for sustainability reporting, compliers set up an international organization GRI in 1997 to encourage its adoption worldwide.

External Verification

Data on fiscal 2016 CO₂ emissions by main Group companies under Scope 1, 2 and 3 (Category 6: Business Travel) has been independently certified by the Japan Quality Assurance Organization to ensure its reliability.

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Highlights of Our Initiatives for the Future

We have promoted initiatives centered on provision of financial services, aiming to realize a sustainable society where today and in the future people can live prosperous, vibrant lives.

However, modern society is facing various global issues, such as growing inequality, large-scale refugee movement, and climate change driven by global warming.

We are expected to contribute even further through corporations and businesses to solving these issues and passing on a better society to the next generation.

As a financial institution, we are expected to serve as a bridge to the future, working through the voluntary efforts of our employees to solve issues and providing financial services of even greater value. In doing so, we seek to grow together with all our stakeholders, now and in the future.

Here we introduce some of the initiatives that we have carried out with stakeholders, focusing on our three key themes of: Environment, Next Generation, and Community.

Our Commitments



> Commitment to the Environment

Here we introduce examples of our leading environmental initiatives through financial services and displaying our commitment to environmental preservation our commitment to environmental preservation.



> Commitment to the Next Generation

Here we introduce examples of our initiatives to nurture the next generation, according to business format and region, displaying our commitment to the people, industries and others who will support the future



> Commitment to the Community

Here we introduce examples of our initiatives to realize a safe and secure society, displaying our commitment to being a member of the community

Commitment from the Top



Social Responsibility Expected of a Global Financial Group

Investment based on Environmental, Social and Governance (ESG) factors has been growing rapidly around the world. Notably, the Government Pension Investment Fund (GPIF) launched ESG investments worth ¥1 trillion in June 2017. Moreover, the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 puts a strong emphasis on the roles that companies are expected to fulfill to address common global priorities. These priorities include ending poverty and hunger, promoting diversity and inclusion in the workplace, tackling healthcare, environmental and energy challenges, and achieving technological innovation and urban development. Various institutions around the world have answered this call by accelerating their initiatives to achieve the SDGs. For example, the Principles for Responsible Investment (PRI) have positioned the SDGs as the central focus of institutional activities for the next ten years. In addition, the Keidanren (Japan Business Federation) has revised its Charter of Corporate Behavior for the first time in seven years.

These kinds of initiatives to address the ESGs and SDGs are being implemented on a global scale. In this environment, there have been strong calls around the world for institutions to address the Paris Agreement on combating climate change and the Task Force on Climate-related Financial Disclosures (TCFD), a new financial reporting framework proposed by the Financial Stability Board (FSB).

Moreover, it is generally believed that sustainable economic growth can be realized by encouraging the creation of new technologies and services through innovation. This innovation can be achieved by fostering proactive efforts to engage in ESG and the SDGs among national governments, municipalities, investors, companies and members of civil society around the world.

SMBC Group has hitherto focused on fulfilling its corporate social responsibilities (CSR) through financial services as a member of the global community, becoming a signatory to the United Nations Environmental Programme Financial Initiative (UNEP FI) in 2002 and participating in the United Nations Global Compact (UN GC), among others.

Currently, ESG and the SDGs have attracted interest because they are key themes that could have a major bearing on contemporary corporate management worldwide. We believe that contribution to ESG and the SDGs is a social responsibility that we are expected to fulfill as a global financial group. Therefore, we have positioned ESG and the SDGs as a key priority of our management strategy as we make proactive efforts to solve social issues through our core businesses.

Our Initiatives for Three Priority Issues

SMBC Group has identified three priority issues from the perspective of CSR: “Environment,” “Next Generation,” and “Community.” We conduct a range of initiatives to address global environmental issues through financial services and to contribute to the development of safe and secure communities that will allow the next generation to thrive.

In addressing the “Environment,” we have established three core environmentally conscious actions: “environmental business,” “managing environmental risks,” and “reducing environmental impact.” These form the core of the environmental activities of our seven main Group companies, which have acquired the ISO 14001 international certificate for environmental management systems.

In particular, as interest increases in environmental finance, SMBC has been conducting various environmental initiatives through its business activities. These initiatives include providing the SMBC Environmental Assessment Loan/Private Placement Bond to help clients in the area of environmental management; issuing “green bonds,” which limit fund use to environment-related projects, and adopting stricter lending policies concerning loans for coal-fired thermal power plants that limit these loans to highly efficient projects, in light of environmental impacts such as climate change. Moreover, SMBC has endorsed frameworks related to measures to combat climate change, such as the Paris Agreement and TCFD, and has set up a working group to consider responses to TCFD’s recommendations. SMBC plans to start analyzing the related impacts and disclose its responses in a timely manner.

For the benefit of the next generation, we are focused on improving financial literacy, which refers to the essential financial knowledge and judgment needed by each age group. We will do so by leveraging our financial functions and knowledge. Group companies also provide financial and economic education according to their line of business and give tours of their workplaces.

Overseas, we provide scholarships to international students through domestic and overseas foundations set up by SMBC. In addition, SMBC is engaged in addressing issues in emerging countries-providing job training in Indonesia and teacher training in Myanmar, among other measures. In May 2018, SMBC received a Medal with the Dark Blue Ribbon from the Japanese government in recognition of the teacher training program provided in collaboration with UNICEF in Myanmar.

With regard to “Community,” we are carrying out initiatives to realize a safe, secure, and prosperous society, focusing primarily on the regions and fields in which we conduct business.

In Japan, we conduct activities for elderly persons, persons with disabilities, and persons with cognitive impairment as a financial institution that our customers feel comfortable to use. In the areas of the Tohoku and Kyushu regions that have been affected by earthquakes and other disasters, we conduct support activities that accord with various reconstruction stages and needs. Additionally, SMBC conducts social contribution activities by working closely with organizations involved in solving social issues in Japan and abroad, using a volunteer fund comprising donations from its employees. Furthermore, SMBC proactively supports the Tokyo 2020 Olympic and Paralympic Games as a Gold Partner (in the bank category), with a view to making these games a sustainable sports event.

Sustainable Growth for Society as a Whole and Increased Corporate Value Through ESG and SDGs-Related Initiatives

SMBC Group promotes initiatives for the aforementioned three priority issues to create value for society, while working to increase the sophistication of the corporate infrastructure that forms the basis of all its corporate activities.

To further enhance our governance system, we will make further integrated management efforts with SMBC Group playing a core role as a holding company. These measures will be undertaken in accordance with the SMBC Group Corporate Governance Guideline created in fiscal 2015. Specific measures include the transition to a governance structure with a nominating committee, etc., and introducing a Chief Officer (CxO) system and group-wide business units.

Moreover, in order to ensure that our employees can make the most of their individual character and abilities, we will work to create resilient workplaces that can adapt to changing conditions. Specific steps include career support for female employees, measures to balance work with nursing care responsibilities, and the introduction of flexible working styles. To this end, each company in SMBC Group has set targets for improving its employees’ work-life balance.

In addition to the foregoing initiatives, SMBC Group has incorporated its targeted SDGs into the business plans of its four business units, with the aim of achieving the SDGs through its core businesses. From among the 17 SDGs, SMBC Group has selected seven goals that it will seek to accomplish through its business activities and three goals that it will seek to accomplish by strengthening its corporate infrastructure.

Moreover, we will hold training and study sessions to impart a greater understanding of the SDGs among all SMBC Group employees. The entire SMBC Group will make a concerted effort to encourage every employee to understand the SDGs correctly and to take ownership of these activities. One key initiative was setting up the “SDGs Award,” an internal award program to recognize outstanding initiatives that contribute to achieving the SDGs.

As a global financial group, we will strive to achieve the SDGs together with our customers by promoting new SDGs-related initiatives unique to SMBC Group going forward.

Our aim is to “become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region.” As we fulfill this role, we will work for the sustained development of society as a whole and to raise our own corporate value by promoting ESG and SDGs-related initiatives. I look forward to your continued understanding and support as we endeavor to reach our goals.

July 2018

Sumitomo Mitsui Financial Group, Inc.

Takeshi Kunibe

Director President (Representative Executive Officer)

CSR at SMBC Group

Contributing to the Sustainable Development of Society

Our society is confronting numerous and wide-ranging issues, including global warming, human rights, and low birthrates and aging populations in developed countries. As a global financial group, at SMBC Group we regard it as our social responsibility to remind ourselves of our role and play our part in addressing such issues.

SMBC Group

Basic CSR Policies

SMBC Group has a CSR definition and CSR “business ethics” to make the position of CSR clear and promote CSR effectively.

SMBC Group

SMBC Group’s Definition of CSR

In the conduct of its business activities, SMBC Group fulfills its social responsibilities by contributing to the sustainable development of society as a whole through offering higher added value to customers; shareholders and the market; the environment and society; and employees.

SMBC Group’s Group-wide CSR Philosophy: “Business ethics”

1. Satisfactory Customer Services

We intend to be a financial services group that has the complete trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers to assure their satisfaction and earn confidence in the Group.

2. Sound Management

We intend to be a financial services group that maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with earning the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these activities, we work to maintain continued growth based on a sound financial position.

3. Contributing to Social Development

We intend to be a financial services group that contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

4. Proactive and Innovative Corporate Culture

We intend to be a financial services group for which all officers and employees work with pride and commitment. For this purpose, we respect people and develop employees with extensive professional knowledge and capabilities, thereby creating a proactive and innovative corporation culture.

5. Compliance

We intend to be a financial services group that always keeps in mind the importance of compliance. For this purpose, we reflect our awareness of Business Ethics in our business activities at all times. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices

Integral Development of CSR and Business Activities (SMBC Group)

The SMBC Group believes that CSR is the foundation for SMBC Group's business strategies which should be integrally incorporated with business strategies for achieving the management policies and goals. In another words, it is the concept that we consistently verify and confirm according to the basic policy of CSR whether the direction of our business strategies promoted by our Group corresponds with our vision of "To be a global financial group that leads growth in Japan and Asia by earning the highest trust of our customers," and then, we reflect the needs of clients and society in our CSR activities.

We believe that fulfillment of our CSR lies at the very core of our management task, and seriously committing to the implementation of CSR would be the shortest and quickest way to achieve our management policies and goals.

SMBC Group

CSR Management

CSR Promotion Structure and the PDCA Cycle

We have established the Corporate Sustainability Committee, chaired by the SMFG Group CSO and administered by the Corporate Sustainability Department, to assess the CSR implementation plans of the whole Group, and manage progress.

SMBC Group

Specifically, departments are assigned responsibility for each target, and the Corporate Sustainability Department and assigned departments jointly conduct annual reviews of progress made in these initiatives. The results of these reviews are reported to the Corporate Sustainability Committee.

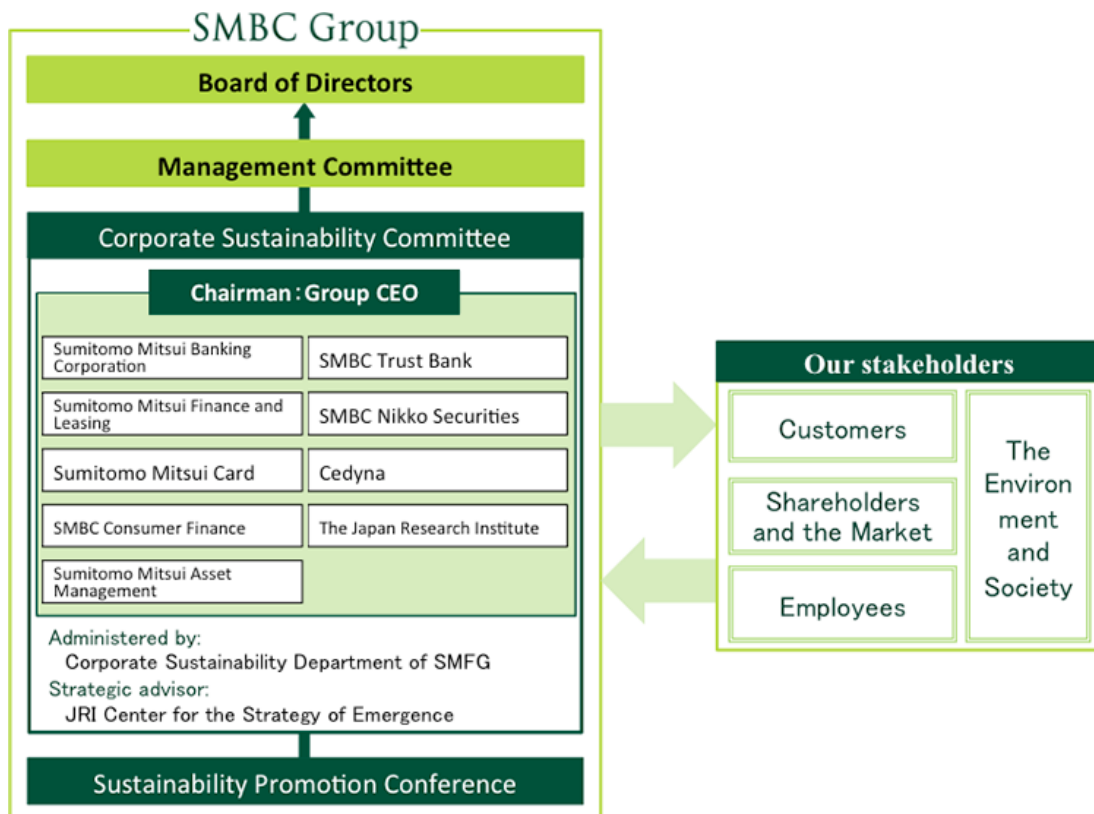
In addition to next fiscal year plans, individual themes such as plans for ESG and SDGs, approaches to climate change are also discussed in the committee, considered by Corporate Sustainability Department and relevant departments.

To further strengthen promotion of CSR activities across the Group, SMFG established the Corporate Sustainability Meeting in fiscal 2010. This Committee regularly engages in discussion and consultation to encourage Group-wide implementation of policies and successful initiatives of individual Group companies.

For details regarding information on the Group's CSR goals and performance, please refer to the following link.

➤ [CSR Activity Performance and Goals of SMBC Group](#)

SMBC sustainability promotion structure



Corporate Sustainability Committee

The Corporate Sustainability Committee, chaired by the SMFG Group CSO, conducts consultations, etc. on CSR-related matters affecting the whole Group. In fiscal 2017, the committee was held on March 15, 2018, and discussed the SDGs that should be tackled as a Group and how to address ESG going forward.

Corporate Sustainability Meeting

The Corporate Sustainability Meeting, administered by the Corporate Sustainability Department of SMFG, exchanges information regarding progress in CSR promotion at individual Group companies, and closely studies particularly progressive measures. The committee met seven times in fiscal 2017.

➤ [Dialogue with stakeholders](#)

CSR Training Tailored to Employee Grades

SMBC organizes training courses tailored to employee grade, including new hires and newly appointed management employees. When such training is given, CSR is included to ensure full employee familiarization. In fiscal 2017, a total of 1,950 employees took part in these training programs.

In addition, training and other support are also given under the full range of CSR themes, including human rights, putting the customer first, compliance, anti-money laundering, and diversity.

SMBC

(Training recipients)

Fiscal year	Training for new hires	Training for newly appointed management employees	Training for newly appointed branch managers	Training for mid-career hires on joining SMFG	Total
2013	1,151	349	170	6	1,676
2014	1,343	424	238	38	2,043
2015	1,837	529	154	22	2,542
2016	1,921	389	135	105	2,550
2017	1,330	380	139	101	1,950

Participation in Initiatives and Reference Guidelines

Support for Initiatives in Japan and Overseas

As a corporate citizen of the global society, SMBC Group is fully aware of the social impact of the financial institution, and it shall support the following initiatives in Japan and overseas (the action guidelines for the corporate activities and principles).



1. United Nations Global Compact

Ten principles proposed by the United Nations concerning human rights, labor, environment and corruption prevention.



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

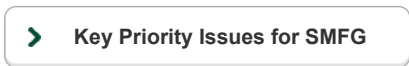
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

2. Sustainable Development Goals (SDGs)

The SDGs are a set of 17 goals and 169 targets for achieving human and global prosperity adopted at the “United Nations Sustainable Development Summit.”

SMFG will contribute to the achievement of these goals as a member of the Global Compact Network Japan.

Please refer to the following link for information about SMBC Group’s initiatives on the SDGs.



3. UNEP Finance Initiative (UNEP FI)

Organization which pursues, develops and promotes the ideal financial institutions which pay attention to the environment and sustainability.

**4. Task Force on Climate-related Financial Disclosures (TCFD)**

The Financial Stability Board established this task force in April 2015. The task force seeks individual companies to use financial reporting to disclose the impact of climate change. The SMBC Group declared its support for the One Planet Summit held in Paris in December 2017.

5. CDP

Initiatives which measures, manages and reduces effects of climate changes by prompting institutional investors and business managers to have dialogues regarding such climate changes.

**6. Equator Principles**

Environmental and social standards which are set forth based on the International Finance Corporation (IFC) guidelines for large-scale project finance projects

**7. Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)**

Principles of action for financial institutions in Japan adopted in October 2011 for the purpose of expanding and improving the quality of environmental finance.



*As of September 30th, 2017, the principles had been signed by 253 financial institutions, including from SMBC Group, Sumitomo Mitsui Finance and Leasing, and SMBC Nikko Securities. SMBC has participated since fiscal 2012 as a steering member and co-chairman from fiscal 2018 for the Steering Committee of the principle.

Guidelines Used for Reference

The Group refers to the following guidelines in its promotion development, and information disclosure for CSR.

SMBC Group

ISO26000

This is the “guidance document” with respect to social responsibilities. It consists of basic principles and seven core subjects (governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development).

At the Group’s Corporate Sustainability Meeting, comprising departments responsible for CSR at each Group company, the Group started ISO 26000 study groups in December 2010, and has now formulated its own checklist, which is used by the Group companies to evaluate their own activities.

Please refer to the following link for information about SMBC Group’s CSR promotion system, including the Corporate Sustainability Meeting.

[➤ CSR Promotion System and PDCA Cycle \(SMBC Group\)](#)

GRI Guidelines

“Sustainability Reporting Guidelines (G4)” of GRI (Global Reporting Initiative) is referred to for editing of CSR website and preparation of CSR reports.

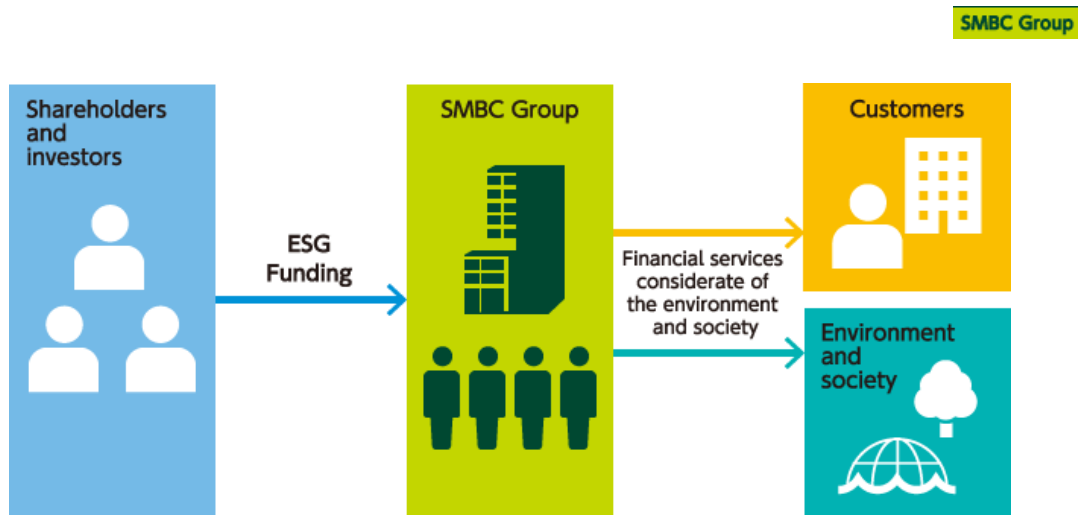
United Nations Global Compact, COP (Communication on Progress), Advanced Level Criteria

SMFG and its Group companies support the 10 principles of the “United Nations Global Compact,” in the areas of human rights, labor standards, environment and anti-corruption measures. We also refer to the 24 criteria presented for achieving “Advanced Level” in creating Communication on Progress reports for the execution status of the principles.

For further information on the guidelines, please refer to the following link.

[➤ Guideline Comparison Table](#)

ESG Initiatives through the Value Chain



ESG procurement

> Green bonds

Initiatives within the Group

> Respect for human rights

Reduction of
> environmental impact

Financial services considerate of the environment and society

> ESG-Related Products

Approaches for
> Environmental and Social Risks

> Response to climate change

SMBC Group Green Bond

Sumitomo Mitsui Banking Corporation (SMBC) Group has issued green bonds in overseas markets and is one of Japanese major green bond issuers.

SMBC Group applies the net proceeds of relevant green bonds to finance qualifying environmental-related projects, such as renewable energy and energy efficiency.

SMBC Group has a strong track record in providing project finance for renewal energy (solar energy, wind energy, etc.) both domestically and overseas. SMBC Group strives to further contribute to the sustainability and improvement of the global environment through green bonds issuance.

Track Record of Green Bond Issues

In October 2015, SMBC, SMBC Group's main operating bank, issued USD denominated green bonds. It was the first green bond issuance among Japanese private financial institutions.


In addition, Sumitomo Mitsui Financial Group (SMFG), SMBC Group's holding company, issued Euro denominated green bonds in October 2017. It was the first green bonds issued pursuant to the Green Bond Guidelines 2017, published by the Ministry of the Environment, Japan.

Issuance date	Issuer	Issue amount	Maturity	Third-party assessment provider
October 20, 2015	SMBC	USD500 million	October 20, 2020	KPMG AZSA LLC
October 11, 2017	SMFG	EUR500 million	October 11, 2024	Sustainalytics

Green Bond Framework

The SMBC Group's green bonds described above were issued and are managed based on its green bond framework developed pursuant to "Green Bond Principles" established by the International Capital Market Association (ICMA).

SMFG's green bonds issued in October 2017 are aligned with Green Bond Guideline 2017 established by the Ministry of the Environment, Japan as well as the ICMA's Green Bond Principles. SMFG green bond framework has obtained the opinion from Sustainalytics, a third-party second party opinion provider.




Issuer	Framework	Opinion
SMFG	SMFG Green Bond Framework	 SMFG Green Bond Framework-opinion

Allocation of Proceeds and Impact Assessment Report

SMFG green bonds

As of	Disclosure date	Review report	Allocation and impact report
March 31, 2018	July 31, 2018	 Annual Review 2018	➤ SMFG Green Bonds Monitoring Report (As of March 31, 2018)

SMBC green bonds

As of	Disclosure date	Assurance report	Green impact report
March 31, 2016	October 12, 2016	 KPMG assurance report (3.210KB)	➤ SMBC Green Bonds impact Report 2016
March 31, 2017	August 25, 2017	 KPMG assurance report (1.261KB)	➤ SMBC Green Bonds impact Report 2017
March 31, 2018	September 5, 2018	 KPMG assurance report (467KB)	➤ SMBC Green Bonds impact Report 2018

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Respect for Human Rights

Approach to Respecting Human Rights (SMBC Group)

The SMBC Group supports the 10 principles of the “United Nations Global Compact,” in the areas of human rights, labor standards, environment and anti-corruption measures. We comply with laws and regulations in the regions and countries where we do business, protect and respect human rights in accordance with international human rights standards, and work to prevent complicity in human rights violations.

Policy on Human Rights (SMBC Group)

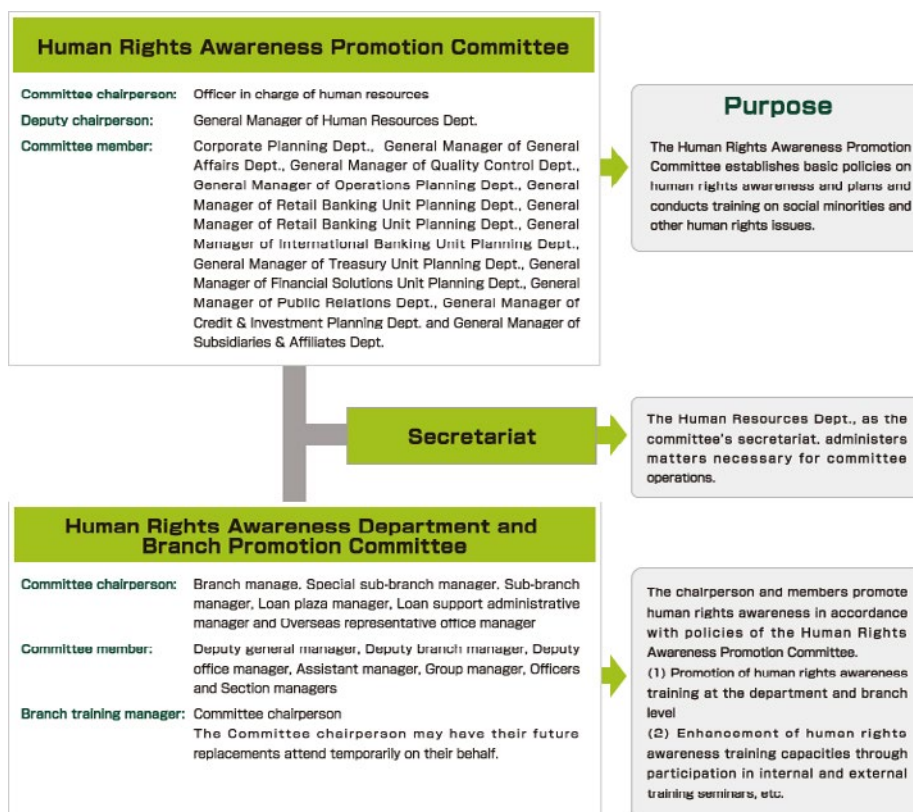
The SMFG Group has formulated “Statement on Human Rights” as its basic policy on Human Rights.



[Statement on Human Rights \(23KB\)](#)

System for Promoting Human Rights Awareness (SMBC)

SMBC has implemented in its corporate principles of action the statements that “we will respect the individual human dignity of our clients and employees” and “we will not allow any discrimination.” Led by the Human Rights Awareness Promotion Committee, the bank conducts initiatives to raise awareness of human rights among all employees.



Enhancing Awareness for Human Rights (SMBC Group)

The SMBC Group supports the 10 principles of the “United Nations Global Compact,” in the areas of human rights, labor standards, environment and anti-corruption measures. The Group implements initiatives to raise awareness for human rights by conducting human rights awareness seminars at Group companies and inviting employees to come up with human rights promotion statements.

Human Rights Awareness Seminars (SMBC)

SMBC conducts the following initiatives to raise awareness of human rights among all employees.

(1) Human rights awareness training through group training

Seminars on human rights are held during new recruit training and level-based training, etc. Seminars were held between fiscal 2015 and fiscal 2017 as follows.

(People)

Training eligibility	FY2015	FY2016	FY2017
New recruit training	1,977	1,916	1,534
New manager/new executive training	1,270	882	904
New branch manager training	160	137	132

(2) Human Rights Awareness Department and Branch Promotion Committee Training Seminar (for Department and Branch Managers)

This seminar is led by experts in the field and is held once a year for all department and branch managers and HR managers at Group companies.

Examples of Training Themes	Society Envisioned by Disabled Persons Discrimination Elimination Act
	Creating LGBT-Friendly Workplaces
	Assimilation Issues and Human Rights: Elimination of discrimination against the Burakumin

(3) Department and Branch Human Rights Training Seminar and Confirmation Test

The Department and Branch Human Rights Training Seminar is held twice a year for discussions on human rights and is led by department and branch managers. Confirmation tests are held periodically over the Intranet to confirm the degree of dissemination of human rights awareness.

Examples of Training Themes	Human Rights Perspective in Everyday Life
	The Internet and Human Rights
	Creating Comfortable Workplaces for All

(4) Human Rights Slogan Contest for Employees

Every year SMBC conducts a human rights slogan contest for all employees, including Group companies, as a part of Human Rights Week.

Initiatives for Improving Workplace Environment (SMBC)

SMBC has established Counseling Dept. to serve as a dedicated department for consultations by employees. The bank also has a whistleblower system that includes an external hotline to an attorney's office to rapidly detect and rectify legal violations, violations of bank rules, and cases of sexual harassment or abuse of power. In addition, a workplace questionnaire is administered each year for all employees to help improve the workplace environment.




Human Rights Due Diligence (SMBC)






With human rights considerations becoming more important in international CSR guidelines such as the UN's Human Rights Framework, ISO 26000, and OECD Guidelines for Multinational Enterprises, SMBC participates in the Nippon CSR Consortium's "Human Rights Due Diligence Workshop." This workshop was established for the purpose of raising the competitiveness of Japanese companies through CSR activities, and is sponsored by the Nippon CSR Consortium. Through its participation in the workshop, SMBC surveys and researches future approaches to human rights issues.

ESG-Related Products for Customers

SMBC Group is developing financial solutions to support to work of a wide range of customers engaged in tackling various social issues such as of environmental problems for resource and energy conservation or, global warming; countermeasures for natural disasters; or ensuring food safety.

Assessment-Based Finance Programs

		SMBC
<p> ESG/SDGs Assessment Loans and Private Placement Bonds</p>	<p>Terms and conditions for those loans and bonds are set forth by SMBC and JRI, according to the assessment conducted on the measures taken by clients for the Environment, Society and Governance (ESG), as well as the UN Sustainable Development Goals (SDGs), and appropriateness of information disclosure and to support further improvement.</p>	
<p> “SMBC-ECO Loan” (Japanese only)</p>	<p>This loan product offers reductions of interest rates up to 0.25% for SMEs certified with environmental management systems by more than 20 organizations, including NPOs and local governments.</p>	
<p> “SMBC Environmental Assessment Loans and Private Placement Bonds” (Japanese only)</p>	<p>Terms and conditions for these loans and bonds are set forth according to the assessment conducted on the environmental measures pursuant to the environmental assessment standards originally created by SMBC and JRI, providing products to support further improvement. Clients can select a procurement method from either a loan or private placement bond.</p>	
<p>Ministry of the Environment and Ministry of Economy, Trade and Industry subsidized-interest financing program</p>	<p>If the necessary conditions are fulfilled, the subsidized-interest financing program from the Ministry of the Environment and the Ministry of Economy, Trade and Industry provides interest subsidies on loans for capital investments that reduce CO₂ emissions. SMBC supports companies taking environmental initiatives as one of the financial institutions authorized to provide loans under this program.</p>	

 “SMBC Food and Agriculture Assessment Loans and Private Placement Bonds” (Japanese only)	Assesses and supports the measures taken by clients for safety and security of food, and agriculture
 “SMBC Business Sustainability Assessment Loans and Private Placement Bonds” (Japanese only)	Assesses and supports the measures taken by clients for business sustainability in the event of emergencies such as earthquakes, floods, etc.
 “SMBC Nadeshiko Loans / Private Placement Bonds” (Japanese only)	Assess and support initiatives for women's advancement
 “SMBC Innovation Management Loans / Private Placement Bonds” (Japanese only)	Assess and support initiatives that promote innovation management
 SMBC Work Style Reform Loans and Private Placement Bonds	Assess and support initiatives for work style reforms

Initiatives for Environmental Conservation Through Financial Products

Environmental Campaign Program for Japanese Government Bonds for Individuals

SMBC runs the “SMBC Green Program” to contribute to the environment using a portion of the proceeds when customers purchase Japanese Government Bonds (JGBs) for individual investors. Under the program, for each customer purchasing the bonds, greenhouse gases equivalent to 100 kg are reduced or the equivalent of 1 m² of trees is planted (through forest maintenance, etc.). Purchases of JGBs for individual investors by the bank's customers are transformed into effective measures for protection of the global environment.

SMBC

 [SMBC: SMBC Green Program for JGBs for individual investors \(Japanese only\)](#)

Summary of Main Environment-Related Products Handled by Group Companies

Product Name	Content
Nikko Eco Fund	This SRI fund was established in 1999 as the first in Japan to take into account environmental perspectives and invests mainly in shares of Japanese companies that excel in appropriately responding to environment-related issues (eco-excellent companies) or conducting businesses associated with the environment.
SMBC Nikko World Bank Bond Fund	Mainly investments in World Bank bonds issued in many global currencies, including green bonds.
Schroder Asia Pacific Excellent Companies	The fund selects companies for which sustained profit growth is expected while also incorporating an ESG perspective, based on an assessment by Schroder Group analysts. In 2017, a portion of Nikko Asset Management's proceeds from the fund, a total of ¥4,936,876, was donated to the Japan Sport Association and Japanese Para-Sports Association in order to support the promotion of sports and para-sports.
Better world	This fund mainly invests in companies with innovative technologies and business models that solve social problems.

Social Contribution Through Credit Card Use

Cedyna also issues a credit card for social contribution for conducting social contribution activities through its credit card operations together with cardholders. When card members use their cards, a portion of the money spent is donated to organizations at no cost to the card member.

Cedyna

Chikyuni Yasashii Card

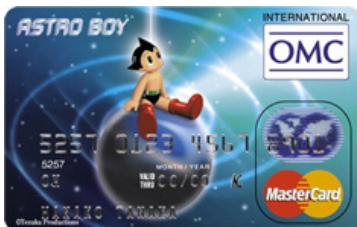
The Chikyuni Yasashii Card has been issued since 1991, and in fiscal 2017 approximately ¥16.0 million was donated, bringing the cumulative total to approximately ¥732.0 million.

For details regarding various activities, please refer to the following website.

[Cedyna: Initiatives for the environment through business activities \(Japanese only\)](#)

The Astro Boy Card

The Astro Boy Card issued since 2003 makes ongoing donations to charities that conduct activities that qualify as “activities that make children’s dreams come true” and “activities that help children,” and a cumulative total of approximately ¥48.0 million has been donated. (As of June 30, 2017)



“Hello! Money” Financial Education App

SMCC has released the “Hello! Money” allowance management learning tool, a free app for parents and children for financial education. It helps children to learn the basics of personal finance through the management of their own allowances from an early age. It also provides parents and their children the opportunity to learn together the basics of money-spending, saving and increasing-in a fun way in order to help foster financial literacy in young people

SMCC



Approaches for Environmental and Social Risks

We believe it is important to consider the environmental and social risks when conducting credit assessment. Therefore, in the Credit Policy of SMBC, which contains our overall financing policy, guidelines and rules, we declare that we will cease to provide financial support to borrowers engaged in businesses contrary to public responsibility, or which may have a significant negative impact on the global environment.

For large-scale projects, which may potentially exert a major impact on the environment and society, we will continue to comply with Equator Principles, a set of guidelines developed by private-sector financial institutions for managing environmental and social risks related to financing large-scale projects, and conduct appropriate environmental and social risk assessments through our Environment Analysis Department. Set out below are our approaches for specific sectors, considering the impact to the environment and the society.

To fulfill our social responsibilities as a member of a global financial group, we will contribute to the development of a sustainable society by taking environmental and social risks into consideration.

➤ [Working with the Equator Principles](#)

Cluster munitions and other slaughter weapons manufacturing

In light of the massive loss of life cause by cluster bombs, we prohibit financial support for manufacturers of cluster munitions. For other slaughter weapons, we confirm that the respective loans are not being utilized for the purpose of those manufacturing.

Palm oil plantation developments

As part of our efforts towards conservation of forest resources and biodiversity as well as prevention of human rights violations, we will not provide financial support to Palm Oil plantation companies that are involved in illegal logging and/or human rights violations such as child labor. We will check that internationally accepted external certifications such as RSPO (Roundtable on Sustainable Palm Oil), or other equivalent standards are obtained or expected to be obtained to support sustainable palm oil development. For clients who are not certified yet, we will recommend and support their effort in obtaining such certification.

Deforestation

We will not provide financial support to projects which are involved in illegal logging and/or land clearing activities that do not safeguard environmental protection or which are against local laws and regulations.

For large-scale development projects, we will continue to review and evaluate the environmental risks, including if they entail clearing of primary forests and/or the destruction of local ecosystems in accordance with the Equator Principles.

Coal-fired power plants

As part of our efforts to combat climate change, we have established a policy for financing coal-fired power plant projects. According to IEA's report, in some Asian countries, new constructions of coal-fired power plants are still recognized, since in such regions, coal is still positioned as an important energy source to their economy for reliable

electricity access. However, in advanced countries, the transition to no carbon society is progressing and the Japanese Government has announced the 80% reduction of GHG emission target by 2050.

To ensure a smooth transition to a low carbon society, our policy for new financing will be limiting financial support to only coal-fired power plants that use USC (*) or more advanced technologies which are considered highly efficient.

For projects which we have already committed support; from the perspective of energy shortage solution in emerging countries, or when the Japanese government or Multilateral Development Banks support are confirmed will be considered prudently as exceptions.

(*1) Ultra-supercritical (i.e., with a steam pressure > 240 bar and $\geq 593^{\circ}\text{C}$ steam temperature) or Emissions < 750 g CO₂/kWh

Simultaneously, we will continue supporting our client's improvement of existing facilities and introduction of advanced clean technologies such as generation plants equipped with CCS (Carbon Capture and Storage), etc., as part of our efforts toward the reduction of GHG emission. We will continue to pay attention to government policies and efforts toward climate change, and review our policy on a regular basis.

Soil contamination and asbestos

To mitigate the risk of soil contamination at real estate collateral, we require soil contamination risk assessment to be performed on real estate collateral that meets certain conditions. For collateral for which the risk is determined to be high, an amount equivalent to the level of risk is deducted from the valuation. The same approach is used for asbestos risk. For concerns about asbestos risk at collateral properties, an amount equivalent to the risk is deducted from the valuation based on conditions stipulated by SMBC, and we recommend our clients to conduct an investigation. We perform investigations related to asbestos risk for our own branch properties, and once asbestos is found, appropriate removal work is conducted.

Working with the Equator Principles

Background to SMBC's adoption of the Equator Principles (SMBC)

Large-scale development projects may have significant impacts on society and the environment; therefore, international civil society requires financial institutions to assess the environmental and social impacts of projects when providing financial support. Financial institutions often encounter environmental and social issues that are both complex and challenging, with respect to projects in both emerging countries and developed countries.

SMBC, as a member of SMBC Group, assigns a high management priority to environmental issues. Our Group Environmental Policy sets out SMBC Group's basic action guidelines. As the policy's basic concept recognizes the importance of realizing a sustainable society, SMBC Group is making continuous efforts to harmonize environmental preservation and corporate activities, in order to support the economy and contribute to the general well-being of society as a whole.

In line with this policy, SMBC adopted the Equator Principles in December 2005 and established the Environment Analysis Department (ENAD) within the International Banking Unit in January 2006, in order to not only ensure that the projects we finance are developed in a manner that is socially and environmentally responsible but to also fulfill SMBC's corporate social responsibility (CSR) and provide high quality financial services across the globe.

We are confident that the adoption of and the compliance with the Equator Principles will provide significant benefits to ourselves and various stakeholders such as our borrowers and local communities.

What are the Equator Principles? (SMBC)



The Equator Principles are a set of guidelines developed by private financial institutions for managing environmental and social risks related to financing large-scale development projects. The Equator Principles apply to project finance^(*1) transactions, project-related corporate loans and bridge loans that are intended to be refinanced to project finance or corporate loans, regardless of the country or the sector. The Equator Principles are based on the environmental and social policies and guidelines of International Finance Corporation (IFC), the private sector arm of the World Bank. These policies and guidelines cover a variety of issues such as the environmental and social impact assessment process, pollution prevention, consideration of local communities and natural resources.

Financial institutions that adopt the Equator Principles are required to establish their own internal environmental and social guidelines and procedures in accordance with the Equator Principles, and to conduct environmental and social risk assessment.

The Equator Principles Association is the unincorporated association of member Equator Principles Financial Institutions whose object is the management, administration, and development of the Equator Principles. As of the end of July 2018, 94 financial institutions have adopted the Equator Principles.

For details, please visit the Equator Principles' official website at

[Equator Principles](#)

SMBC, along with other Equator Principles Financial Institutions, is striving to improve the content of the Equator Principles, and is proactively taking part in the update process that is in progress now.

Among other Equator Principles Working Groups, SMBC is a member of the following Working Groups;

- Consistency Working Group, which works to improve the consistency of Equator Principles implementation
- Climate Change Working Group, which works to share good practice in climate risk management practice
- Scope Working Group, which reviews the scope of applicability of the Equator Principles as part of the EP update process

*1 Project finance is a method of funding in which the lender looks primarily to the cashflows generated by a project as the source of repayment, and it is different from corporate finance in which the lender looks mainly to the creditability or collateral of the borrower.

SMBC published the first practical guidebook published in Japan on the Equator Principles together with the MUFG Bank and Mizuho Bank. This book explains the contents of each principle, as well as the activities of the Equator Principles Association, and other Export Credit Agencies' frameworks on environmental and social considerations.

SMBC's approach to the Equator Principles (SMBC)

Establishment of Internal Procedures

Since its establishment in January 2006, ENAD has made efforts to establish its own internal procedures and has completed the Procedures for Environmental and Social Risk Assessment (the "Procedures"). The Procedures set the internal policy and procedures for environmental and social risk assessment in accordance with the Equator Principles, and ENAD started their implementation in June 2006. And the Procedures have been revised as required, such as revision in line with the update to Equator Principles III.

Risk Assessment Structure and Process

ENAD is responsible for SMBC's overall operations in relation to environmental and social risk assessment for transactions subject to the Equator Principles all over the world. The risk assessment process is summarized as follows:

1.Environmental Screening

When considering financing for large-scale development project related loans that are subject to the Procedures, the lending branch will submit the Environmental Screening Form to ENAD. The Environmental Screening Form is a checklist to understand the potential environmental and social impacts of the project. Based on the Environmental Screening Form and related information, ENAD categorizes the project as one of the following:

Category	Definition
Category A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
Category B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Category C	Projects with minimal or no adverse environmental and social risks and/or impacts

2.Environmental Review

ENAD confirms that projects meet the requirements of the Equator Principles by Category and if needed, conducts site visits.

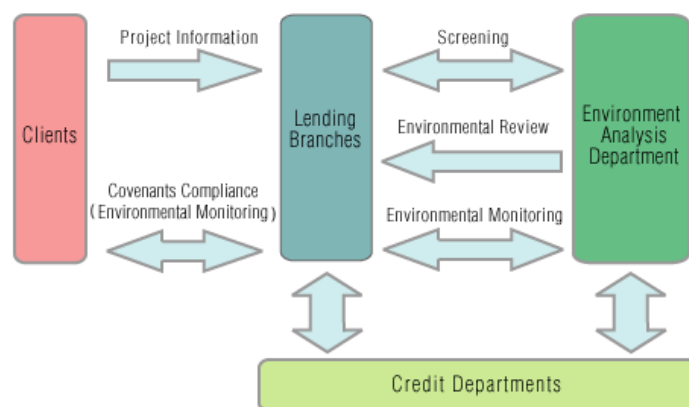
In addition, ENAD prepares an Environmental Review Sheet based on our original sector checklists for all category A projects and category B projects that have been determined to have special needs.

The Environmental Screening Form and the Environmental Review Sheet which reflect the results of the environmental and social risk assessments, are shared with the Credit Department and this information becomes an important factor in the credit approval process.

3.Environmental Monitoring

Based on the result of environmental screening and environmental review, covenants to be observed by the client with respect to the environmental and social considerations are included in the financing documents. The lending branch and ENAD monitor the client's compliance with these covenants to ensure ongoing consideration of environmental and social issues.

< Flow Chart of Environmental and Social Risk Assessment in SMBC >



Training and Dissemination of Information

ENAD has been conducting internal training such as group training in our overseas offices, online training and seminars by external consultants to help related officers understand the established environmental and social procedures. Since ENAD was established, over 2,000 officers and employees including senior management, employees from front, credit, audit, and CSR departments have attended the training. In addition, to improve our capability on an ongoing basis, ENAD issues newsletters and reports sharing the latest trends on the global environment and noteworthy environmental and social risks.

Transactions Subject to the Equator Principles (SMBC)

Transactions subject to the Equator Principles (EP III) in 2017 are explained here.

- 1) Total number of Project Finance transactions (by Category)
- 2) Total number of Project Related Corporate Loans (by Category)
- 3) Total number of Project Finance Advisory Services

1. Project Finance Transactions

The table below shows a breakdown of the 54 transactions closed in 2017.

	Total Number of projects by Category			
	Category A	Category B	Category C	
	5	43	6	
Sector	Breakdown of Projects by Category			
	Category A	Category B	Category C	
	Mining	0	0	0
	Infrastructure	0	4	3
	Oil & Gas	3	7	0
	Power	2	31	1
	Others	0	1	2
	Region	Category A	Category B	Category C
	Americas	2	11	4
	Europe/Middle East/Africa	1	10	0
Asia & Pacific	2	22	2	
Country classification	Category A	Category B	Category C	
Designated Country	1	31	6	
Non-Designated Country	4	12	0	
Independent Review	Category A	Category B		
Implemented	5	37		
Not implemented	0	6		

2. Project Related Corporate Loans

The table below shows a breakdown of the 7 transactions closed in 2017.

	Total Number of projects by Category		
	Category A	Category B	Category C
	1	5	1
Sector	Breakdown of Projects by Category		
	Category A	Category B	Category C
Mining	0	0	0
Infrastructure	0	0	0
Oil & Gas	1	3	0
Power	0	1	0
Others	0	1	1
Region	Category A	Category B	Category C
Americas	1	1	0
Europe/Middle East/Africa	0	2	0
Asia & Pacific	0	2	1
Country classification	Category A	Category B	Category C
Designated Country	1	1	0
Non-Designated Country	0	4	1
Independent Review	Category A	Category B	
Implemented	1	1	
Not Implemented	0	4	

3. Finance Advisory Transactions

The table below shows a breakdown of the 27 advisory transactions mandated in 2017.

	Total Number of Projects by Sector
	27
	Breakdown of Projects by Sector
Sector	
Mining	2
Infrastructure	5
Oil & Gas	7
Power	12
Others	1
Region	
Americas	11
Europe/Middle East/Africa	6
Asia & Pacific	10

What we have done till now (SMBC)

Activities	What we have done till now
Establishment of internal environmental and social risk assessment process	<ul style="list-style-type: none"> Developed the Procedures for Environmental and Social Risk Assessment Incorporated the revised Equator Principles into the Procedures Prepared the sector checklists
Implementation of environmental and social risk assessment	<ul style="list-style-type: none"> Reported the results of environmental and social risk assessment to management and shared the information with the relevant departments Conducted site visits in the environmental review and monitoring process
Internal training and ongoing improvement	<ul style="list-style-type: none"> Conducted training for related departments Provided online training for domestic and overseas departments to disseminate knowledge of the Procedures Provided updated and related information through newsletters Participated in international and domestic conferences and seminars on environmental and social risk assessment, to reflect internal operation.
Encouragement of understanding of the Equator Principles	<ul style="list-style-type: none"> Spoken at CSR or environmental seminars and conferences on the Equator Principles Given lectures on environmental and social risk to universities Introduced the Equator Principles and SMBC's experience to business partners all over the world Held an environmental seminar for our corporate clients, inviting experts on environmental risk management Published a practical guidebook on implementation of the Equator Principles in Japanese

Future Perspective and Focus (SMBC)

- To keep updating our environmental and social risk assessment operation by incorporating international best practices
- To enhance awareness of environmental and social risk assessment with continued training for all related officers and employees
- To enhance awareness of environmental and social considerations among project stakeholders including financial institutions and borrowers through SMBC's active participation in improving the content of the Equator Principles, and in encouraging development of the Equator Principles by working together with other Equator Principles financial institutions.

SMBC will endeavor to realize a sustainable society through its environmental and social considerations of the projects it takes part in.

For details regarding Initiatives for managing environmental risks, please see the link below.

[➤ Management of Environmental Risks](#)

Response to climate change

Climate change is one of the primary global issues to be addressed in the 21st century. Based on this recognition, the Paris Agreement was adopted and came into force in 2016. In order to attain the long-term goals set under this agreement, including restricting the rise in average global temperature to within two degrees Celsius above preindustrial levels, countries have presented their greenhouse gas emission reduction targets to the United Nations and are implementing relevant measures. Developed countries are pressing forward with measures to create a decarbonized society while according to the report by International Energy Agency (IEA), constructions of new coal-fired power plants are still underway in some Asian countries. In addition, the Japanese government has set the target of reducing the country's greenhouse gas emissions by 80% by 2050.

We have announced our support of the TCFD^{*1} at the "One Planet Summit" held in Paris in December 2017. Simultaneously, we will continuously support our customers in their efforts to reduce greenhouse gas emissions by such measures as promoting the introduction of environment-friendly technologies through their business operations. Being committed to reducing greenhouse gas emissions, we will conduct business in a manner that contributes to the growth of both our customers and society, and will further enhance our actions towards climate change.

*1 The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board(FSB) in April 2015 to urge individual companies to disclose their impact on climate change in their financial reports.

Governance on Climate Change

We deem the creation of a sustainable society as one of the priority issues and have established environmental policies to continuously implement measures to harmonize corporate activities with protection of the global environment and prevention of pollution.

Also, to mitigate the impact of climate change, we will review our credit policy for specific sectors on regularly and also report to Management Committee and the Board of Directors appropriately.

Climate Change-Related Opportunities

To create a low-carbon society with low emissions of greenhouse gases, we will give support to the following initiatives: projects that contribute to the mitigation of the impact of climate change, including those related to renewable energy and green buildings; investments made by companies to increase their energy efficiency; projects to improve infrastructures and others for the creation of cities and communities that are resilient to climate change; and efforts to establish sustainable lifestyles. For renewable energy projects, our syndicated loan amount reached about 300 billion yen in fiscal 2017. We will continue to give support proactively to such projects.

In addition, we have issued green bonds following the guidelines set by the International Capital Market Association (ICMA) and the Japanese Ministry of the Environment, in order to facilitate environmental businesses and reduce the environmental impact. We also support the issuance of and investment in green bonds by our customers as part of our ceaseless effort to help customers meet their climate change-related needs.



Discussion with French investors about green bonds



Kawazu wind farm project

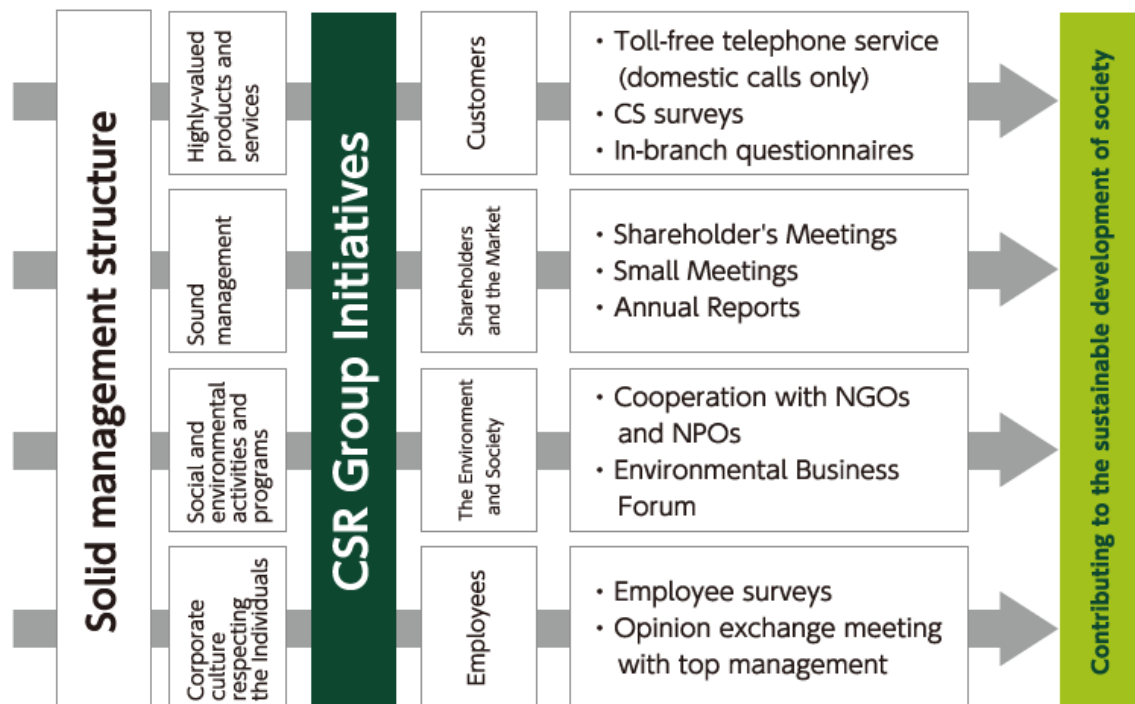
Interaction with Stakeholders

The SMBC Group's Contribution to the Sustainable Development of Society Through Building Relationships with Stakeholders

Drawing on the strengths of a solid management structure, SMFG strives to fulfill its corporate social responsibilities with the aim of actively contributing to the sustainable development of society. To this end, SMFG works diligently to provide greater value to its four major groups of stakeholders.

- Customers: We shall advance together with our clients by providing highly valued products and services.
- Shareholders and the market: We shall strive to maintain a sound management and maximize shareholder value by having appropriate disclosure of information and improving the internal control system.
- The environment and society: We shall strive to contribute to the society and preserve the earth's environment by consistently and proactively involving and participating in the social and environmental activities and programs.
- Employees: We shall promote free-spirited and open-minded business culture under which individual employees are respected and allowed to exercise each individual's full potential.

Interaction with Stakeholders



Detailed Information on Communication with Stakeholders

- **Relationship with Customers**
 - ➔ [SMBC: Initiatives to Increase Customer Satisfaction \(CS\) \(Japanese only\)](#)

- **Relationship with Shareholders and the Market**
 - [IR Calendar](#)
 - [IR Events & Presentations](#)

- **Relationship with the Environment and Society**
 - ➔ [Dialogue with Stakeholders](#)

- **Relationship with Employees**
 - [Creating a Corporate Culture That Derives Strength from Diversity and Inclusion \(Promoting Diversity and Inclusion\)](#)
 - [Creating a Pleasant Work Environment for All Employees \(Work-Life Balance\)](#)

Dialogue with Stakeholders

SMBC Group held a Stakeholder Dialog session annually, as an opportunity to communicate with our stakeholders about the CSR initiatives that we should be pursuing as a financial group.

▼ Back Number

FY2017 Dialog: Toward a Sustainable Society-Expected Actions on SDGs and ESG for Financial Institutions (January 18, 2018)



To understand and reaffirm our expected role, and the worldwide trend to achieve SDGs (Sustainable Development Goals) and ESG (Environment, Social, and Governance from the investor's perspective), we received lectures from experts in respective areas, followed by a panel discussion.

* Participant's name of company and titles are as of the time of the event.

Experts who participated in the dialog



Mr. Keisuke Ota
General Manager
Global Compact
Network Japan



Mr. Seiichiro Uchi
Managing Director
MSCI Japan



Ms. Kaori Kuroda
Executive Director
CSO Network Japan

SMFG participating companies

Sumitomo Mitsui Financial Group	Cedyna
Sumitomo Mitsui Banking Corporation	SMBC Consumer Finance
SMBC Trust Bank	The Japan Research Institute
Sumitomo Mitsui Finance and Leasing	
SMBC Nikko Securities	
Sumitomo Mitsui Card	



Understanding current situation and issues for approaches to SDGs and ESG

The session began with the three experts giving presentations containing analysis and opinions on how companies should approach to SDGs and ESG.

Summary of the presentations

Mr. Ota: “Transforming Our World: The 2030 Agenda for Sustainable Development (SDGs)”

- The 17 goals of SDGs have a correlation between respective goals, affecting each other, therefore, companies need to view the big picture consider how to achieve them comprehensively.
- The key to approaching the SDGs is to first understand them, and then follow these steps in order: make priority decisions → determine objectives → integrate them into managements → disclose information.
- Expectations for the financial sector are extremely high, so we expect positive influences from financial sector to other non-financial sector companies.



The 17 goals of SDGs

Mr. Uchi: “Background of ESG Investment expansion”

- ESG is a crucial concept for protecting the interests of shareholders over the long term. When the sustainability of society increases, the beneficiaries are not only limited to shareholders, but also the people that obtain economic benefit from it. As a result, such approach contributes to make the entire society better.
- Although banks would prefer to emphasize their superior approaches of ESG, the products being provide are not always taking ESG into account. Simultaneously, it should be understood actively pursuing SDGs doesn't necessarily lead to a high ESG evaluation of the company.

Ms. Kuroda: “Expectations for Companies approaches toward SDGs and ESG”

- Right now, the number of countries preparing national action plans in order to implement the U.N. Guiding Principles for Business and Human Rights are increasing, including Japan. As a member of a citizens' organization, we are urging companies in various sectors to cooperate.
- It's important for companies achieve SDGs through their main business, but simultaneously, we must always mind the impact to the most vulnerable members of society. Sometimes we cannot take care of such issues just through business. We therefore need to cooperate with various other sectors, including NPOs to creating links between business and social contribution activities.

Panel discussion following the presentations

During the panel discussion, the panelists responded to our various questions, by providing us valuable opinions and insights.

Questions from SMBC Group and the experts' answers

Q.1 After setting goals for materiality (priority issues), how should we approach and work toward the SDGs?

Mr. Ota:

Ultimately, you need to incorporate them into your management. Through the lens of the SDGs, you need to focus on how to interpret your corporate philosophy in your own way. I think a way of using SDGs is to bring them to life in your day-to-day business and operations.

Q.2 SMBC Group has a long history facilitating social contributions activities, but our focus tends to be influenced by the direction of our main business. When the social issues cannot be solved through our main business, how should we balance the mixture of our business itself and our social contribution activities?

Ms. Kuroda:

It is the best if initiatives in your main business and community service are conducted on the same axis with a view to creating sustainable value. For issues that cannot be integrated into your main business, you should work with other companies, local governments, or NGOs. Otherwise, it is impossible to ensure "no one is left behind."

Q.3 How do shareholders and capital markets view and evaluate the idea of companies engaging in non-business-related activities?

Mr. Uchi:

Investors obviously want you to take action that will improve your main business. In the case of social contribution activities, it's important to make clear what the ultimate purpose of them are. The best is to make it clear that they are being conducted for the sake of the main business, and will become easier to organize the company's actions eventually.

Q.4 How important is it to incorporate social contribution activities into figures such as KPIs (Key Performance Indicators)?

Mr. Uchi:

Investors managing huge portfolios can only evaluate a company using quantitative data. But sometimes the quantitative data doesn't match the actual impression that the company has of itself, and in such cases, it's effective for the company to disclose its "current situation and the vision it is striving to achieve for itself in the future." Ultimately, that can serve as investment information.

Q.5 How should we handle actions on climate change and disclosures on related issues?

Mr. Uchi:

In the context of ESG investment, overseas investors place particular emphasis on "climate change", and based on the understanding that the current pace of activity is not enough, countries are stepping up their efforts. If Japanese companies are slow to adapt, they will have to pay the cost of that, so their enterprise value globally will decline, and investment in companies that can't follow that strategy will fall. The first thing you need to understand is that investors are not particularly sympathetic to the unique circumstances of Japan.

Q.6 Looking at the SDGs, I feel that a lot of them relate to overseas issues, but most of our group companies do most of their business in the domestic market, so it's sometimes difficult to visualize them. For example, problems such as the rapid aging of Japan are not covered by the SDGs. The MDGs were focused on developing countries, but the SDGs also encompass advanced countries, but how should we view them?

Mr. Ota:

You can view the SDGs as being rooted in the MDGs, the idea of which was to help the most vulnerable people first. For Japan, too, it's important not only for companies, but also for the national government to get involved by pulling everyone together to tackle tasks that are highly relevant to and can contribute to Japan.

Ms. Kuroda:

I feel that when they go onto the international stage, countries are getting better at putting on a good show about what they are doing. I really wonder whether Japan can just carry on like this. I sometimes think it'll be difficult to do that unless Japan shows a more proactive attitude to get involved in rule-making. Japanese people should be made more aware of the rapid pace with which other Asian countries are moving to achieve the SDGs.

In response to the opinions

To meet the expectations, and to fulfill our role as a financial group, especially to achieve them through our main businesses, it will be important to get people actually in charge of business to understand them and get on board. Since adopting a proactive stance to tackling various social issues is a clear worldwide trend, top management are also conscious of the issues and will be aiming to pull everyone in our Group together to move forward in addressing them.

I also felt strongly that going forward it will be important to regularly communicate to the society and stakeholders about the action we are taking.



Masahiko Oshima
Senior Managing Executive Officer
Sumitomo Mitsui Banking Corporation

The opinions I've heard today were extremely valuable, and I feel that we've been told exactly what we need to do as a financial institution. We are engaged in various businesses, and with our customers working to achieve SDGs and meet ESG criteria, we also need to acquire knowledge, otherwise we will not be able to properly identify their needs. I also felt that within the Group, we need to make each and every employee aware of what needs to be done in the area of SDGs and ESG.



Takanobu Suehiro
General Manager, CSR Dept., Corporate Planning Dept.
Sumitomo Mitsui Financial Group

Back Number

Dialogue with Stakeholders 2016

- FY2017 Dialog: Toward a Sustainable Society-Expected Actions on SDGs and ESG for Financial Institutions (January 18, 2018)

Dialogue with Stakeholders 2015

- Clarifying Matters and Issues That SMFG Should Address in Order to Get to "Where We Want to be Ten Years from Now" (May 12, 2015)

Dialogue with Stakeholders 2013

- External Assessment Committee 4: SMBC Environmental Assessment Loan/Private Placement Bond aimed at developing solutions for customers through core financial businesses. (July 26, 2013)

Dialogue with Stakeholders 2012

- Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles (January 24, 2013)
- Reflecting on our volunteer activities in the areas that were devastated by the March 11 earthquake and tsunami and looking ahead to future activities.

CSR Activity Performance and Goals of SMBC Group

SMBC and its Group companies work diligently to bolster CSR activities across the entire Group as a comprehensive financial services group.

SMBC Group's CSR activity performance in fiscal 2017 and its goals in fiscal 2018 are presented below.

Sumitomo Mitsui Financial Group

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> • Euro-denominated green bonds issued by SMFG • ISO 14001 certification acquired by eight main Group companies. 	<ul style="list-style-type: none"> • Continue responding to TCFD • ISO 14001 acquisition at seven main Group companies (SMBC Nikko Securities and SMBC Friend Securities merged)
Next Generation	<ul style="list-style-type: none"> • First unified SMBC Group financial and economic education conducted 	<ul style="list-style-type: none"> • Expand unified SMBC Group financial and economic education
Community	<ul style="list-style-type: none"> • Promoted acquisition of various qualifications, including cognitive disorder supporters • Considered measures via dialogue with stakeholders • Support provided through donations and volunteering by executives and employees, including pro bono work • Tohoku: Support activities conducted centering on reconstruction and revitalization • Fukuoka: Support provided by employee volunteers in flood-stricken areas 	<ul style="list-style-type: none"> • Acquire various types of qualification (Universal Manners training, etc.) • Promote city volunteer training for the 2020 Tokyo Olympics • Provide support with donations via the Volunteer Fund and pro bono work • Create system for providing flexible support when major disasters occur • Support the fundraising and volunteer activities of executives and employees

Sumitomo Mitsui Banking Corporation (SMBC)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> Conducted financing based on environmental assessments, involved in renewable energy project Started examining response to TCFD, expressed support for TCFD 	<ul style="list-style-type: none"> Conduct ESG/SDGs assessment loans (environment) and renewable energy project initiatives Expand scope of environmental data (expand overseas data)
Next Generation	<ul style="list-style-type: none"> Conducted new energy (hydrogen) project initiatives Conducted Incubation & Innovation Initiative and Pitch Contest (SDGs loans) Supported human resources development in Myanmar and Indonesia JUNIOR SAFE Awarded Principles for Financial Action for the 21st Century Special Award 	<ul style="list-style-type: none"> Conduct renewable and new energy project initiatives (hydrogen, etc.) Provide ESG/SDGs assessment loans and support the Incubation & Innovation Initiative Consider expanding support for human resources development in emerging countries
Community	<ul style="list-style-type: none"> Received 2017 Universal Manners Award 	<ul style="list-style-type: none"> Conduct measures for “universal service”
Management Base	<ul style="list-style-type: none"> Disclosed human rights and tax policies Assessed LGBT-related initiatives (PRIDE Index) 	<ul style="list-style-type: none"> Increase the ratio of female managers

SMBC Trust Bank (SMBCTB)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> Promoted environment-related businesses <ul style="list-style-type: none"> Promoted use of renewable energy via solar power (provided trust functions) Promoted measures to reduce environmental impact <ul style="list-style-type: none"> Set up recycling bins for stationery Eliminated paper by utilizing monitors Set up waste-sorting bins at each site Conducted environment-related social contribution activities <ul style="list-style-type: none"> Conducted new employee training (nature protection activities at Tama Zoological Park) Participated in SMFG Clean-up Day 	<ul style="list-style-type: none"> Continue promoting environmental businesses <ul style="list-style-type: none"> Promote environmental businesses that utilize trust functions Continue promotion of measures to reduce environmental impact <ul style="list-style-type: none"> Set up recycling bins for stationery Eliminate paper by utilizing monitors Set up waste-sorting bins at each site Environment-related social contribution activities <ul style="list-style-type: none"> Conduct new employee training (volunteer training) Continue participation in SMFG Clean-up Day

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Next Generation	<ul style="list-style-type: none"> ▪ Initiatives promoting enhanced financial literacy - Supported Student City, an economics education program for elementary school students, dispatched volunteers - Endowed chair at Kyoto Women's College - Concluded partnership agreement with Shiga University <ul style="list-style-type: none"> ▪ Conducted training for data scientists ▪ Dispatched Instructors ▪ Created added value through data utilization ▪ Supported painting and music by young artists ▪ Set up JUNIOR SAFE sales branch ▪ Held first Family Day event 	<ul style="list-style-type: none"> ▪ Initiatives promoting enhanced financial literacy - Support Student City, an economics education program for elementary school students, dispatch volunteers - Endow chair at Kyoto Women's College - Partnership agreement with Shiga University <ul style="list-style-type: none"> ▪ Internships for college students ▪ Conduct training for data scientists ▪ Dispatch instructors ▪ Create added value through data utilization ▪ Support painting and music by young artists ▪ Set up JUNIOR SAFE sales branch ▪ Continue to hold Family Day event
Community	<ul style="list-style-type: none"> ▪ Supported solutions to social issues by providing trust functions <ul style="list-style-type: none"> - Formed social impact bond in Kobe City ▪ Responded to onset of aging society <ul style="list-style-type: none"> - Promoted succession business (artwork trusts, etc.) ▪ Conducted disaster and reconstruction support activities <ul style="list-style-type: none"> - Great East Japan Earthquake, Kumamoto Earthquakes ▪ Supported sports for people with disabilities (goalball) <ul style="list-style-type: none"> - Held workshops, supported events and dispatched volunteers - Established goalball exhibit at head branch - Donated to Japanese Para-Sports Association ▪ Provided services for foreign customers <ul style="list-style-type: none"> - Global branches (Hiroo Branch, Akasaka Branch) ▪ Donated and Co-sponsored FIT Charity Run ▪ Participated in SMFG Group's volunteer activities ▪ Collected and donated used stamps and spoiled postcards 	<ul style="list-style-type: none"> ▪ Support solutions to social issues by providing trust functions ▪ Respond to onset of aging society <ul style="list-style-type: none"> - Promote succession business (artwork trusts, etc.) ▪ Continue conducting disaster and reconstruction support activities ▪ Support sports for people with disabilities (goalball) <ul style="list-style-type: none"> - Employ athletes with disabilities - Expand establishment of goalball exhibit at head branch - Hold workshops, supported events and dispatched volunteers - Donate to Japanese Para-Sports Association ▪ Expand services for foreign customers ▪ Donate and co-sponsor FIT Charity Run ▪ Participate in SMFG Group's volunteer activities ▪ Participate in SMFG Pro Bono Project ▪ Collect and donate used stamps and spoiled postcards

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Management Base	<ul style="list-style-type: none"> • Promoted work style reform <ul style="list-style-type: none"> - Regularly held “Creative Friday/Open College” • Established Diversity & Inclusion Promotion Committee • Acquired highest-rank “Eruboshi” mark, a certification program based on the Act on Promotion of Women’s Participation and Advancement in the Workplace • Call center acquired 3-star monitoring rating, the highest offered, from HDI 	<ul style="list-style-type: none"> • Raise employee awareness and increase understanding of SDGs • Expand range of employees participating in CSR activities • Continue promotion of work style reforms • Promote Diversity & Inclusion Promotion Committee <ul style="list-style-type: none"> - Utilize telecommuting program - Conduct D&I training - Hold various types of events - Provide information to employees

Sumitomo Mitsui Finance and Leasing (SMFL)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> • Promoted environmental businesses <ul style="list-style-type: none"> - Promoted biomass power projects - Promoted energy-saving businesses, including subsidies • Reduced environmental impact <ul style="list-style-type: none"> - Electricity use: 97% of the fiscal 2016 level - Paper use: reduced to 50% of the fiscal 2010 level • Maintained ISO 14001 certification <ul style="list-style-type: none"> - Held EMS study sessions - Conducted first tests to confirm EMS study sessions 	<ul style="list-style-type: none"> • Promote environmental businesses <ul style="list-style-type: none"> - Reduce waste volume - Promote hydrogen-related business - Promote power-saving investment utilizing subsidies • Reduce environmental impact <ul style="list-style-type: none"> - Electricity use: Maintain fiscal 2017 level (after taking into account change in office floor area) - Paper use: Maintain at 50% less than fiscal 2010 - Raise awareness of non-use of paper by establishing infrastructure for eliminating paper stock (eliminate desks with file drawers, introduce scanners, etc.) • Maintain ISO 14001 certification <ul style="list-style-type: none"> - Continue to conduct tests to confirm EMS study sessions
Next Generation	<ul style="list-style-type: none"> • Promoted diversity and work style reforms <ul style="list-style-type: none"> - Women accounted for 30% of new graduates hired for managerial track positions - Conducted telecommuting on a trial basis • Enhanced financial literacy <ul style="list-style-type: none"> - Conducted financial literacy classes at police academy in Indonesia 	<ul style="list-style-type: none"> • Promote diversity and work style reforms <ul style="list-style-type: none"> - Have women account for 30% of new graduates hired for managerial track positions - Conduct telecommuting • Enhance financial literacy <ul style="list-style-type: none"> - Plan financial education program for the next fiscal year based on classes held at a police academy in Indonesia

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Social contribution activities <ul style="list-style-type: none"> - Held twice annual company-wide blood drives and six sales of vocational training products - Started communicating information utilizing information boxes - Added support facility for vocational aid products (Osaka) 	<ul style="list-style-type: none"> ▪ Social contribution activities <ul style="list-style-type: none"> - Continue to hold annual company-wide blood drives and in-house sales events of vocational program products - Continue to provide information utilizing information boxes
Management Base	<ul style="list-style-type: none"> ▪ Enhanced PR and IR activities <ul style="list-style-type: none"> - Updated Japanese language editions of company brochures - Ran full-page ads in Nikkei newspaper, digital signage and platform door advertisements - Created 10th anniversary page (on website) ▪ Raised customer satisfaction <ul style="list-style-type: none"> - Conducted customer satisfaction questionnaire and identified issues based on the results ▪ Strengthened compliance system <ul style="list-style-type: none"> - Strengthened system by employing Indonesian lawyer - Established compliance rules specific to local affiliates ▪ Started addressing SDGs 	<ul style="list-style-type: none"> ▪ Enhanced PR and IR activities <ul style="list-style-type: none"> - Revise corporate brochure and website to reflect reorganization ▪ Raised customer satisfaction <ul style="list-style-type: none"> - Expand themes on product comprehension test and increase its difficulty - Strengthen responsiveness to needs through Group coordination ▪ Strengthen compliance system <ul style="list-style-type: none"> - Prepare for fiscal 2019 Financial Action Task Force examination - Respond to GDPR and UK Modern Slavery Act 2015 ▪ Respond to SDGs <ul style="list-style-type: none"> - Formulate CSR targets, issues and measures, etc. based on SDGs

SMBC Nikko Securities (SMBC Nikko)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Environmental contributions through business <ul style="list-style-type: none"> - Underwrote and sold green bonds (first municipal bond) issued by the Tokyo Metropolitan Government and climate bonds, etc. - Communicated information related to ESG investment, SRI investment and Green Bonds on its website ▪ Reduced environmental impact <ul style="list-style-type: none"> - Implemented operational methods applicable for new qualifications for ISO 14001 environmental management systems - Revised environmental targets by retroactively adjusting power consumption amounts in connection with integration of SMBC Friend Securities 	<ul style="list-style-type: none"> ▪ Environmental contributions through business <ul style="list-style-type: none"> - Increase social investment in connection with increased internal understanding of significance of engaging in social investment and SDGs - Distribute information internally and externally on social investment initiatives ▪ Reduce environmental impact <ul style="list-style-type: none"> - Change ISO certified sites in connection with office relocation - Consider measures for further reducing power consumption ▪ Continue local cleanups and other volunteer activities
Next Generation	<ul style="list-style-type: none"> ▪ Supported next-generation industries through stronger IPO responsiveness <ul style="list-style-type: none"> - Achieved public listing of AI venture stock, etc. ▪ Undertook initiatives for acquiring next-generation investors <ul style="list-style-type: none"> - Built relationships at early stage with inheritors (successive generation) ▪ Continued to promote financial literacy <ul style="list-style-type: none"> - Provided endowed chair to a university, distributed money textbooks, held Nikko "Exciting Family Experience Day," conducted company tours and outreach classes, etc. - Enhanced teaching materials for each generation and posted on intranet ▪ Undertook initiatives for next-generation financial services <ul style="list-style-type: none"> - Enhanced automated chat service on LINE using AI 	<ul style="list-style-type: none"> ▪ Continue to promote financial literacy <ul style="list-style-type: none"> - Consider ways to implement effective finance and economics education using different teaching materials for different generations - Disclose and promote considered measures

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Enhanced convenient services for all customers, including senior citizens and people with disabilities <ul style="list-style-type: none"> - Acquired OMOTENASHI Japan service quality certification ▪ Promoted CSR activities rooted in each community <ul style="list-style-type: none"> - Created and communicated menu of CSR programs ▪ Continued support of sports for people with disabilities <ul style="list-style-type: none"> - Supported blind soccer (employees took part as volunteers) - CSR activities conducted by athlete employees - Acquired certification as a Tokyo Metropolitan Sports Promotion Company and Sports Yell Company 	<ul style="list-style-type: none"> ▪ Enhanced convenient services for all customers, including senior citizens and people with disabilities ▪ Promote CSR activities rooted in each community ▪ Continue support of sports for people with disabilities <ul style="list-style-type: none"> - Continue support for blind soccer - Continue CSR activities with athlete employees and approach municipalities and groups on utilization
Management Base	<ul style="list-style-type: none"> ▪ Promoted customer-oriented business operations <ul style="list-style-type: none"> - Raised awareness of this approach by establishing a fiduciary duty committee and conducting training for all executives and employees ▪ Enhanced work environment with awareness of work style reforms <ul style="list-style-type: none"> - Initiated telecommuting program - Recognized as a 2018 Certified Health & Productivity Management Outstanding Organization ▪ Strengthened corporate governance system <ul style="list-style-type: none"> - Increased complexity of risk appetite framework and selected top risks - Further strengthened compliance for the sake of customers, information security ▪ Implemented effective CSR activities <ul style="list-style-type: none"> - Fully updated intranet CSR information and website and disclosed CSR priority issues (materiality) - Conducted questionnaire for all employees 	<ul style="list-style-type: none"> ▪ Promote customer-oriented business operations ▪ Promote work style reforms throughout company ▪ Strengthen corporate governance system ▪ Consider and implement measures for raising awareness of CSR activities internally and externally <ul style="list-style-type: none"> - Strengthen effective internal/external communications for CSR activities and consider internal feedback measures - Apply for various awards to earn public recognition and consider internal CSR awards program

SMBC Friend Securities (SMBC Friend)

* SMBC Friend Securities merged with SMBC Nikko Securities in January 2018.

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Sales of “Environmental Sustainability Bonds” ▪ Continued promotion of corporate activities in accordance with Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century) ▪ Promoted reducing the impact on the environment, utilize data ▪ Participated in SMFG Clean-up Day ▪ Volunteer cleanups around branches <ul style="list-style-type: none"> - Total of 132 executives took part (as of September 2017) 	
Next Generation	<ul style="list-style-type: none"> ▪ Continued work-life balance support program 	
Community	<ul style="list-style-type: none"> ▪ Participated in SMFG Group coordinated CSR activities <ul style="list-style-type: none"> - Volunteer activities for areas affected by earthquakes, pro bono work, etc. ▪ Donations through donation-type vending machines (Jul., Nov.) ▪ Donated products given by the companies to shareholders (Apr., Jul., Sep., Nov., Dec.) ▪ Collected and donated used stamps ▪ Volunteered to collect old books (Aug.) ▪ Donated through SMBC Friend Securities Green Fund <ul style="list-style-type: none"> - Made initial donations to environmental conservation organizations (Oct.) ▪ Continued support for cultural and artistic activities <ul style="list-style-type: none"> - Co-sponsored special exhibits at Yamatane Museum of Art 	

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Management Base	<ul style="list-style-type: none"> Established Basic Policy on Customer-Oriented Business Operations and conducted training to promote employee understanding Held various types of seminars depending on customers' needs Promoted and implemented more effective analysis of VOC feedback Distributed information on CSR via the company's intranet 	

Sumitomo Mitsui Card Company (SMCC)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> Continued compliance with environmental laws and regulations (Amended Energy Saving Act) Handled regular ISO 14001 inspections Continued participation in the training of ISO 14001 internal auditors Promotion of environmental businesses <ul style="list-style-type: none"> Encouraged cardholders and affiliated merchants to change to online statements Promoted online membership procedures Conducted tree-planting activities through point exchange Continued to use environmentally friendly products Continued to conduct workshops aimed at enhancing environmental awareness Continued implementation of system for encouraging acquisition of the Eco Test qualification 	<ul style="list-style-type: none"> Continue compliance with environmental laws and regulations (Amended Energy Saving Act) Handle regular ISO 14001 inspections Continue participation in the training of ISO 14001 internal auditors Promote environmental businesses <ul style="list-style-type: none"> Encourage cardholders and affiliated merchants to change to online statements Promote online membership procedures Conduct tree-planting activities through point exchange Continue to use environmentally friendly products Continue to conduct workshops aimed at enhancing environmental awareness Continue implementation of system for encouraging acquisition of the Eco Test qualification

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Next Generation	<ul style="list-style-type: none"> ▪ Strengthened financial literacy training for younger people - Promoted allowance book app for elementary school students - Conducted financial education seminar for parents and children during summer vacation - Conducted financial education seminars for elementary school students at Japan Futsal League matches - Conducted financial literacy education for middle/high school students, college students, and vocational school students ▪ Promoted non-credit settlement (prepaid/debit) ▪ Conducted company tours for children 	<ul style="list-style-type: none"> ▪ Strengthen financial literacy training for younger people - Promote allowance book app for elementary school students - Conduct financial education seminar for parents and children during summer vacation - Conduct financial education seminars for elementary school students at Japan Futsal League matches - Conduct financial seminars at the venues of sports events participated in by elementary school students - Participate in team teaching on cashless settlement with home economics teachers at municipal middle schools - Conduct financial literacy education for middle/high school students, college students, and vocational school students ▪ Promote non-credit settlement (prepaid/debit) ▪ Conduct company tours for children
Community	<ul style="list-style-type: none"> ▪ Responded to Act for Eliminating Discrimination against Persons with Disabilities - Improved sign language and written message service, used universal fonts and participated in cognitive disorder supporter training ▪ Conducted regional revitalization using sites for foreign visitors - Worked to draw customers to affiliated stores in Hiroshima, Sendai and Saga ▪ Continued support for recovery and reconstruction efforts following the Great East Japan Earthquake ▪ Supported reconstruction from the Kumamoto earthquakes - Established cloud funding menu ▪ Handled donations via online collection and point exchange ▪ Supported community through sponsorship of the Japan Futsal Federation ▪ Conducted food aid program in developing countries in collaboration with Table for Two and the F. League 	<ul style="list-style-type: none"> ▪ Respond to Act for Eliminating Discrimination against Persons with Disabilities ▪ Conduct regional revitalization using sites for foreign visitors ▪ Expand small-cap business, regional expansion of card settlement ▪ Continue support for recovery from earthquakes ▪ Handle donations via online collection and point exchange ▪ Issue social contribution cards ▪ Support community through sponsorship of the Japan Futsal Federation ▪ Conduct regional development by co-sponsoring sports events for elementary school students ▪ Continue the TABLE FOR TWO program ▪ Continue CSR activities by regional sales departments ▪ Hold training for Olympic volunteers

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Management Base	<ul style="list-style-type: none"> ▪ Promoted various initiatives related to diversity and work style reforms ▪ Implemented various training to enhance customer satisfaction and spread of customer experience <ul style="list-style-type: none"> - Promoted customer satisfaction awareness activities utilizing internal portal; strengthened collection of customer feedback through SNS ▪ Continued distribution of compliance information utilizing Compliance Hiroba ▪ Improved the CSR knowledge and awareness of employees <ul style="list-style-type: none"> - Utilized internal SNS, internal newsletters, questionnaires - Introduced voluntary vacation system for employees 	<ul style="list-style-type: none"> ▪ Promote various initiatives related to diversity and work style reforms ▪ Implement various training to enhance customer satisfaction <ul style="list-style-type: none"> - Promote customer satisfaction activities utilizing internal portal; strengthen collection of customer feedback through SNS ▪ Continue distribution of compliance information utilizing Compliance Hiroba ▪ Improve the CSR knowledge and awareness of employees <ul style="list-style-type: none"> - Hold study sessions, utilize internal SNS, internal newsletters, questionnaires

Cedyna Financial Corporation (Cedyna)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Promoted EMS based on ISO 14001 <ul style="list-style-type: none"> - Promoted integration with business - Accommodated transition to new regulations and conducted screening measures ▪ Continued promotion of environment-related products and services <ul style="list-style-type: none"> - Promoted online statements to cardholders - Promoted online credit card applications ▪ Promoted measures to reduce environmental impact <ul style="list-style-type: none"> - Promoted initiatives through eco-rules - Created visuals for environmental impact reduction activities - Accommodated third-party certification of environmental data ▪ Conducted environmental beautification and conservation activities (regional clean-up activities) <ul style="list-style-type: none"> - Conducted clean-ups near the Shinagawa and Kikukawa offices - Participated in cleanup activities sponsored by Fukuoka Love the Earth and SMFG 	<ul style="list-style-type: none"> ▪ Promote Environmental Management System (EMS) based on ISO 14001 certification <ul style="list-style-type: none"> - Promote integration with business - Conducted screening measures ▪ Continue promotion of environment-related products and services <ul style="list-style-type: none"> - Promote online statements to cardholders - Promote online credit card applications ▪ Promote measures to reduce environmental impact <ul style="list-style-type: none"> - Promoted initiatives through eco-rules - Promote initiatives for raising productivity (BPR activities) - Promote measures to reduce environmental impact ▪ Conduct environmental beautification and conservation activities (regional clean-up activities) <ul style="list-style-type: none"> - Conduct clean-ups near the Shinagawa and Kikukawa offices - Participate in cleanup activities sponsored by Fukuoka Love the Earth and SMFG

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Next Generation	<ul style="list-style-type: none"> ▪ Provided work experience opportunities through internships 	<ul style="list-style-type: none"> ▪ Provided work experience opportunities through internships
Community	<ul style="list-style-type: none"> ▪ Engaged in social contribution activities through business <ul style="list-style-type: none"> - Continued donations and subsidies from socially contributing credit cards - Donated through point exchange and promotion of online solicitations - Provided products and services for solving social issues ▪ Engaged in social contribution activities with employees <ul style="list-style-type: none"> - Worked to raise the CSR awareness of employees - Proactively participated in SMBC Group-run social contribution activities - Promoted social contribution activities in each region - Started operating internal volunteer fund program 	<ul style="list-style-type: none"> ▪ Social contribution activities through business <ul style="list-style-type: none"> - Continue donations and subsidies from socially contributing credit cards - Donate through point exchange and promotion of online solicitations - Provide products and services for solving social issues ▪ Conduct social contribution activities with employees <ul style="list-style-type: none"> - Proactively participate in SMBC Group-run social contribution activities - Develop social contribution activities for the Olympics and Paralympics - Continue to promote social contribution activities in each region
Management Base	<ul style="list-style-type: none"> ▪ Customer satisfaction ▪ Rigorous compliance ▪ Enhanced awareness of human rights ▪ Created pleasant workplaces ▪ Improved work-life balance measures ▪ Rigorous risk management and information management ▪ Shut out associations with anti-social forces ▪ Prevented money laundering ▪ Solidified environment for CSR promotion <ul style="list-style-type: none"> - Implemented overall CSR education - Conducted CSR seminar - Established CSR labor-management advisory committee 	<ul style="list-style-type: none"> ▪ Customer satisfaction ▪ Rigorous compliance ▪ Promote diversity ▪ Improve work-life balance measures ▪ Rigorous risk management and information management ▪ Shut out associations with anti-social forces ▪ Prevent money laundering ▪ CSR (SDGs) promotion initiatives <ul style="list-style-type: none"> - Promote CSR activities integrated with business activities - Conduct CSR seminar - Conduct CSR education by level - Expand communication channels for information related to CSR activities

SMBC Consumer Finance (SMBCCF)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Promoted environmental management system (EMS) <ul style="list-style-type: none"> - Set environmental targets (reduction of paper and electricity use) - Handled ISO 14001 revision - Held EMS seminars and conducted self-checks - Promoted LED interior lighting at nationwide Promise branches, converted to energy saving air conditioners ▪ Promoted environmental activities <ul style="list-style-type: none"> - Participated in SMFG Clean-up Day - Approx. 1,400 employees participated in cleanups at multiple sites - Enhanced internal/external communications 	<ul style="list-style-type: none"> ▪ Promote environmental management system (EMS) <ul style="list-style-type: none"> - Set fiscal 2019 environmental targets - Handle ISO 14001 revision - Continue to promote energy and resource conservation, etc. (Web transactions, cardless transactions, branch facilities, etc.) ▪ Promote environmental activities <ul style="list-style-type: none"> - Continue clean-ups in the communities around each office - Continue internal/external communications ▪ Continue participation in the training of ISO 14001 internal auditors
Next Generation	<ul style="list-style-type: none"> ▪ Implemented financial and economic educational activities <ul style="list-style-type: none"> - Held seminars, etc. for students and community members led by Customer Service Plazas at 18 nationwide locations (1,217 seminars held in fiscal 2017; 96,350 people participated) ▪ Conducted experience-based programs that included making piggy banks for children and playing card games ▪ Developed and achieved cashless, cardless transactions (app loans) 	<ul style="list-style-type: none"> ▪ Continue initiatives for safe and secure financial services for customers <ul style="list-style-type: none"> - Hold financial and economics seminars to raise financial literacy ▪ Increase customer convenience by utilizing digitalization

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Sponsored sports and other events <ul style="list-style-type: none"> - Sponsored Promise Essay Award - Co-sponsored table tennis tournament ▪ Donation activities with employee participation and matching gift <ul style="list-style-type: none"> - “Yakusoku no Mori,” “Table for Two” ▪ Community contribution activities <ul style="list-style-type: none"> - Provided matching gift based on sales at Ehime Prefecture products fair ▪ Periodical information transmission <ul style="list-style-type: none"> - Communicated survey on the money awareness of people in their twenties ▪ Customer satisfaction (CS) enhancement <ul style="list-style-type: none"> - 236 employee ideas proposed; 12 actualized - Acquisition of COPC management system certification for the fifth consecutive year 	<ul style="list-style-type: none"> ▪ Continue to co-sponsor sports and other events <ul style="list-style-type: none"> - Sponsor the Promise Essay Award - Sponsor a table-tennis tournament ▪ Continue “Yakusoku no Mori” and “Table for Two” ▪ Community contribution activities <ul style="list-style-type: none"> - Promote social contribution activities with employees - Participation in SMFG Group’s volunteer activities ▪ Regularly transmit information for “Bincan Station” support site for young people ▪ Customer satisfaction (CS) enhancement <ul style="list-style-type: none"> - Promote activities utilizing customer feedback
Management Base	<ul style="list-style-type: none"> ▪ Diversity promotion <ul style="list-style-type: none"> - Selected diversity managers in each department - Conducted training sessions on understanding diversity ▪ Maintained and improved the work environment <ul style="list-style-type: none"> - Reinforced no-overtime day, reviewed meeting bodies ▪ Rigorous compliance <ul style="list-style-type: none"> - Held ethics study group ▪ Promoted CSR understanding and penetration <ul style="list-style-type: none"> - Selected CSR promotion leaders, held study sessions and workshops and enhanced internal/external communications 	<ul style="list-style-type: none"> ▪ Promote diversity and inclusion <ul style="list-style-type: none"> - Promote participation and advancement for women and seniors, train personnel to be global leaders - Continue to implement work-life balance measures including work style reform ▪ Maintain and improve the work environment <ul style="list-style-type: none"> - Take other measures for workplace health and safety ▪ Rigorous compliance ▪ Understand and penetrate CSR through business <ul style="list-style-type: none"> - Employee understanding and penetration of CSR through CSR Promotion Leaders - Continue study sessions and workshops - Conduct active communications

Japan Research Institute (JRI)

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Promoted environmental business <ul style="list-style-type: none"> - Supported business model construction in Post-FIT era - Supported entry by Japanese companies into environmental business in emerging economies - Conducted verification tests in Tianjin Eco-city and on energy conservation in Guangdong Province, China ▪ Supported corporate evaluations for environmentally friendly loans ▪ Supported corporate evaluations for biodiversity funds 	<ul style="list-style-type: none"> ▪ Continue promotion of environmental businesses ▪ Create smart infrastructure market and solution business ▪ Support corporate evaluations for environmentally friendly loans ▪ Support corporate evaluations for biodiversity funds
Next Generation	<ul style="list-style-type: none"> ▪ Collaboration with SMBC: Continued operation of the "Incubation & Innovation Initiative," to promote open innovation ▪ Collaboration with SMBC: Developed activities aimed at revitalization of Japanese agriculture through next-generation agriculture, launched consortium to develop the DONKEY farming support robot ▪ Supported development of programs for advancing the role of women <ul style="list-style-type: none"> - Collaboration with SMBC: Supported advancement of women's roles through Nadeshiko loans ▪ Company assessments incorporated ESG to promote sustainable economic activities <ul style="list-style-type: none"> - Collaboration with SMBC: Enhanced communications to promote SDGs ▪ Made policy proposals for the creation of a sustainable society <ul style="list-style-type: none"> - Held a symposium: "Regions, Employment, and Social Security in an Era When the National Government Cannot be Depended On - What Should Local Governments, Companies, and Individuals Do?" (JRI) - Held the symposium "Conflicting Corporate Governance Reforms: How to Approach the Diversifying Management Environment" 	<ul style="list-style-type: none"> ▪ Continue implementation of "Incubation & Innovation Initiative" ▪ Revive Japanese agriculture through agricultural industrialization ▪ Propose policies for advancing the role of women and vitalizing local economies ▪ Promote sustainable economic activities by incorporating ESG into company assessment ▪ Symposiums

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Continued support for recovery and reconstruction efforts following the Great East Japan Earthquake - Participated in volunteer activities in support of areas affected by disasters organized by SMBC Group - Continued locally rooted reconstruction support projects (Support resident community-building) ▪ Launched regional platform for providing products and services to vulnerable (“gap”) seniors ▪ Created new community mobility infrastructure using self-driving technology 	<ul style="list-style-type: none"> ▪ Continue support for recovery and reconstruction efforts following the Great East Japan Earthquake - Participate in volunteer activities in support of areas affected by disasters organized by SMBC Group - Continue locally rooted reconstruction support projects (Support resident community-building) ▪ Create private-sector service market in ultra-aging society ▪ Regional revitalization through next-generation mobility ▪ Newly participate in the Table for Two program
Management Base	<ul style="list-style-type: none"> ▪ Raised security level of SMBC Group overall - Dedicated JRI security department implemented various measures to reinforce security in light of increase and sophistication of cyber-attacks ▪ Continued upgrading and expansion of compliance systems, and of in-house education and training ▪ Further promoted measures for work-life balance - Continued promoting activities for reform of working styles at frontline level 	<ul style="list-style-type: none"> ▪ Raise security level for overall SMBC Group - Provide technical support for system security at SMBC Group companies ▪ Continue upgrading and expansion of compliance systems, and of in-house education and training ▪ Further promote measures for work-life balance

THE MINATO BANK (Minato)

*Excluded from SMFG group since April 2018

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Continued marketing of environmentally considerate financial products ▪ Reducing Environmental Impact <ul style="list-style-type: none"> - Installed energy-saving facilities when branches established, relocated or remodeled ⇒installed energy efficient lighting and air conditioning facilities - Procured electricity from PPS - Participated in “Cool Biz” (May-Oct.) and “Warm Biz” (Dec.-Mar.) seasonal dress codes and implemented a summertime system (Aug.) ▪ Participation in local cleanup activities <ul style="list-style-type: none"> - Activities at Suma Beach (Sept.: 75 participants) and in local communities - Participated in local cleanup activities 	
Next Generation	<ul style="list-style-type: none"> ▪ Underwrote “Ayumi” private-placement bonds for regional contribution <ul style="list-style-type: none"> - Purchased school supplies, etc. with a portion of the commissions ▪ Implemented financial literacy <ul style="list-style-type: none"> - Held financial classes for special needs schools (four times) - Held etiquette classes with the Bank of Japan (Hyogo Prefectural Committee on Financial Public Relations) ▪ Co-sponsored Shiki Theatre’s “Kokoro no Gekijo” ▪ Reading awareness activities for children, held the Minato Reading Challenge ▪ Brought 250 children to Vissel Kobe and INAC Kobe soccer matches ▪ Supported programs for employees returning to work after taking childcare leave 	

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Co-sponsored and participated in local events (20 events) ▪ Co-sponsored and participated in citizen's marathons <ul style="list-style-type: none"> - Kobe Marathon (51 runners, 100 water supply volunteers) - Himeji Castle Marathon (41 water supply volunteers) ▪ Participated in memorial events for the Kobe Earthquake and disaster preparedness drills, co-sponsorship of Kobe Luminarie light festival ▪ Co-sponsored and participated in Port of Kobe 150th Anniversary event ▪ Made efforts for 150th anniversary of Hyogo Prefectural government <ul style="list-style-type: none"> - Operated joint booth at event venue ▪ Continued measures for senior citizens and people with disabilities, etc. <ul style="list-style-type: none"> - Restricted ATM transfers by seniors (under certain conditions) - Conducted training for Service Care Managers and Cognitive Impairment Supporters 	
Management Base	<ul style="list-style-type: none"> ▪ Disclosed information in an appropriate and timely manner ▪ Conducted bank briefing meetings and status reports for partner companies and individual shareholders, and information exchange meetings with local media ▪ Engaged in diversity initiatives <ul style="list-style-type: none"> - Acquired "Eruboshi" and "Kurumin" certification - Issued career support communications to support the reinstatement of employees on leave - Conducted international student program and internship, etc. ▪ Conducted work style reform initiatives <ul style="list-style-type: none"> - Started early morning work and staggered work hours on trial basis - Established Friday vacation day 	

Kansai Urban Banking Corporation (KUBC)

*Excluded from SMFG group since April 2018.

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
The Environment	<ul style="list-style-type: none"> ▪ Provided products and services deeply rooted in each region <ul style="list-style-type: none"> - Promoted initiatives for “eco time deposits”* ▪ Strengthened consulting functions <ul style="list-style-type: none"> - Operated a booth at the Biwako Environmental Business Exhibition 2017 ▪ Reduced environmental impact <ul style="list-style-type: none"> - Summer electricity conservation campaign: Jun. 26 – Sept. 30 - Winter electricity conservation campaign: Dec. 1 – Mar. 30 ▪ Environment-related social contribution activities <ul style="list-style-type: none"> - SMFGParticipated in SMFG Clean-up Day - Participated in Lake Biwa cleanup activities 	
Next Generation	<ul style="list-style-type: none"> ▪ Supported financial literacy <ul style="list-style-type: none"> - Provided financial education Held bank tours and the “Economics Koshien” Shiga Tournament, an economics quiz bowl - Provided career education Provided educational workplace experiences and accepted interns ▪ Supported sports, cultural and arts-related activities <ul style="list-style-type: none"> - Sponsored various sports events - Participated as a volunteer in marathon events - Held lobby concerts 	

Topic	Performance in Fiscal 2017	Goals for Fiscal 2018
Community	<ul style="list-style-type: none"> ▪ Participated in volunteer activities <ul style="list-style-type: none"> - Volunteered as a group for marathon events - Cooperated with local community events ▪ Created customer-friendly branches <ul style="list-style-type: none"> - Trained 1,343 cognitive impairment supporters ▪ Conducted compliance training ▪ Continued participating in protection activities 	
Management Base	<ul style="list-style-type: none"> ▪ Promoted diversity <ul style="list-style-type: none"> - Adopted the “Iku Boss” declaration - Acquired external certifications “Platinum Kurumin” “Eruboshi” (3rd stage) “White 500” - Held various types of seminars Held seminars on preparing to return to work after childcare leave and for expectant mothers ▪ Mental health management <ul style="list-style-type: none"> - Conducted employee stress checks 	



Key Priority Issues and SDGs for SMBC Group

Priority Issues (Materiality) that SMBC Group Should Address

We have reviewed our priority issues and derived three new themes – “Environment,” “Next Generation,” and “Community” – as our medium- to long-term priority issues that form the core of the SMBC Group’s CSR activities. For each theme, we are also focusing on “where we want to be ten years from now” by clarifying matters and issues to be addressed and taking action on them.


SMBC Group

[Priority issues (Materiality) that SMBC Group address] As a Financial Group, be a Bridge to the Future

 Environment	 Next Generation	 Community
		
<The Vision We Aspire for 2030>		
A financial group that contributes to the preservation of the global environment: the foundation for the lives of all, in order to help realize a sustainable society	A financial group that contributes to the development of all people’s skills, particularly by spreading and entrenching financial literacy to create a more empowering future	A financial group that provides safety and security to all, in order to contribute to the creation of communities in which everyone can participate
Focused SDGs 	Focused SDGs 	Focused SDGs 
Issues we should address <ul style="list-style-type: none"> ● Promote environmental business ● Manage environmental risks ● Reduce environmental impacts 	Issues we should address <ul style="list-style-type: none"> ● Support for growth industries ● Contribute to emerging countries ● Promote financial literacy education 	Issues we should address <ul style="list-style-type: none"> ● Achieve safe/secure communities ● Promote social inclusion ● Reconstruct natural disasters

Key issues to be addressed on a solid management base

Focused SDGs





Interaction with stakeholders	Customer satisfaction	
Human resources development that embodies our five values	Creating a pleasant workplace for all employees (Work-Life balance)	Creating a corporate culture derives strength from diversity (Promoting diversity)
Corporate governance		
Risk management	Rigorous information management	
Fair business practices and competitions	Response to anti-social forces	

SMBC Group

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CSR Report 2018

Review of Priority Issues (Materiality)

In light of constantly changing social trends and a reassessment of the relative importance of the Group's priority issues among its stakeholders, and in order to adapt our CSR activities to these developments, in fiscal 2013 SMBC Group reviewed our priority issues and have derived three new themes – “Environment,” “Next Generation,” and “Community” – as our medium- to long-term priority issues that form the core of the SMBC Group's CSR activities. In identifying these priority issues, we made use of the G4 sustainability reporting guidelines issued by the Global Reporting Initiative (GRI), and with participation from all Group companies, we derived an order of priority for various social issues. We also engaged in dialog with experts to assess the relative importance assigned by our stakeholders to the issues.

Regarding these three priority issues, since fiscal 2014 SMBC Group has actively engaged with internal and external stakeholders, reviewed them and the issues to be addressed based on them, and worked to strengthen related initiatives at Group companies.

SMBC Group

Identifying the Issues

Step 1 Selection and prioritization of issues

We derived around 150 wide-ranging CSR issues from the GRI Guidelines (G4), utilizing the ISO 26000 framework, and based on the participation of each of the Group companies.

We then assigned an order of priority to these issues from the standpoint of our stakeholders. They were first placed into two categories - “our medium-to long term priority issues (environment, next generation, and community),” and “key issues to be addressed on solid management base.”

SMBC Group

Standards used for reference in prioritization	
<p>Importance to Stakeholders</p> <ul style="list-style-type: none"> • International frameworks such as the GRI Guidelines • Items to be researched or pointed by the Socially Responsible Investing (SRI)-related institutions • Suggestions from the strategy advisor to the SMBC Group CSR Committee 	<p>Importance to SMBC Group</p> <ul style="list-style-type: none"> • Priority issues from 10 Group companies • Conformity with SMBC Group's Business Mission, business ethics, and medium-term management plan • Assessment of risks and possible business opportunities (potential for enhancing enterprise value) in line with pursuit of sustainability

Step 2 Reexamination and identification through dialog with experts

In February 2014, we conducted a dialog with selected group of experts on our “issues thought likely to be important over the medium-to-long term,” and “issues that must be effectively addressed in order to construct a solid management base” to check, from the perspective of social nature, environment and global issues whether sufficient consideration and recognition had been given to all the issues that should be put forward as candidate priority issues, and to ensure that no important issues had slipped through the net.

After carrying out step 2, we conducted revision in line with the opinions expressed, and identified the priority issues to be addressed by SMBC Group after receiving the approval of the experts.

Step 3 Reporting to Group top management, and receiving approval

In March 2014, the Group's Management Committee gave approval for the priority issues (Materiality) that SMBC Group should address through the Group CSR Committee and the Corporate Sustainability Meeting. Moreover, approval was received for the examination of specific methods of addressing priority issues after discussion and review with stakeholders both within and outside the Group and each Group company.

Step 4 Review through engagement

From July 2014 we have collected opinions from in and outside our Group through employee surveys held during internal training and external surveys in our CSR report, which contains the priority issues (Materiality) that SMBC Group should address.

As for other efforts, we are holding a dialogue with stakeholders with the aim of reviewing issues we should concentrate on that are relevant to the time we live in.

Fiscal 2015: [Realizing the "Ten-Year Vision"](#)

Fiscal 2016: [Verifying Validity of Issues to Be Addressed within Priority Issues \(Materiality\)](#)

Fiscal 2017: [Roles and Expectations for Financial Institutions in Terms of the SDGs and ESG Investments](#)

Refer to the following for details on the stakeholder dialogue.

[➤ Dialogue with Stakeholders](#)

Sustainable Development Goals (SDGs)

The SMBC Group is promoting action towards the Sustainable Development Goals (SDGs) that were adopted by the United Nations General Assembly in 2015.








The aim is not only for emerging countries but for all countries, including developed countries, to achieve 17 goals and 169 targets related to poverty and inequality, education, the environment and other areas. As a financial group, SMBC Group believes that it is capable of contributing to all 17 goals of the SDGs through Group company businesses, but going forward we will focus on the following goals in particular based on the discussion with our business units and our Group Management Committee held in March 2017.






SMBC Group's 4 business units: Retail, Wholesale, International, and Global Markets

[➤ Business strategy of Business Units](#)

SDGs to Achieve Through SMBC's Businesses

	Environment	Next Generation	Community
	 	  	 
Retail	Cashless, transactions without bankbook Electronic contract by tablets	Improve financial literacy ESG investment trusts	
Wholesale	Assessment loan (ESG/SDGs Assessment loan, etc.)	Support growing companies, taking initiatives to realize smart mobility	Assessment loan (SMBC Workstyle Reform loan, etc.)
International	Establish loan policy and support businesses regarding environmental/ social risk Renewable energy projects	Take initiatives toward financial inclusion (retail business in Asia, etc.)	Multi franchise strategy in Asia
Global markets	Promote eco-business and reduce environmental burden through issuing green bonds	Improve convenience of financial market through promotion of digitalization	Provide solutions to form a healthy and active financial / capital market

We strive to achieve the following SDGs by strengthening our management base.

Management base
  

Environment - Toward a Sustainable World That All Can Share

Management Approach

Recognition of Social Issues

The world has accelerated its move toward becoming a low-carbon or carbon-free society with the enactment in 2016 of the Paris Agreement to hold the increase in global average temperature to below 2°C of preindustrial levels. Moreover, the United Nations' Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board also address long-term environmental issues such as climate change, energy and biodiversity, requiring companies to raise their contribution through their businesses. In the financial services field, environmental risk assessments must be conducted on financing and investment targets, and emphasis is placed on funding for projects capable of resolving environment issues on a global scale and environmental education for the employees that promote these assessments.

SMBC Group's Approach

SMBC Group seeks to reduce the environmental impact of its business activities and contribute to global environmental protection from an economic standpoint by leveraging its financial functions. Our focus with respect to customer environmental measures is on four areas, the environment, renewable energy, water, and natural resources, and by providing financial services along with consulting on carbon credit utilization and environmental management, our aim is to help create more sustainable societies while generating business opportunities.

To effectively promote these activities we have identified the following three themes that SMBC Group should address.

- Promotion of environmental businesses
- Management of environmental risks
- Reduction of environmental impacts

SMBC Group's Management

Environmental management at SMBC Group is based on the Group Environmental Policy and ISO 14001. In financial services, we promote business activities based on the guidelines and principles of initiatives such as the UN Global Compact and Equator Principles

Overview of Fiscal 2017 Activities and Issues

In fiscal 2017, SMFG Group companies advanced the environmental business in response to their respective business formats in such ways as environmental assessment loans, leasing and financing of reusable and renewable energies and sales of environment-related bonds. In addition, the holding company, SMBC Financial Group, issued corporate bonds and green bonds limited to funding environmentally friendly projects.

For responses to environmental risks, the Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board, and formulated environmental and social policies by sector. As a Group, we engaged in efforts towards environmental management, such as eight Group companies' acquisition of ISO 14001 certification, which has become the new environmental management standard.

In fiscal 2018, we are planning to strengthen our system for environmental management even further, and clarify our actions towards the TCFD and climate change.

■ Main Indicator

Projects for renewable energy



Promotion of Environmental Businesses

SMBC group considers that environmental businesses are means to preserve and improve the global environment while each company pursues its core business operations as a financial institution.

Here we introduce SMBC group's environmental products and services.

Initiatives for Environmental Conservation Through Financial Products

SMBC Group is developing financial solutions for customers who are engaged in various social issues such as the promotion of energy and resource conservation, countermeasures for global warming, climate change, and other environmental issues, countermeasures for natural disasters, and ensuring food safety.

SMBC Group

Please visit the link below for more details on SMBC Group's financial solutions lineup.

[▶ Products for Customers](#)

Initiatives for Renewable Energy Through Business

SMBC conducts renewable energy business initiatives that include receiving on trust for solar power facilities and site usage rights (ownership, leasehold, and surface rights) and managing them as trust assets as the trustee paying dividends to beneficiaries on income from the electricity sold.

SMBC Trust

Initiatives for Recycling and Reusing Through Leases

SMFL promotes the leasing of low-carbon emission equipment which meets the criteria set forth by the Ministry of the Environment by utilizing the subsidies provided by the Ministry for such leases. In addition, property with expired leases, or machinery and equipment purchased from customers are sold to other customers based on their needs. SMFL strives to become a leasing company that is environmentally friendly by implementing these initiatives to recycle and reuse through the purchasing and selling of secondhand machinery.

SMFL

Initiatives for Environmental Protection Through Investment

In October 2017, SMBC invested in Tokyo Green Bonds (*) issued by the Tokyo Metropolitan Government, an initiative for contributing to society through asset management.

*Green bonds are bonds issued to raise funds for green projects. Tokyo Green Bonds have been assessed by an independent institution as being consistent with the characteristics of "green bonds" as defined by the International Capital Market Association (ICMA).

The bank plans to allocate funds raised through the issue of Tokyo Green Bonds to environmental measures, urban development projects based on smart energy and a vision of the cool, clean and pleasant city, and projects for adapting to the impact of climate change.

SMBC

Bond Summary

Bond name	Tokyo Green Bond (5-yr. / 30-yr.), first issue
Ratings	A+(S&P)
Total amount issued	¥10.0 billion

SMBC will continue to contribute to the sustained development of society as a whole through initiatives for the environment, which the bank has specified as one of its key priority issues, and will continue to work to secure investment income and raise corporate value through diverse investment initiatives for more highly advanced, multifaceted forms of investment and by demonstrating its core functions as an institutional investor.

 **SMBC: Invested in Tokyo Green Bonds issued by the Tokyo Metropolitan Government (Japanese only)**

Initiatives Towards Realizing a Low-Carbon Society

As part of its initiatives to realize a low-carbon society, SMBC has promoted business activities related to emissions credits* since 2005.

SMBC

*SMBC received acknowledgement for its efforts abroad through international guidelines to reduce greenhouse gas emissions, and this mechanism uses those targets for reducing greenhouse gases. Emissions credits are commonly referred to as emission rights, offsets or carbon credits, but in this context "emissions credit" is a general term for emissions quotas or certified reduction amounts, etc., established under the Kyoto Protocol and Japanese government regulations.

 **SMBC: Emissions credit business (Japanese only)**

Handling of Joint Crediting Mechanism Projects

SMBC provides financial support for energy conservation and renewable energy development projects conducted overseas with environmental technologies from Japan in connection with the Joint Crediting Mechanism (JCM), a new framework promoted by the Japanese government in the post-Kyoto Protocol era. Since fiscal 2010, the bank has conducted various business surveys for over thirty projects, primarily in Asia and Central and South America, while planning and developing financing schemes. Going forward, SMBC intends to utilize JCM to support overseas application of exceptional Japanese environmental technologies. It will take on environmental issues such as climate change, and continue to contribute to the development of a sustainable society.

*A mechanism utilized to achieve Japan's reduction targets that involves quantitatively assessing Japan's contribution to greenhouse gas reduction and absorption realized through promotion of low-carbon technologies, an area of specialty for Japanese companies, in developing countries and contributing to measures to combat global warming at the global level.

Study on Energy-Saving Systems for Caustic Soda and Chlorine Manufacturing Processes

Caustic soda and chlorine manufacturing facility in Central and South America. The study focused on converting from the conventional, energy-inefficient mercury-based process to the highly energy efficient ion exchange membrane method. The ion exchange membrane method is environmentally friendly, and conserves energy while also helping reduce use of mercury.

Use of mercury in the manufacturing process for caustic soda and chlorine will be banned beginning in 2025 under the Minamata Convention on Mercury, which goes into force in August 2017. Thereafter, mercury use is expected to decrease as worldwide caustic soda and chlorine manufacturing plants convert from a mercury-based process to ion exchange membranes.

Study on Capture, Utilization and Storage of Carbon Dioxide

In fiscal 2015 and fiscal 2016, SMBC investigated the feasibility of carbon capture, utilization and storage (CCUS) projects utilizing bilateral credit mechanisms in the Mideast and Central America. Such projects would utilize Japan's carbon capture technologies to capture carbon dioxide emitted from power stations from other gases to prevent its emission into the atmosphere and effectively utilize the captured carbon dioxide. The projects are expected to contribute to the achievement of new greenhouse gas reduction goals established in the Paris Agreement, which went into effect at the end of 2016.

Consultation for Environment-Related Business

Environmental Advisory Business

It engages in numerous environmental projects mainly in the energy and smart community fields. It strives to contribute to the resolution of global-warming issues and development of environment-friendly businesses by the creation of new businesses.

JRI

Proposals for Energy-Related Policies

The Great East Japan Earthquake led to the substantial review of the Japan's energy policy. JRI makes recommendations and proposals for energy systems of next-generation and energy strategies for Japan.

JRI

For detailed examples from JRI, please refer to the following website.

[👉 JRI: Economy & Policy report\(Environment, Energy\) \(Japanese only\)](#)

Creation of Environmental Business

Initiatives for Growth Sectors

SMBC has identified six specific growth sectors as a growth industry cluster: new energy/energy management, the environment, infrastructure, healthcare, agriculture, and digital society to promote the creation of new business opportunities in these sectors for customers. Drawing on broad-ranging knowledge and networks developed through industry-government-academia alliances in Japan and overseas, the bank provides business support in respective areas.

SMBC

Smart Grid Demonstration Project in Poland

A smart grid demonstration project utilizing Japan’s grid stabilization and power storage technologies has been carried out in Poland by SMBC and other Japan-affiliated companies since fiscal 2016 on a contract from the New Energy and Industrial Technology Development Organization (NEDO). While renewable energies are being utilized at an accelerating pace, their power output varies depending on weather conditions, so as the amount of renewable energy sources increase, problems arise related to the power grid; specifically, maintaining the balance of power supply and demand on distribution networks and dealing with overloads. The demonstration project seeks to solve these grid issues by utilizing Japanese technologies to expand use of renewable energies in Poland and create a grid stabilization system that simultaneously reduces capital investment in power infrastructure and stabilizes the power grid.

Study on Utilization of Green Climate Fund

The Green Climate Fund (GCF) is a multilateral fund established based on the United Nations Framework Convention on Climate Change in order to support reductions to greenhouse gases and measures to address the impact of climate change in developing countries. SMBC conducted a feasibility study in fiscal 2016 and fiscal 2017 with multiple Japan-affiliated companies on geothermal power projects using the GCF in Papua New Guinea under the sponsorship of the Ministry of Economy, Trade and Industry. Going forward, through further studies and other initiatives, SMBC will work to form projects that utilize the GCF and support measures to address climate change in developing countries.

Project Financing for Renewable Energy

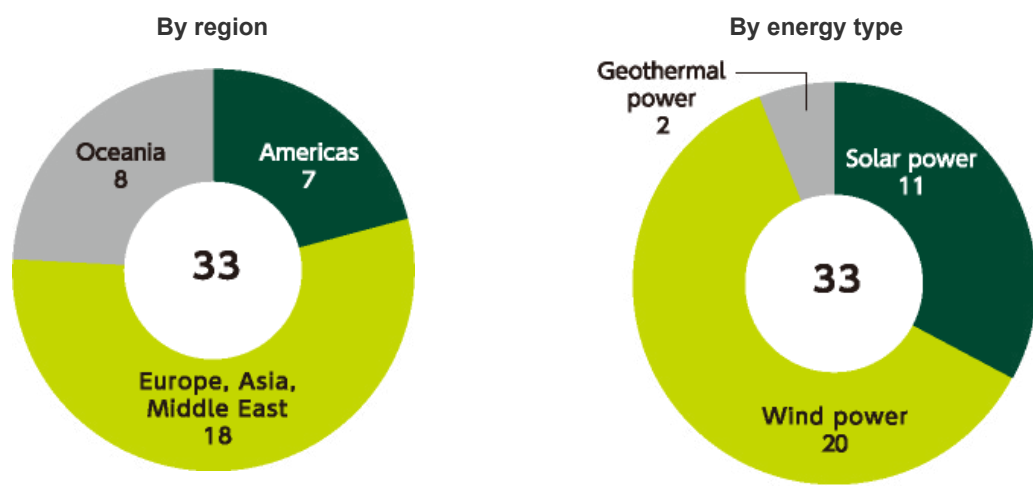
For many years now, SMBC has been providing project finance for renewable energy businesses such as solar power generation and wind power generation in Japan and overseas. The bank has a strong track record in this area.

For further details on project finance, please refer to the following website.

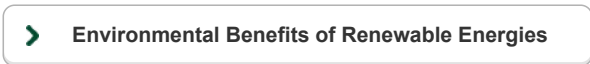


Fiscal 2017 results

SMBC has conducted 33 renewable energy projects in fiscal 2017.



For the environmental impact by renewable energy, please refer to the following website link.



Overseas Alliances Related to Environmental Business

In emerging countries, the need for economic development that is balanced with the global environment is driving remarkable progress in local environmental business markets. SMBC has signed multiple memorandums of understanding (MOUs) for building bridges with Japanese companies with environmental technologies in emerging countries, financing environment-related projects, and providing know-know on emissions credit trading. Through these and other efforts, the bank continues to work to strengthen its environmental business networks with emerging countries.

SMBC

Going forward, we will utilize our environmental business knowledge and experience as a diverse financial group to meet a variety of needs in environment and energy and other fields.

List of Service Agreements

Provision Period	Country	Content
October 2014	Chile	A business collaboration agreement was concluded with Production Development Corporation (Corfo), a Chilean government organization, related to collaboration in fund procurement related to renewable energies and mining-related projects
July 2014	Mexico	A memorandum of understanding was signed with Petróleos Mexicanos (PEMEX), the largest state-run corporation in Mexico, related to cooperation in environmental sectors (for reduction of greenhouse gases).
March 2013	Colombia	Partnering with the Japan Bank for International Cooperation (JBIC), we established a JBIC GREEN credit line for Banco de Bogotá, the second largest commercial bank in Colombia, to provide support for local projects that contribute to greenhouse gas reduction in a two-step loan format.
March 2013	Mongolia	A memorandum of understanding was concluded with Khan Bank, the largest commercial bank in Mongolia, in connection with a business alliance related to cooperation in resource and infrastructure development, financing for the renewable energy and new energy sectors, trade finance, client referrals, and exchange of market entry related information, etc.
March 2012	Mexico	A memorandum of understanding was concluded with Petróleos Mexicanos (PEMEX), the largest state-run corporation in Mexico, to support initiatives for reduction of greenhouse gases at the company's facilities.
March 2012	Mongolia	A memorandum of understanding was concluded with Development Bank of Mongolia (DBM), Mongolia's only government-affiliated development bank, for financial cooperation for environment and infrastructure projects which reduce greenhouse gas emissions.

Provision Period	Country	Content
June 2011	Estonia	A memorandum of understanding was concluded with Enterprise Estonia, a government institution that handles foreign investment incentives and trade promotion in the Republic of Estonia, in connection with a business alliance to provide financial services for Japan-affiliated companies entering the country's markets as well as local companies and to acquire new business opportunities in the environment sector, such as development projects in Estonia and emissions trading.
February 2011	Uzbekistan	A memorandum of understanding was concluded with the National Bank for Foreign Economic Activity of the Republic of Uzbekistan, the country's largest state-run bank in terms of assets, in connection with a business alliance to provide various trade financing related to trade between Japan and Uzbekistan as well as financial services for Japan-affiliated companies doing business in the country and local Uzbekistani companies to acquire new business opportunities in the environmental sector, including development projects in Uzbekistan and emissions trading, and to strengthen a collaborative framework for yen settlement operations.

Management of Environmental Risks

Managing Environmental Risks (SMBC Group)

Financial institutions confront various types of environmental risk including:

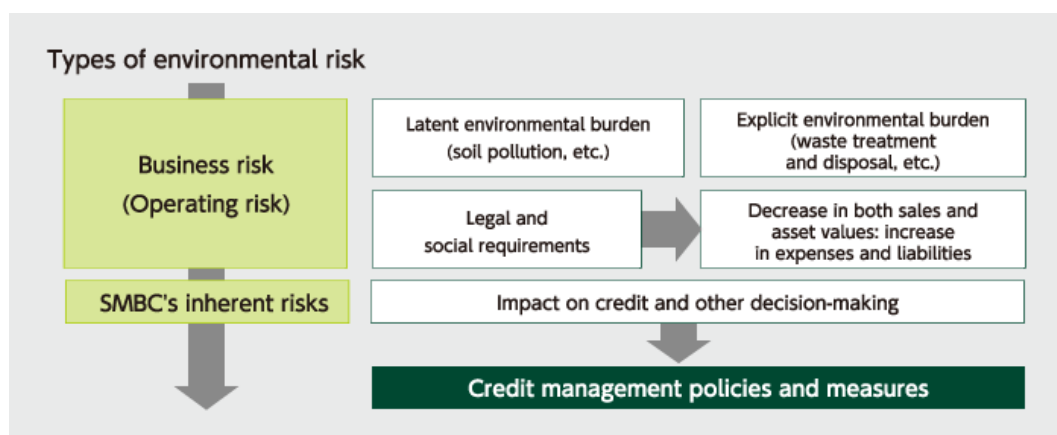
Credit risks associated with a deterioration in the customer’s debt repayment capability. This can be attributed to such factors as the suspension of business operations due to a breach of environmental regulations and restoration expenses incurred as a result of soil pollution.

The risk of a decline in the value of assets due to the disclosure of soil pollution or asbestos in real estate as collateral. Lender liability risks that accrue to the lender in connection with business and other loan proceeds that adversely impact the environment.

Reputation risks attributable to any of the aforementioned.

SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing social and environmental risks in finance to large-scale development projects and has established the Environment Analysis Department (ENAD) to assess the social and environmental risks in accordance with the principles.

Types of environmental risk



For further information, please refer to the link below.

[➤ Approaches for Environmental and Social Risks](#)

Reduction of Environmental Impacts

Environmental Goals

SMBC Group is working to further promote environmental activities by setting environmental goals respectively.

SMBC Group

Please refer to the link below for environmental goals and performance of SMBC companies.

[▶ Performance Data and Goals of SMBC Group Companies](#)

SMBC Group Environmental Data

The SMBC Group is working to further promote environmental activities by visualizing them. As a part of this process of visualization, we have disclosed environmental impact data from company office activities.

SMBC Group

Please refer to the link below for environmental impact data of SMBC companies.

[▶ Environmental Impact Data of SMBC Group Companies](#)

Total CO₂ Emissions of SMBC Group

Measurement Items		SMBC Overall Totals				
		Units	Fiscal 2015	Fiscal 2016	Fiscal 2017	
						YoY change
Total CO ₂ emissions	Direct energy CO ₂ emissions	t-2CO	16,757.4	16,802.7	15,671.1	-1,131.5
	Indirect energy CO ₂ emissions	t-2CO (emission coefficient)	172,028.1	169,841.0	163,409.2	-6,431.8
	Subtotal	t-2CO	188,782.2	186,637.9	179,080.3	-7,557.6
	Other energy consumption CO ₂ emissions	t-2CO	20,213.3	18,597.0	18,936.0	+338.99
	CO ₂ emissions from business trips	t-2CO	19,010.4	17,402.1	17,779.7	+377.61
	Total CO ₂ emissions	t-CO ₂ (emission coefficient)	208,998.8	205,240.7	198,016.3	-7,224.4

(Reference) Total electricity consumption of individual SMFG companies

Indirect energy consumption	Electricity	Thousand kWh	324,190	326,851	322,179	-4,672
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Note: The figures above represent the simple aggregate of emissions data from each of the 10 SMFG companies (Sumitomo Mitsui Banking Corporation, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing, SMBC Nikko Securities, SMBC Friend Securities^{*1}, Sumitomo Mitsui Card Company, Cedyne Financial Corporation, SMBC Consumer Finance, Japan Research Institute, Sumitomo Mitsui Asset Management, THE MINATO BANK^{*2}, and Kansai Urban Banking Corporation^{*2}).

In addition, data from fiscal 2014 onward has been independently verified by the Japan Quality Assurance Organization.

*1 Merged with SMBC Nikko Securities as of January 2018

*2 Excluded from the Group as of April 2018



 Fiscal 2016 Greenhouse Gas Emissions Verification Report (1.14MB)

Reducing Environmental Impact Through Our Businesses

Environmental Benefits of Renewable Energies

SMBC is involved in project finance for numerous power generation projects using renewable energies. Renewable energy does not, in principle, emit CO₂, so generating electricity with it makes it possible to reduce by that same amount the CO₂ emitted from use of non-renewable energies like coal, petroleum and natural gas at conventional power plants. Supporting these projects and helping thereby to reduce CO₂ emissions serves to reduce environmental impact.

The following shows annual CO₂ reductions from project finance initiatives in fiscal 2016 that involve renewable energy projects overseas. CO₂ reductions are calculated by determining annual estimated power generation based on the type of renewable energy and on generating capacities and facility utilization ratios, etc. at the target facilities in each country and then multiplying that value by the electric power emissions factors of each of the countries. The calculations do not take into account the proportion of financing provided by SMBC with respect to total project costs (financing share).



Type	By Country	Facility's generating capacity*1 (MW)	Annual estimated power generated*2 (MWh)	Annual CO ₂ reduction*3 (t-CO ₂)
Wind power generation	Germany	601.0	2,158,551.6	971,348.2
	Belgium	381.0	1,368,399.6	309,258.3
	United Kingdom	2,314.0	7,213,422.0	2,517,484.3
	Arab Republic of Egypt	263.0	552,931.2	260,983.5
	Canada	340.0	714,816.0	107,937.2
	Chile	299.0	628,617.6	275,334.5
	France	333.0	700,099.2	32,204.6
	United Kingdom	600.0	2,154,960.0	1,053,775.4
	Ireland	47.0	98,812.8	41,303.8
Solar power generation	Australia	1,213.0	2,550,211.2	1,925,409.5
	UAE	1,150.0	1,410,360.0	801,084.5
	Chile	98.0	120,187.2	52,642.0
	Peru	21.0	25,754.4	6,284.1
	Mexico	130.0	159,432.0	73,338.7
	Jordan	52.0	63,772.8	37,498.4
	United Kingdom	522.0	640,180.8	223,423.1
	United States	150.0	183,960.0	83,885.8
	Australia	376.0	461,126.4	348,150.4
Geothermal power	Indonesia	325.4	2,365,918.3	1,734,218.1
Total		9,215.4	23,571,513.1	10,855,564.4

- *1. Facility capacity = Financed project total (total output)
 - *2. Annual estimated power generated = Facility capacity × Annual time × Facility utilization rate
 - *3. CO₂ reduction = Annual estimated power generated × Power emissions factor
 - *4. Source: Facility utilization ratios for wind power use figures for onshore and offshore wind farms from the European Wind Energy Association.
- Solar, hydro and geothermal figures are from the “Report on Verification of Power Generation Costs, etc. to the Long-term Energy Supply and Demand Subcommittee” dated May 26, 2015. Figures for biomass power are calculated based on information disclosed by project operators.
- Emissions factors are from the IEA’s “CO₂ Emissions from Fuel Combustion 2017 Edition.”

Environmental Considerations in Leasing

Sumitomo Mitsui Finance and Leasing is completely in compliance with environment-related laws and regulations to prevent contamination of the environment due to illegal disposals of industrial waste materials triggered by the expiration of leases. In addition, multi-phased assessments of disposal contractors, mainly in terms of compliance, local research and interviews, are conducted annually in order to prudently select the most appropriate company that handles transportation and disposing of waste materials at the time of the expiration of a lease.

For details regarding various activities, please refer to SMFL’s website.



SMFL: Environmental Activities (Compliance with Environment-Related Laws and Regulations) (Japanese only)

SMFL

Green Purchasing

SMBC Nikko promotes the practice of “green” purchasing when it buys office supplies and other items. This involves closely considering the necessity of the purchase in light of the environmental impact and then selecting items that minimize the impact to the extent possible.

SMBC Nikko

Saving Electricity through Continuing Participation in CO₂ Reduction/Light-Down Campaign

SMBC Consumer Finance has participated in the Ministry of the Environment’s CO₂ Reduction/Light-Down Campaign since 2009. The initiative involves conserving electricity by turning off a portion of large billboards on the summer solstice and Tanabata (Star Festival) holiday and promoting no-overtime days. The company has appointed CSR Promotion Leaders in each department, who regularly communicate information and call on department members to reduce power consumption, cut back on paper use, thoroughly sort waste and recyclables and participate in other activities. They work to actively promote initiatives for reducing environmental impact.

SMBCCF



CSR Promotion Leader Conference

Paper less initiatives

Paperless Initiative Through Devices in Store Operations

Paperless application procedures not only reduce environmental impact and raise customer convenience, they also eliminate the risk of information leaks connected with disposal of paper application forms. Rigorous management of the digitized data through access restrictions and other measures also further strengthens protection of customers' personal information. There are advantages in terms of administrative efficiency as well, such as a smoother screening process, so a number of Group companies are actively involved in this initiative.

SMBC has been undertaking efforts to improve hospitality by implementing paperless branches that utilize cutting-edge technology to improve services for our customers. The Ginza branch that was reopened inside GINZA SIX in April 2017 achieved digitalization of store services by using in-store transaction navigation, electronic signatures, and electronic seals.

In addition, this initiative was evaluated by the Japan Institute of Information Technology and received a Service & Hospitality Award from the Institute in 2017.



SMBC

Eliminating Paper through electronic contract service (SMBC Brazil)

SMBC Brazil promotes electronic contract, where we used to have paper contract. This initiative contributes not only to paperless, but also to reduce processing time. SMBC Brazil intend to continue raising customer satisfaction, and reducing environmental impact.

Paperless Application Procedures

Cedyna has been promoting conversion from conventional duplicate application forms to paperless credit card application tools that reduce environment impact.

The company provides affiliated merchants with systems and so forth for completing applications using Internet products and tablet devices, such as the online credit system Cedyna C-Web, which enables applications to be completed online, and the Digital Pen ECO pen with an infrared camera, which is used with a specialized contract form (application form). When a tablet device is used, the entry method is simple, corrections are easy, and member application procedures are simplified, which reduces the burden on customers as well. SMBC also provides a smartphone app for opening an account at the bank. Accounts can be opened simply and conveniently with only personal identification and a smartphone. All of these services help to enhance customer convenience and reduce paper use.

SMBC

Cedyna



Paperless Statements

SMBC and Cedyne encourages customers to switch to the “Web Account Statement Service” and “Web passbook” which allow customers to view their statements online rather than receiving a paper version by mail, as a way for them to participate in environmental initiatives.

Sumitomo Mitsui Banking Corporation provides an e-report service that enables customers to use the Internet to view reports that would normally be sent in the mail, such as for investment products and loan products.

SMBC

Cedyne

Other Initiatives to Reduce Environmental Impact

SMBC Singapore launches WWF Partnership

SMBC started its partnership with the World Wildlife Fund for Nature (WWF) in Singapore in 2018, in a bid to do our part to save the environment. This partnership is in alignment with four of United Nation's Sustainable Development Goals.

The key component to this partnership is the planting of 900 trees in the Rimbang Baling forest in Indonesia. This forest in Sumatra is home to some of the world's rarest plant and animal species including the critically endangered Sumatran tiger.

As part of our partnership, WWF Singapore also joined in celebrations of SMBC Green Day held in the Singapore office to educate friends and family on environmental conservation and sharing about endangered animals in Singapore.



For more details, visit:
<http://www.wwf.sg/business/smbc.cfm>

Utilizing monitors and recycling office supplies

SMBC Trust Bank uses monitors and other means to undertake initiatives to conserve resources and reduce waste matter, such as using double-sided printing to condense the quantity of paper used for printing and setting up recycling boxes for office supplies, to utilize limited resources with maximum efficiency.

SMBC Trust

Initiatives for Reducing Environmental Impact of Credit Cards

For a material to make its credit cards, Cedyne actively uses a resin called PET-G that releases no harmful gases when burned. In addition, when cards are disposed of, a recycling process is used to extract the rare metals contained in the IC chips.

Cedyne

Publication of Carbon Reduction Report for Small and Medium-Sized Facilities

Global warming countermeasures at offices and branches in Tokyo are reported along with CO₂ emissions in accordance with the Tokyo Metropolitan Government's Tokyo Carbon Reduction Reporting Program.

SMBC



Bureau of Environment, Tokyo Metropolitan Government: Tokyo Carbon Reduction Reporting Program for small and medium-sized (Data of SMBC) (Japanese only)

Reducing Energy Consumption

SMBC sets objectives for reducing energy consumption, including electricity, and takes measures to reduce consumption through its own efforts. SMBC's activities include promoting visualization of energy consumption as well as expanding the scope of disclosure to environmental accounting, Scope 3 emissions and other areas. The bank is also working to make its head office building carbon neutral through the purchase of green power.

SMBC

Environmental impact data, including SMBC's environmental accounting and energy consumption, can be found at the following links.



SMFG Group Environmental Data (SMBC Group)



Environmental Impact Data of SMBC Group Companies

Medium/Long-Term Reduction Target for Electricity Consumption

Approximately 90% of the energy used by SMBC is electricity. The bank is therefore prioritizing efforts to reduce power consumption in order to lower its overall energy consumption. Since fiscal 2013, SMBC has conducted these initiatives with a target of reducing its electricity consumption intensity (electricity consumption / total floor area) in fiscal 2020 by 10.5% compared to fiscal 2009. This target has been established by the Japanese Bankers Association for the banking industry as a whole in the Japan Business Federation's "Commitment to a Low-Carbon Society" action plan. In fiscal 2015, a new target was established, reducing the electricity consumption intensity (electricity consumption / total floor area) in fiscal 2030 by 19.0% compared to fiscal 2009. SMBC is continuing its efforts to conserve electricity and achieve the target.

SMBC

SMBC Nikko Securities has set an environmental goal to reduce the amount of electricity used per 1 m² of floor space by more than 10% by fiscal 2020 as compared against fiscal 2009, and reduce usage by more than 20% by fiscal 2030. This goal is a standard set for the securities industry by the Japan Securities Dealers Association in their Securities Industry Action Plan for Environmental Issues.

SMBC Nikko

Compliance with Amended Energy Saving Act

As a company (enterprise) with annual energy consumption (crude oil equivalent) of 1,500 kiloliters or more, under the Energy Saving Act SMBC is required to develop an energy management system, create a medium/long-term plan and reduce its energy consumption intensity by 1% or more each year. SMBC is not only firmly fulfilling these obligations but also conducting measures that include management practices based on the act and reduction of energy consumption at individual branches and offices.

SMBC

Environmental Features in Buildings

SMBC actively selects buildings with environmental features for its branches and offices.

The head office building has rainwater storage tanks, solar power facilities, a rooftop garden and human sensors, and makes use of recycled materials. These various environmental features and facilities are designed to give the building 30% lower annual CO₂ emissions than the average leased office building in Tokyo.

SMBC East Tower, which opened in the summer of 2015, has the environmental features on the head office building with the addition of all LED lighting and improved exterior wall performance. These features enable a 35% reduction in annual CO₂ emissions compared to the average leased office building in Tokyo. Thanks to these environmental facilities and features, the building has earned an "S" rank in the CASBEE rating system for building environmental performance and a "Platinum" rating from LEED-CI, an international environmental certification program.

The Osaka head office building underwent a major renovation that finished in fiscal 2015. We installed high performing exterior wall frames, LED lighting, and solar panels to substantially improve the environmental performance while retaining the original charm of the facilities. Initiatives are also being conducted overseas to select and use buildings with environmental features and facilities. The Brussels Branch in Belgium is housed in a building certified through the BREEAM method (Building Research Establishment Environmental Assessment Method) for assessing building environmental performance.

SMBC



SMBC East Tower which was completed in the summer of 2015



Osaka Head Office with renovations completed

Resource Conservation

Applying EMS rules

SMBC is promoting initiatives to conserve resources at every stage, from product purchase to use, disposal and recycling.

For example, for copy paper, which is used in large quantities by banks, SMBC purchases paper that is environmentally considerate and conforms with the Act on Promoting Green Purchasing. To do this, the bank confirms that the paper has been produced appropriately and that its raw materials have been procured appropriately based on the environmental policies disclosed by suppliers. At the usage stage, SMBC works to reduce consumption by promoting paper-free meetings and maintaining its Basic EMS Rules*. At the disposal and recycling stages as well, initiatives are promoted based on targets set for paper waste reduction.

*Overview of Basic EMS Rules

When using copiers and printers:

- Print only the necessary number of sheets by reducing the size, using double-sided copying, etc.

For saving energy:

- Set moderate temperatures: 28°C or above for air conditioning, 20°C or below for heating
- Conscientiously turn off the lights in meeting rooms when not in use and turn off the power of computers and office equipment

For water conservation:

- Do not flush the toilet twice or leave the water running in the staff kitchen

SMBC

Performance Data and Goals of SMBC Group Companies

Environmental performance data and goals of SMBC group companies in fiscal 2017 are as follows.

Please refer to the link below for environmental impact data of SMBC group companies.

[➤ Environmental Impact Data of SMBC Group Companies](#)

Sumitomo Mitsui Banking Corporation (SMBC)

○: target achieved

△: target not achieved

Environmental Businesses

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Supporting corporate customers	Promote assessment-type fund procurement	<ul style="list-style-type: none"> Considered new products and product improvements from a CSR perspective in light of environmental changes Conducted internal study seminars Ran newspaper advertisements 	○
Strengthening operational frameworks	Provide environment-related operational support to responsible departments by each planning department	<ul style="list-style-type: none"> Created projects and provided timely information by promoting initiatives in energy conservation, renewable energy and environment fields 	○
Providing services	Promote online banking service for corporate customers	<ul style="list-style-type: none"> Implemented promotional campaigns 	○
	Promote online foreign exchange service for corporate customers	<ul style="list-style-type: none"> Implemented joint promotional campaigns at locations in Japan and overseas 	○
	Promote Densai service	<ul style="list-style-type: none"> Achieved target for number of companies operating Densai service Released unique Densai system functions 	○

Managing Environmental Risks

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Response to environmental credit risks	Monitor reflection of environmental risk in real estate collateral assessment	<ul style="list-style-type: none"> Achieved evaluation of soil contamination risk value more closely aligned with actual status 	○
	Promote increased sophistication and efficiency in Environmental and Social Risk Assessment	<ul style="list-style-type: none"> Developed environmental and social risk assessment and management system Issued reports to raise awareness of Environmental and Social Risk Conducted internal training to promote employee understanding 	○

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Reduce and curb energy consumption	Reduce CO ₂ emissions at the four head office buildings to 72.5 kg-CO ₂ /m ² or less (in line with previous year.)	71.31kg-CO ₂ /m ²	○
Reduce waste disposal burden	Ensure that the volume of final combustible waste after separation at the four head office buildings is kept below 122 t	121.8t	○
Initiatives aimed at promoting efficiency through paperless operations	Promote app use for opening new accounts	<ul style="list-style-type: none"> Increased smartphone and smartphone app users and raised awareness through various promotions 	○
	Promote digitization of loan process	<ul style="list-style-type: none"> Considered and implemented measures for promoting increased use through internal training, etc. 	○
Education and training	Heighten awareness of environmental issues and encourage environment-friendly practices through comprehensive Environmental Management System (EMS) education and training	<ul style="list-style-type: none"> Conducted EMS education as planned 	○

PR Activities, etc

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Internal and external PR	Effective PR for environment-related activities	<ul style="list-style-type: none"> Issued an annual report Updated website Provided information to the mass media Provided internal notifications and information about environment-related activities using internal newsletters Participated in environmental exhibition 	○

Sumitomo Mitsui Finance and Leasing (SMFL)

○: target achieved

△: target not achieved

Environmental Businesses

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Supporting corporate customers	Promote environmentally friendly lease transactions	<ul style="list-style-type: none"> Concluded two biomass power generation contracts Promoted energy-saving businesses including subsidies 	○
	Promote purchase and sale of used machinery	<ul style="list-style-type: none"> Increased purchase amount through bulk purchase of factory facilities and overseas relocation campaigns, and by conducting telemarketing Strengthened promotion of quantitative assessment system with SMBC 	○

Managing Environmental Risks

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Disposal of leased property	Continue implementing compliance programs and risk management systems	<ul style="list-style-type: none"> Concluded handling contracts in compliance with revised Mercury Act 	○

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Energy usage (curbing CO ₂ emissions)	Electricity usage: Maintain usage equivalent to fiscal 2016 level	<ul style="list-style-type: none"> Electricity usage: 97.3% of the fiscal 2016 level 	○
Paper usage	Achieve 50% reduction compared to fiscal 2010	<ul style="list-style-type: none"> Reduced to 50% of the fiscal 2010 level 	○
Employee education	<ul style="list-style-type: none"> CSR training for younger employees Conduct environment training 	<ul style="list-style-type: none"> Conducted CSR lecture during induction training for new recruits Conducted test to confirm knowledge after EMS workshops in conjunction with revisions to ISO 14001 standard Held compliance training 	○
Implementing and studying environmental contribution activities and related measures	Continue conducting environmental contribution activities and plan and promote new measures	<ul style="list-style-type: none"> Continued providing notifications on SMBC Group volunteer activities and promoted employee participation 	○

SMBC Nikko Securities (SMBC Nikko)

○: target achieved

△: target not achieved

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Promotion of paperless operation and work efficiency	Promote smartphone app use for opening new accounts	Improving function of account opening application account opening campaign	○
	Promote electronic delivery service contracts	Promotion of paperless initiatives through the electronic services	○
	Strengthen guidance to text-based response via LINE-based chat service, and AI utilization	Starting text correspondence with AI Releasing chat bot	○
	Initiatives for rectifying long working hours	Sharing labor management situation at each branches	○
	Streamlining of compliance operations at sales offices by promoting systemization, etc.	implemented several systemize projects	○
	Guidance to Direct Course	Promoting induction by strengthening guidance to "direct course"	○
	Enhancement of tablet terminal functions	Implemented expansion of functions	○
Reduction of environmental impact (CO ₂ emission reduction, electricity consumption reduction)	Reduce amount of electricity consumption	Implemented Cool Biz and awareness of employees	○
	Introduce eco-friendly vehicles	Replaced company cars to fuel-efficient and hybrid vehicles	○
Effective information dissemination through medium such as intranet	Share contents about complaints and prevention	Shared several contents about complaints and prevention	○
	Implementation of case study trainings for operating branches	Implemented several study trainings for operating branches	○
	Promotion of reduction of traffic accidents by holding driving classe	Implemented lectures to prevent traffic accidents, mail distribution and intra posting of topics that contribute to accident prevention	○
	Share environmental topics in internal newsletter	Shared several environmental topics in internal newsletter	○

SMBC Friend Securities (SMBC Friend)

* SMBC Friend Securities formed a merger with SMBC Nikko Securities in January 2018.

○: target achieved

△: target not achieved

Environmental Businesses

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Providing services	<ul style="list-style-type: none"> Promote use of information terminals such as iPads Promote provision of electronic delivery for online trading partners (online statements) 	27,413 cases (as of December 31, 2017)	○

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Reducing electricity usage	<ul style="list-style-type: none"> Reduce energy usage ⇒Reduce electricity usage by 30% compared with fiscal 2010 	△37%	○
Reducing copier paper usage	<ul style="list-style-type: none"> Reduce copier paper usage ⇒Decrease per-employee consumption by 10% compared with fiscal 2006 	△18%	○
Reducing vehicle exhaust gas emissions	<ul style="list-style-type: none"> Reduce exhaust gas from company fleet 	Conducted re-training at training center	○
Employee education	<ul style="list-style-type: none"> Continue environmental education and training for employees while increasing awareness through the effective use of environmental websites ⇒Thoroughly implement specific energy-conservation initiatives 	<ul style="list-style-type: none"> Conducted environmental testing Association notifications related to electricity conservation distributed via the internal environment website 	○

Sumitomo Mitsui Card Company (SMCC)

○ : target achieved

△ : target not achieved

Environmental Businesses

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Providing services	Promote online monthly statements to achieve a 51.0% registration ratio	55.4% (as of March 2018)	○
	Promote online enrollment to achieve 634,500 enrollments per year	805,800 enrollments (as of March 2018)	○
	Achieve 651,400 iD business transactions for the year	Generated 705,400 iD business transactions for the year (as of March 2018)	○

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Reducing electricity usage	Electric power: 1% reduction compared with fiscal 2016 in usage volume per unit area	Electric power: reduced consumption by 0.5% compared with fiscal 2016 (as of March 2018)	△
Reducing paper usage	1% reduction compared with fiscal 2016 in copier paper usage volume per employee at the fiscal year-end	Electric power: reduced consumption by 2.1% compared with fiscal 2016 (as of March 2018)	○
Increase operational efficiency	Make transparent energy reductions from administrative streamlining	Promoted at all departments	○
Promote purchasing of green products	Maintain ratio of green product purchasing for stationery at 90% or above	Green product purchasing ratio: 93% (as of March 2018)	○
Employee education	Thoroughly raise awareness of response to environmental issues through education and training	<ul style="list-style-type: none"> ▪ Held workshops for CSR Committee members (May 2017) ▪ Held workshops and check tests for each department (August 2017) ▪ Participated in internal ISO 14001 auditor training course (August-September 2017) ▪ Conducted internal questionnaire related to CSR (March 2018) 	○

Cedyna Financial Corporation (Cedyna)

○: target achieved

△: target not achieved

Environmental Businesses

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Providing services	Number of online monthly statement registrations: 2,700,000 (cumulative)	2,750,000	○
	Promotion of C-Web (online application for shopping credit service) Number of applications: 100,000	111,000	○

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Reducing electricity usage	Reduce electricity usage per floor area Fiscal 2016 performance average (156kWh/m ²) Maintained reduced paper usage by 10% compared with fiscal 2010 (scope: whole company)	· 10.7% reduction from fiscal 2010	○
Reducing copier paper usage	Reduce paper usage per person Fiscal 2016 performance average (840 sheets per month) Maintained 6% reduction compared with fiscal 2010 (Scope: whole company)	· 5.4% reduction from fiscal 2013	△
Green purchasing	Green purchasing ratio: 85%	91.7%	○
Employee education	Provide employee education in all departments and branches	· Conducted EMS workshops and comprehension tests at all departments and branches	○

SMBC Consumer Finance (SMBCCF)

○: target achieved

△: target not achieved

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Reducing copier paper usage	<ul style="list-style-type: none"> Reduction in sheets outputted from multifunction printers compared to fiscal 2015 Ban color printing, in principle (scope: Head Office building) 	91.8% compared against target	○
Reducing electric power usage	Reduction in electric power usage compared with fiscal 2015 (scope: Head Office building)	106.3% compared against target	△
Thorough waste sorting	Ensure thorough waste sorting by conducting regular patrols (scope: Head Office building)	<ul style="list-style-type: none"> Conducted waste patrols accompanied by the CSR promotion leader (once every two months, Head Office building) Shared results of waste patrols by email (once every two months, Head Office building) 	○

Foster Environmental Awareness

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Employee education	Continue to conduct workshops related to EMS (scope: whole company)	<ul style="list-style-type: none"> Conducted CSR Promotion Leader meetings to assist understanding and penetration of CSR Conducted EMS workshops for all employees, and EMS self-checks Conducted training for new recruits 	○
Information dissemination	Continuously disseminate relevant information (scope: whole company)	<ul style="list-style-type: none"> Distributed monthly email magazine "EMS News" to all employees Used EMS noticeboard on the company intranet to visualize information 	○

Japan Research Institute (JRI)

○: target achieved

△: target not achieved

Promote Reduction of Environmental Impact

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Energy usage (curbing CO ₂ emissions)	Reduce CO ₂ emissions from annual energy use (Reduce usage by area by 2% compared with fiscal 2015)	• Reduced usage by area by 3.2% compared with fiscal 2015	○
Paper usage	Reduce copier paper usage per employee (4% reduction compared with fiscal 2015)	• Reduced paper use per employee by 12.8% compared with fiscal 2015	○
Employee education	Conduct ongoing environmental education and training for employees while increasing environmental awareness	(1) Conducted comprehension survey via the intranet (2) Environmental Management Promoter Liaison Committee (August 2017)	○

PR Activities, etc

	Goals for fiscal 2017	Performance in fiscal 2017	Result
Information dissemination	Awareness-raising activities through distribution of environment-related information	(1) Distributed 39 items of environment-related information (target was 20 items) (2) Conducted workshops (October 2017)	○

Environmental Impact Data of SMBC Group Companies

The figures of direct and indirect energy CO₂ emissions are calculated by each group companies, based on the method of amended energy saving act.

Figures of other energy consumption are based on respective group company's methodology.

Please refer to the link below for environmental performance data and goals of SMFG companies.

[▶ Performance Data and Goals of SMBC Group Companies](#)

Sumitomo Mitsui Financial Group (SMFG)

* Started from 2016

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	–	0.0	0.0
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	–	0.0	0.0
	Other CO ₂ emissions	t-CO ₂	–	91.9	175.1
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	–	91.9	175.1
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	–	91.9	175.1

Sumitomo Mitsui Banking Corporation (SMBC)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	9,479.2	9,472.5	9,058.2
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	85,779.5	82,679.0	82,880.6
	Other CO ₂ emissions	t-CO ₂	10,518.7	8,986.6	8,634.8
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	105,777.4	101,138.2	100,573.6
Direct energy consumption	City gas	Thousand m ³	1,779.8	1890.4	1891.7
		t-CO ₂	3,860.4	4,238.0	4103.1
	Liquefied petroleum gas (LPG)	t	11.0	10.7	10.3
		t-CO ₂	33.0	32.1	31.0
	Heavy fuel oil	kl	8.9	7.3	5.9
		t-CO ₂	24.2	19.8	16.0
	Light oil	kl	2.7	3.2	1.0
		t-CO ₂	6.9	8.3	2.5
	Kerosene	kl	4.3	4.8	5.9
		t-CO ₂	10.7	12.1	14.7
	Gasoline (automobile)	l	2,387,610.2	2,223,191.1	2,106,332.0
		t-CO ₂	5,544.0	5,162.2	4,890.9

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Indirect energy consumption	Electricity	Thousand kWh	160,623.3	158,359.3	161,908.2
		t-CO ₂ (emission coefficient)	82,722.1	79,967.8	80,280.0
	Steam	GJ	27,840.2	23,540.0	22,492.1
		t-CO ₂	2,158.2	1,824.8	1,743.6
	Hot water	GJ	1,845.5	1,905.9	1,886.4
		t-CO ₂	143.1	147.7	146.2
	Cold water	GJ	9,754.2	9,529.5	9,168.6
		t-CO ₂	756.1	738.7	710.8
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	9,383.9	7,861.5	7,540.3
	Total water and sewage	Thousand m ³	2,521.7	2,500.3	2,432.2
		t-CO ₂	1,134.7	1,125.1	1,094.5

SMBC Trust Bank (SMBCTB)

* Started from 2016, due to the reorganization

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	-	120.6	107.6
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	-	3,736.0	3,872.0
	Other CO ₂ emissions	t-CO ₂	-	378.1	461.0
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	-	4,234.7	4,440.6
Direct energy consumption	City gas	Thousand m ³	-	50.9	42.8
		t-CO ₂	-	117.0	98.0
	Gasoline (automobile)	l	-	1,544.0	4,137.0
		t-CO ₂	-	3.6	9.6
Indirect energy consumption	Electricity	Thousand kWh	-	6,717.1	6,976.5
		t-CO ₂ (emission coefficient)	-	3,541.0	3,677.0
	Steam	GJ	-	209.3	269.3
		t-CO ₂	-	12.0	15.0
	Hot water	GJ	-	103.0	173.3
		t-CO ₂	-	6.0	9.0
	Cold water	GJ	-	3,098.2	3,008.0
		t-CO ₂	-	177.0	171.0
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	-	375.6	459.0
	Water supply	Thousand m ³	-	3.8	3.7
	Sewage	Thousand m ³	-	3.7	3.7
	Total water and sewage	Thousand m ³	-	7.5	7.4
		t-CO ₂	-	2.4	2.0

Sumitomo Mitsui Finance and Leasing (SMFL)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	914.1	852.0	854.6
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	1,182.5	926.2	901.3
	Other CO ₂ emissions	t-CO ₂	1,466.0	1,314.9	1,388.7
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	3,562.6	3,093.1	3,144.6
Direct energy consumption	City gas	Thousand m ³	24.9	23.5	20.5
		t-CO ₂	57.1	52.0	45.2
	Light oil	kl	1.3	2.2	2.0
		t-CO ₂	3.3	5.8	5.3
	Gasoline (automobile)	kl	367.7	342.1	346.4
		t-CO ₂	853.7	794.2	804.1
Indirect energy consumption	Electricity	Thousand kWh	2226.9	1819.7	1770.7
		t-CO ₂ (emission coefficient)	1182.5	926.2	901.3
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	1466.0	1314.9	1,388.7

SMBC Nikko Securities (SMBC Nikko)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	3,596.6	3,627.8	0.0
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	16,984.1	16,813.1	0.0
	Other CO ₂ emissions	t-CO ₂	3,771.9	3,524.7	0.0
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	24,352.5	23,965.6	0.0
Direct energy consumption	City gas	Thousand m ³	95.6	101.6	
		t-CO ₂	214.5	227.0	
	Heavy fuel oil	kl	2.2	2.2	
		t-CO ₂	6.0	6.0	
	Kerosene	kl	0.0	0.0	
		t-CO ₂	0.0	0.0	
	Gasoline (automobile)	kl	1,455.2	1,463.3	
		t-CO ₂	3,376.1	3,394.9	

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Indirect energy consumption	Electricity	Thousand kWh	29,850.9	30,037.6	
		t-CO ₂ (emission coefficient)	15,735.2	15,506.1	
		t-CO ₂ (post- adjustment)	15,541.1	15,294.7	
	Steam	GJ	4,623.9	4,920.5	
		t-CO ₂	263.6	280.5	
	Hot water	GJ	355.1	408.0	
		t-CO ₂	18.0	23.3	
	Cold water	GJ	17,986.6	17,602.0	
		t-CO ₂	967.3	1,003.3	
	Air conditioning systems	GJ			
		t-CO ₂			
	Other energy consumption	CO ₂ emissions from business trips	km		
t-CO ₂			3,746.8	3,500.1	0.0
Water supply		Thousand m ³	27.9	26.1	
Sewage		Thousand m ³	27.9	28.6	
Total water and sewage		Thousand m ³	55.8	54.7	
		t-CO ₂	25.1	24.6	

SMBC Friend Securities (SMBC Friend)

* As of FY2016. SMBC Friend Securities has formed a merger with SMBC Nikko Securities in January 2018.

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	59.5	57.3	41.2
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	2,522.6	2,508.7	1,651.3
	Other CO ₂ emissions	t-CO ₂	735.3	766.6	473.8
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	3,317.4	3,332.6	2,166.3
Direct energy consumption	City gas	Thousand m ³	26	25	18
		t-CO ₂	59.5	57.3	41.2
Indirect energy consumption	Electricity	Thousand kWh	4537.0	4512.0	2970.0
		t-CO ₂ (emission coefficient)	2522.6	2508.7	1651.3
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	735.3	766.6	473.8

Sumitomo Mitsui Card Company (SMCC)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	460.2	518.5	516.2
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	4,600.8	4,268.4	4,200.0
	Other CO ₂ emissions	t-CO ₂	857.3	703.7	726.1
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	5,918.3	5,490.6	5,442.3
Direct energy consumption	City gas	Thousand m ³	157.0	190.0	187.0
		t-CO ₂	352	426	420
	Gasoline (automobile)	kl	46.5	39.7	41.6
		t-CO ₂	107.9	92.1	96.5
Indirect energy consumption	Electricity	Thousand kWh	8,834.2	8,420.3	8,390.7
		t-CO ₂ (emission coefficient)	4,600.8	4,268.4	4,200.0
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	830.2	676.7	700.2
	Total water and sewage	Thousand m ³	60.1	60.0	59.1
		t-CO ₂	27.0	27.0	25.9

Cedyna Financial Corporation (Cedyna)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	887.9	844.0	777.5
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	4,330.0	4,235.0	4,077.0
	Other CO ₂ emissions	t-CO ₂	976.8	937.1	921.2
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	6,194.7	6,016.1	5,775.7
Direct energy consumption	Gasoline (automobile)	kl	382.7	363.8	335.1
		t-CO ₂	887.9	844.0	777.5
Indirect energy consumption	Electricity	Thousand kWh	8310.6	8,361.1	8265.9
		t-CO ₂ (emission coefficient)	4330.0	4,235.0	4077.0
	CO ₂ emissions from business trips	t-CO ₂	976.8	937.1	921.2

SMBC Consumer Finance (SMBCCF)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	0.0	0.0	0.0
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	1,438.5	1,713.3	1,928.9
	Other CO ₂ emissions	t-CO ₂	695.7	668.9	698.9
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	2,134.1	2,382.2	2,627.8
Indirect energy consumption	Electricity	Thousand kWh	2313.5	2376.1	2376.3
		t-CO ₂ (emission coefficient)	1168.3	1188.1	1154.9
		t-CO ₂ (post-adjustment)	1147.5	1166.7	1126.4
	Hot water	GJ	530.0	577.3	656.6
		t-CO ₂	30.2	32.9	37.4
	Cold water	GJ	4209.8	8636.7	12923.3
		t-CO ₂	240.0	492.3	736.6
	Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	694.9	668.2
Water supply		Thousand m ³	1.3	1.4	1.4
Sewage		Thousand m ³	1.0	0.8	0.9
Total water and sewage		Thousand m ³	2.3	2.2	2.3
		t-CO ₂	0.8	0.7	0.7

Japan Research Institute (JRI)

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	546.5	496.0	567.8
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	42,112.0	40,358.9	37,956.2
	Other CO ₂ emissions	t-CO ₂	1,085.8	1,089.0	1,063.0
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	43,744.3	41,943.9	39,587.0
Direct energy consumption	City gas	Thousand m ³	28.0	50.2	52.3
		t-CO ₂	63.0	112.7	117.4
	Heavy fuel oil	kl	122.0	92.8	116.8
		t-CO ₂	331.0	251.4	316.5
	Kerosene	kl	43.0	33.9	34.5
		t-CO ₂	107.0	84.4	85.9
	Gasoline (automobile)	kl	19.6	20.4	20.7
		t-CO ₂	45.5	47.4	48.0
Indirect energy consumption	Electricity	Thousand kWh	82301.0	80347.0	77169.2
		t-CO ₂ (emission coefficient)	42112.0	40358.9	37956.2
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	1085.8	1089.0	1,063.0

Sumitomo Mitsui Asset Management (SMAM)

* Started from 2017, due to the reorganization

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	-	-	186.8
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	-	-	484.5
	Other CO ₂ emissions	t-CO ₂	-	-	452.5
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	-	-	1,123.8
Direct energy consumption	City gas	Thousand m ³	-	-	81
		t-CO ₂	-	-	181.4
	Gasoline (automobile)	l	-	-	2,332.0
		t-CO ₂	-	-	5.4
Indirect energy consumption	Electricity	Thousand kWh	-	-	996.9
		t-CO ₂ (emission coefficient)	-	-	484.5
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	-	-	452.5

THE MINATO BANK (Minato)

* Excluded from SMBC group since April 2018.

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	76.8	86.6	95.8
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	6,587.7	6,569.5	6,780.4
	Other CO ₂ emissions	t-CO ₂	54.9	60.9	57.8
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	6,719.4	6,717.0	6,934.0
Direct energy consumption	City gas	Thousand m ³	34.0	38.0	42.0
		t-CO ₂	76.8	86.6	95.8
Indirect energy consumption	Electricity	Thousand kWh	12406.0	12809.0	12356.3
		t-CO ₂ (emission coefficient)	6587.7	6569.5	6780.4
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	39.7	45.9	41.9
	Total water and sewage	Thousand m ³	33.8	33.5	35.4
		t-CO ₂	15.2	15.0	15.9

Kansai Urban Banking Corporation (KUBC)

* Excluded from SMFG group since April 2018.

Measurement Item		Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total CO ₂ emissions	Total CO ₂ emissions	t-CO ₂	736.6	727.5	641.0
	Indirect energy CO ₂ emissions	t-CO ₂ (emission coefficient)	6,490.5	6,032.9	5,181.0
	Other CO ₂ emissions	t-CO ₂	50.9	74.4	66.6
	CO ₂ emissions total	t-CO ₂ (emission coefficient)	7,278.0	6,834.8	5,888.6
Direct energy consumption	City gas	Thousand m ³	42.5	36.8	26.4
		t-CO ₂	95.5	82.7	60.5
	Heavy fuel oil	kl	3.5	3.5	1.5
		t-CO ₂	9.6	9.6	4.0
	Kerosene	kl	5.6	6.1	5.5
		t-CO ₂	14.1	15.2	13.7
Gasoline (automobile)	kl	265.9	267.0	242.4	
	t-CO ₂	617.4	620.0	562.9	
Indirect energy consumption	Electricity	Thousand kWh	12786.7	13092.2	12639.0
		t-CO ₂ (emission coefficient)	6490.5	6032.9	5181.0
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	50.9	74.4	66.6

Promoting Environmental Management Integrated with Business

The Group Environmental Policy (SMBC Group)

Basic concepts

Recognizing the importance of realizing a sustainable society, SMFG is continuously making efforts to harmonize environmental preservation and pollution control with corporate activities, in order to support the economy and contribute to the betterment of society as a whole.

SMBC Group

The Group Environmental Policy

1. We provide environment-friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
2. We devise means to reduce environmental risks posed by our own activities and the society.
3. We are determined to fulfill our social responsibilities through the conservation of resources and energy, and the reduction of waste.
4. We strictly comply with environment-related laws and regulations.
5. We practice the highest level of information disclosure related to the Group's environmental activities and consistently improve our efforts to contribute to environmental preservation by communicating with our staff as well as the third parties.
6. We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
7. We actively and effectively implement "environmental management," and make continuous efforts to improve our system to deal with environmental issues by setting goals and targets for every fiscal year and reviewing them as deemed necessary.
8. These policies are disclosed on the Group's website, and the printed version is available upon request

SMBC Environmental Policy

Recognizing that it is essential for companies to address environmental issues in order to survive, SMBC has formulated the following policy.

1. SMBC will aim to achieve an ideal vision as a good corporate citizen, and pledges to continue taking initiatives to protect the global environment, prevent pollution, and achieve harmony with corporate activities.
2. To oversee these initiatives, SMBC has established the Corporate Sustainability Committee and assigned environmental officers.
3. In addition to complying with environmental laws and regulations, SMBC will also take steps to use the earth's environmental resources more efficiently through its business activities, acquire an accurate understanding of environmental aspects in risk management as a financial institution, and support customers in dealing with environmental issues by providing them with information. To this end, SMBC will set objectives and targets to be reviewed each fiscal year, and will strive to continuously improve its initiatives on environmental issues.
4. SMBC will strive to ensure that all employees are aware of the policy and conduct internal training to see that the policy is followed.
5. SMBC will send a copy of the Environmental Policy to any external party that requests it.

Sumitomo Mitsui Finance and Leasing Environmental Policy

Sumitomo Mitsui Finance and Leasing regards initiatives to address environmental problems as one of its important responsibilities to society, and has therefore established the following environmental policy.

1. We work to contribute to society and the economy by actively conducting initiatives through our business activities aimed at protecting the global environment, preventing pollution and establishing harmony with corporate activities.
2. We actively work to lease and rent facilities with reduced environmental impact and to reuse and appropriately process facilities when their leases expire, and we support our customers' efforts to address environmental problems through the provision of products, information and solutions.
3. We strive to reduce environmental impact by conserving resources, saving energy and reducing, reusing and recycling waste products.
4. We strictly comply with environment-related laws and regulations.
5. We set environmental goals and targets to enact this policy and regularly review them in order to thereby continuously improve our environmental management system.
6. We work to thoroughly raise the awareness of all employees regarding this policy and broadly disclose it outside the company in documented form.



Sumitomo Mitsui Finance and Leasing Environmental Policy (Japanese only)

MG Leasing Corporation Environmental Policy

MG Leasing Corporation regards initiatives to address environmental problems as one of its important responsibilities to society, and has therefore established the following environmental policy.

1. We work to contribute to society and the economy by actively conducting initiatives through our business activities aimed at protecting the global environment, preventing pollution and establishing harmony with corporate activities.
2. We actively work to lease and rent facilities with reduced environmental impact and to reuse and appropriately process facilities when their leases expire, and we support our customers' efforts to address environmental problems through the provision of products, information and solutions.
3. We strive to reduce environmental impact by conserving resources, saving energy and reducing, reusing and recycling waste products.
4. We strictly comply with environment-related laws and regulations.
5. We set environmental goals and targets to enact this policy and regularly review them in order to thereby continuously improve our environmental management system.
6. We work to thoroughly raise the awareness of all employees regarding this policy and broadly disclose it outside the company in documented form.

 **MG Leasing Corporation Environmental Policy (Japanese only)**

SMFL Rental Company, Limited Environmental Policy

SMFL Rental Company regards initiatives to address environmental problems as one of its important responsibilities to society, and has therefore established the following environmental policy.

1. We work to contribute to society and the economy by actively conducting initiatives through our business activities aimed at protecting the global environment, preventing pollution and establishing harmony with corporate activities.
2. We actively work to reuse lease and rental property and to rent equipment with reduced environmental impact, and we support our customers' efforts to address environmental problems through the provision of products, information and solutions.
3. We strive to reduce environmental impact by conserving resources, saving energy and reducing, reusing and recycling waste products.
4. We strictly comply with environment-related laws and regulations.
5. We set environmental goals and targets to enact this policy and regularly review them in order to thereby continuously improve our environmental management system.
6. We work to thoroughly raise the awareness of all employees regarding this policy and broadly disclose it outside the company in documented form.

 **SMFL Rental Company, Limited Environmental Policy (Japanese only)**

SMBC Nikko Securities Environmental Policy

The Company has established an environmental policy and engages in environmental considerations through its business activities and as a part of daily operations.

1. Increase green investors
The flow of funds through socially responsible investment (SRI), including through the Nikko Eco Fund, has major significance with respect to environmental preservation, so we strive to increase SRI investors (green investors).
2. Promote activities for energy and resource conservation at offices
We conserve energy and resources at offices, promote waste recycling, and work to expand green purchasing. In addition, we comply with laws, regulations and other requirements related to the environment and strive to prevent environmental pollution.
3. Enhance disclosure
We recognize that establishment and enhancement of environment-related disclosure as a social system is extremely important from the perspective of environmental preservation, and based on this awareness, we endeavor to actively publish information on the environmental initiatives of companies in the SMBC Nikko Securities Group, in our CSR Report, on our website, and in other media.

 **SMBC Nikko Securities Environmental Policy (Japanese only)**

Sumitomo Mitsui Card Company Environmental Policy

Recognizing the importance of realizing a sustainable society, SMCC is continuously making efforts to harmonize environmental preservation with corporate activities, in order to support the economy and contribute to the betterment of society as a whole.

1. We provide environment-friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
2. We devise means to reduce environmental risks posed by our own activities and the society.
3. We are determined to fulfill our social responsibilities through the conservation of resources and energy, and the reduction of waste.
4. We strictly comply with environment-related laws and regulations.
5. We practice the highest level of information disclosure related to the Group's environmental activities and consistently improve our efforts to contribute to environmental preservation by communicating with our staff as well as the third parties.
6. We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
7. We actively and effectively implement "environmental management," and make continuous efforts to improve our system to deal with environmental issues by setting goals and targets for every fiscal year and reviewing them as deemed necessary.
8. These policies are disclosed on the Group's website, and the printed version is available upon request.

 **Sumitomo Mitsui Card Company Environmental Policy (Japanese only)**

Cedyna Financial Corporation Environmental Policy

Recognizing the importance of realizing a sustainable society, Cedyna is continuously and proactively making efforts to harmonize environmental preservation and pollution control with corporate activities, in order to contribute to building an environmentally conscious society.

1. We provide environment-friendly financial products and services which support our clients in their efforts to preserve the eco-system.
2. We devise means to reduce environmental risks posed by our own activities and the society.
3. We comply with environment-related laws and regulations and work to make constant improvements in the areas of global environmental preservation and pollution prevention through initiatives that include resource conservation, energy savings and waste reduction.
4. In order to practice environmentally conscious management, we set goals and targets for each fiscal year, regularly review them and work to continuously improve our environmental activities.
5. We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
6. These policies are disclosed on the Group's website, and the printed version is available upon request.



Cedyna Financial Corporation Environmental Policy (Japanese only)

SMBC Consumer Finance Environmental Policy

As a member of the Sumitomo Mitsui Financial Group, SMBC Commercial Finance strives to ensure each employee has a strong environmental awareness and to contribute to the realization of a sustainable society.

1. We promise to promote business activities that are conscious of the impact on the environment.
2. We recognize risks related to the environment, and based on compliance with environmental laws, ordinances and regulations, we fulfill our social responsibilities through initiatives that include conserving resources, saving energy, reducing waste and preventing pollution.
3. To successfully enact the above policies, we set environmental goals and targets each fiscal year and regularly review them, and work to make ongoing improvements to our environmental management system.
4. We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
5. This policy is broadly disclosed inside and outside the company through publication on our website and in other media.



SMBC Consumer Finance Environmental Policy

Japan Research Institute Environmental Policy

Based on a management philosophy of creating client value through knowledge engineering activities, we regard initiatives that address global environmental issues to be one of our important tasks, and having established the following basic policy, we endeavor to realize a sustainable, recycling-based society through the business activities of all employees.

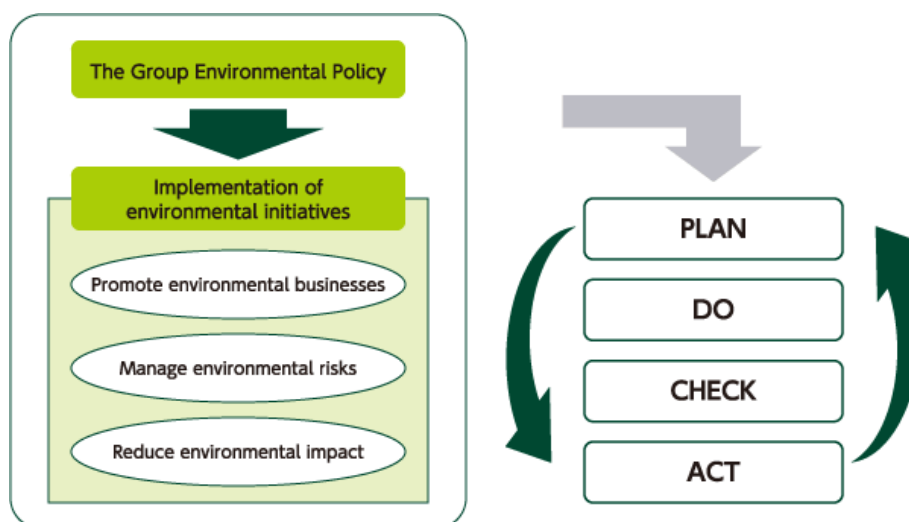
1. We promote business activities by utilizing our knowledge, technologies, personnel and other resources.
2. We promote business activities that are conscious of the impact on the environment.
3. We work to conserve energy and resources and reduce waste in order to protect the environment and prevent pollution.
4. In order to enact the above policies, we set environmental goals and environmental targets. We establish systems and procedures to achieve the environmental goals and environmental targets, put them into operation, review them every year, and continually work to make improvements.
5. We comply with laws, regulations, ordinances and agreements, etc. related to the environment in our business activities.
6. We educate employees and work to raise their environmental awareness in order to maintain activities in line with the above basic principles.

 [Japan Research Institute Environmental Policy \(Japanese only\)](#)

Three Pillars of the Group's Activities (SMBC Group)

The three pillars of our environmental action plan are: 1) "Promoting environmental businesses," 2) "Management of environmental risks," and 3) "Reduction of impacts on environment." We have set environmental objectives for each environmental activity and follow the procedures of Plan, Do, Check, and Act (PDCA) for such environmental activities

SMBC Group



Environmental Action Plan and PDCA Procedures

Environmental Management System (EMS) based on ISO14001 certification (SMBC Group)

The environmental management certification of ISO14001 has been obtained by SMFG and its major companies (SMBC, Sumitomo Mitsui Finance and Leasing (“SMFL”), SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyne, SMBC Consumer Finance and The Japan Research Institute(“JRI”). In 1998, SMBC was the first bank in Japan to obtain this certification.



SMBC Group

ISO 14001 assessment underway

ISO14001 Certification Status

Company	The scope of certification acquisition
SUMITOMO MITSUI FINANCIAL GROUP, INC.	HEAD OFFICE
SUMITOMO MITSUI BANKING CORPORATION	HEAD OFFICE, EAST TOWER, OSAKA HEADQUARTERS, KOBE
SUMITOMO MITSUI FINANCE & LEASING COMPANY, LIMITED	TOKYO HEAD OFFICE, TAKEBASHI OFFICE, OSAKA HEAD OFFICE, MG LEASING CORPORATION, SMFL RENTAL COMPANY, LIMITED
SMBC NIKKO SECURITIES INC.	TOKYO DIA BUILDING NO.5, NEW YAMATANE BUILDING ANNEX
SMBC FRIEND SECURITIES CO., LTD.	HEAD OFFICE
SUMITOMO MITSUI CARD COMPANY, LIMITED	TOKYO HEAD OFFICE, OSAKA HEAD OFFICE
CEDYNA FINANCIAL CORPORATION	TOKYO HEAD OFFICE
SMBC CONSUMER FINANCE CO., LTD	HEAD OFFICE
THE JAPAN RESEARCH INSTITUTE, LIMITED	TOKYO HEAD OFFICE SECTION

* SMBC Friend Securities has formed a merger with SMBC Nikko Securities in January 2018.



ISO 14001 Management System Certificate

Promotion of Environmental Education

SMBC distributes news releases and reports internally from its Environment Analysis Dept in order to share the latest environmental trends throughout the world and environmental risks requiring attention and to thereby raise employee awareness of environmental risks. Various internal training programs are also conducted, including group training at overseas sites and online training, with the goal of fully establishing assessment processes for environmental and social risks within the bank.

SMBC

The Corporate Sustainability Department also conducts a test on the Environmental Management System for all employees, aiming to foster environmental awareness among each and every employee.

Cedyna promotes environmental education to help ensure that all employees understand the importance of engaging in environmental activities and do so voluntarily as a part of their day-to-day work. Cedyna's environmental education has two pillars: awareness education, which provides all employees with basic environmental knowledge, and specialized education, which is for departmental staff in charge of promoting environmental matters and involves training personnel to lead environmental management activities through the acquisition of specialized knowledge related to environmental management systems. In addition, all employees receive monthly newsletters on environmental activities and other related topics to further enhance their environmental awareness.

Cedyna

Environmental Compliance

There were no bleaches during Fiscal 2017.

SMBC

Environmental Accounting

At SMBC, the Environmental Analysis Department (ENAD) sends out its monthly ENAD Newsletter to other departments and employees within the bank, sharing news related to the environment from around the globe as well as articles on specific projects in order to further raise environmental awareness among employees.

SMBC

1. Environmental Conservation Costs

Figures here reflect initiatives at four head office buildings (Tokyo, East Tower, Osaka and Kobe head offices).

(Millions of yen)

Cost Category	Description of Key Actions Taken	Fiscal 2015	Fiscal 2016	Fiscal 2017	YoY change*1
(1) Business area costs	-	3,243	377	1,125	748
Breakdown	(1)-1 Pollution prevention	696	104	11	-93
	(1)-2 Global environmental conservation	2,516	242	1,085	843
	(1)-3 Resource re-use/recycling	31	31	29	-2
(2) Upstream & downstream	-	-	-	-	-

Cost Category	Description of Key Actions Taken	Fiscal 2015	Fiscal 2016	Fiscal 2017	YoY change*1
(3) Administration	Development and operation of environmental management framework, disclosure of environmental information, etc.	16	18	17	-1
(4) Research and development	-	-	-	-	-
(5) Social activity	Donations related to environmental protection, etc.	50	50	50	0
(6) Environmental remediation	-	-	-	-	-
Total		3,309	445	1,192	747

*1 Year-on-year change = FY2017 – FY2016. A negative figure indicates a cost decrease.

2.Environmental Conservation Benefits

Figures here reflect initiatives at our 507 domestic branches.

Measurement Items		Units	Fiscal 2015	Fiscal 2016	Fiscal 2017	YoY change*2
Direct energy consumption	City gas	Thousand m ³	1,779.8	1,890.4	1,891.7	1
	Liquefied petroleum gas (LPG)	t	11.0	10.7	10.3	0
	Heavy fuel oil	kl	8.9	7.3	5.9	-1
	Light oil	kl	2.7	3.2	1.0	-2
	Kerosene	kl	4.3	4.8	5.9	1
	Gasoline (commercial vehicle, etc.)	kl	2,388	2,223	2,106	-117
Indirect energy consumption	Electricity	Thousand kWh	160,623.3	158,359.3	161,908.2	3,549
	Steam	GJ	27,840.2	23,540.0	22,492.1	-1,048
	Hot water	GJ	1,845.5	1,905.9	1,886.4	-20
	Cold water	GJ	9,754.2	9,529.5	9,168.6	-361
Other energy consumption	CO ₂ emissions from business trips	t-CO ₂	9,383.9	7,861.5	7,540.3	-321
	Total water and sewage	Thousand m ³	2,521.7	2,500.3	2,432.2	-68

*2 Year-on-year change = FY2017 - FY2016. A negative figure indicates a decrease in consumption. Both cost and consumption decreases show the data by SMBC.

Commitment to the Environment



SMBC Group's Commitment

With diverse organizations working to protect the global environment, private-sector companies are also playing an active role by developing environmentally friendly products, services and technologies.



We also believe that moving forward together with customers by providing financial services that benefit the environment constitutes a way of contributing, as a bridge to the future, to the realization of a sustainable world. Through these activities, we will contribute to achieving SDGs No.7 (Affordable and Clean Energy) and No 13 (Climate Action).



Issuing “SAFE,” an environmental magazine

Since 1996, the holding company SMFG has published this magazine containing interviews with top management of environmentally advanced companies, analyses of business and regulatory trends, and other beneficial information for corporate environmental activities. Moreover, from 2015 we have started issuing “JUNIOR SAFE” a magazine targeting children; who bear the future of the earth, to acknowledge the link between finance and the environment, and other activities to improve the environment.

For further details about the corporate environmental magazine SAFE and JUNIOR SAFE, please refer to the following link.

[“SAFE,” an environmental magazine](#)



Issuance of Green Bonds

SMFG and SMBC issue “green bonds” in overseas markets. The funds procured from these bonds (proceeds from issuance) go to environmental projects such as renewable energy and energy conservation initiatives (qualified “green” projects). (Issue proceeds prior to being appropriated to qualified green projects are placed in short-term assets such as cash.) SMBC also has a strong track record in project finance for renewable energy projects in Japan and overseas, including solar and wind power generation. Issuing the bonds allows the bank to contribute even more to maintaining and improving the global environment through the abovementioned project finance initiatives.

SMFG

SMBC

Installment Transactions for Hot Springs Binary Power Project

SMFL concluded a power facilities installment contract in June 2016 for a hot springs power generation project being conducted by Koyo Electric Co., Ltd. This represents SMFL’s first involvement in geothermal power facilities, and there are very few examples of equivalent commercial transactions anywhere in Japan. The facility is located at the Obama Onsen in Nagasaki Prefecture and conducts binary power generation using untapped heat from the hot springs.

Binary power generation is possible even with heat that is less than the boiling point of 100°C, so hot springs heat can be effectively utilized. In addition, power can be generated in a stable manner 24 hours a day because it is not affected by the weather or climate, so the project is expected to serve as a base power source that is produced and consumed locally.

SMFL intends to contribute to the promotion of renewable energy produced and consumed locally in harmony with the region through leasing and installment transactions for geothermal, biomass, small-scale hydro and other renewable energy projects.

SMFL

Handling of ESG Investment Trusts and Social Contribution Bonds

2016 SMBC Nikko became the first company in Japan to begin handling the Schroder Asia-Pacific Excellent Companies equity investment trust, which invests in equities in the Asia-Pacific region while incorporating an ESG perspective.

The fund is the first ESG fund with Asia-Pacific stocks and received the Outstanding Fund Award in the domestic equity (global) category at the Morningstar Award Fund of the Year 2017. In 2017, a portion of Nikko Asset Management’s proceeds from the fund, a total of ¥4,936,876, was donated to the Japan Sport Association and Japanese Para-Sports Association in order to support the promotion of sports and para-sports.

In addition, Nikko Asset Management provides opportunities for investing in environmentally and socially conscious companies through its handling of green bonds and other social contribution bonds.

SMBC Nikko

Authored “SDGs Textbook for Business People”

JRI makes policy proposals in order to promote ESG investment. As a part of these activities, it has authored the book “SDGs Textbook for Business People.”

The book first explains SDGs from the perspective of business and finance and then considers risks and opportunities related to SDGs in different industries.

JRI

 [JRI: SDGs Textbook for Business People \(Japanese only\)](#)

Local cleanup activities by employees

SMBC clean up campaigns (SMBC Group)

The SMBC Group conducts cleanup events through the efforts of officers and employees of Group companies.

SMBC Group

In fiscal 2017, cleanups were held in Odaiba (Tokyo) on September 9th and November 11th, Suma Beach (Kobe) on October 1st, Yodogawa Shirokita Park (Osaka) and Fujimae-Tideland (Nagoya) on October 14th. A total of 625 officers and employees from SMBC Group companies and their families took part in the activities, working beyond workplace and company boundaries, to help protect the environment.

Dates	Venue	Number of Participants
9/9	Odaiba(Tokyo)	102people
10/1	Suma Beach (Hyogo Prefecture)	305people
10/14	Yodogawa Shirokita Park (Osaka)	41people
10/14	Fujimae-higata tidal flats (Nagoya)	87people
11/11	Odaiba(Tokyo)	90people

Reducing Environmental Impact through “Web Account Statement Service”

Mitsui Sumitomo Card encourages customers to switch to the “Web Account Statement Service,” which allows customers to view their statements online rather than receiving a paper version by mail, as a way for them to participate in environmental initiatives.

SMCC

Issue of Chikyuni Yasashii Card for Environmental Contributions through Credit Cards

Cedyna issues the Chikyuni Yasashii Card to allow people to make donations for the environment through simple, everyday use. The company issues 14 types of cards based on specific themes related to global environmental protection. When people use the Chikyuni Yasashii Card for shopping, Cedyna automatically donates 0.5% of the card usage amounts to protection and research organizations based on those themes through The Defense of Great Earth Foundation.

Cedyna



Chikyuni Yasashii Card
(for mitigating global warming)

Promotion of eco-friendly business activities

SMBC Consumer Finance introduced a fully online service in to allow all procedures, from applications to contracts, to be performed by customers online, which means they don't have to go to the post office or a bank branch. The service improves convenience for customers and also helps reduce consumption of paper and other resources.

SMBCCF

In addition, the company is rigorously working to conserve energy and reduce use of paper resources by converting to LED at all nationwide Promise branches, participating in the Cool Biz and Warm Biz campaigns, holding major meetings without the use of paper, and digitizing documents used in internal approval procedures, among other activities. It is committed to earth-friendly business activities that reduce environmental impact.

Eco-Pro (International Exhibition on Environment and Energy) exhibition

The SMBC Group exhibits at the International Exhibition on Environment and Energy (EcoPro), one of Japan's largest environment-themed exhibitions held every December. In fiscal 2017, we introduced our contribution to achieve SDGs, through panel displays of our environmental businesses and activities of respective group companies.

SMBC Group

Environmental Activities at China Sites

SMBC conducts environmental protection activities over a broad region at its affiliates and branches in China as well.

SMBC



Suzhou Branch: Tree-Planting Activities

The “Fresh Air” tree-planting campaign was conducted on March 10 with the participation of many foreign-affiliated companies, including approximately 30 members of the Suzhou Branch and their families.

The participants carefully dug holes one by one, planted the saplings and when finished erected a wooden sign with the name of the Suzhou Branch. The branch’s participation was partly based on the idea that it would grow together with the trees.

These activities are helping to raise awareness of environmental protection activities among not only bank employees, but their families as well.



Tianjin Branch: Lights Off at Lunch

With air pollution worsening in recent years, Tianjin Branch’s CSR Group conducted a “Lights Off at Lunch” activity to encourage clean living with fewer CO₂ emissions and maintain a comfortable office environment.

★ Locations: Tianjin Branch and Tianjin Binhai Sub-Branch offices

★ Time: 12:00-13:00

★ Duration: 1 hour

★ Format: All employees participate. Staff members in charge are appointed, and they turn the lights off and on during the day of the activity.

The activity continues to be carried out with the participation of all employees to help further improve the office environment.



Shenyang Branch: Wulihe Park Health Walk for the Environment

As a part of the branch’s CSR activities, volunteer employees at the Shenyang Branch held a health walk at Wulihe Park in Shenyang on June 10.

Many employees participated, and they raised the awareness of passersby regarding environmental activities as they walked the riverbank.

The activity not only focused on awareness of beautifying the environment but also helped deepen understanding of social contribution at the branch, and thereby helped build a sense of unity among employees. The branch intends to continue to actively conduct CSR activities.



Tianjin: SMBC Group CSR Activities at SMFL Beijing, Promise (Tianjin), Tianjin Branch, and Beijing Branch

Clean-up activities were conducted jointly for the first time by four sites, SMFL Beijing, Promise (Tianjin), the Tianjin Branch and the Beijing Branch.

Instead of gathering in one location, the employees picked up trash in areas around Beijing and Tianjin on the same day at the same time. SMFL Beijing and the Beijing Branch conducted the clean-up at Olympic Park, and Promise (Tianjin) and the Tianjin Branch, at Shuishang Water Park. The participants used gloves and garbage pickers to collect paper scraps, plastic bottles and other trash from the park grounds, while also sharing their progress with the other site via teleconferencing.

The activity served to give back to the communities to which the offices are indebted and also further helped build unity within the SMBC Group.



Dalian: Beach Cleanup

The Dalian Branch held a beach cleanup event as a part of its CSR activities in order to build staff unity.

The event was held at Xinghai Park, the largest beach park in Dalian. The event began at 10:30 a.m. with the participation of 21 branch members, including the branch manager. Although it was an extremely cold day, all participating employees worked hard to clean up the park.

The Dalian Branch has focused on CSR activities since its establishment and through the activities works to build further solidarity among staff members and raise its presence in the area.



Next Generation - Toward a vibrant society that balances maturity and growth

Management Approach

Recognition of Social Issues

Many issues remain that must be resolved to create a vibrant and sustainable society. In developed countries, these include personnel and successor shortages and economic stagnation caused by low birthrates and aging populations, while emerging countries are facing the widening gap between rich and poor in connection with rapid economic development and urbanization, among other issues. The UN's Sustainable Development Goals (SDGs) aimed at addressing global social needs including education, health, social protection and employment opportunities were accepted.

In the financial services field, we are being called upon to promote capacity expansion and financial inclusion through business activities and conduct social risk assessments that include human rights considerations in connection with financing and investing projects.

SMBC Group's Approach

Through maximum utilization of its financial functions, the SMBC Group will promote the fostering of industries and human resources for the next generation, improved financial literacy, and market development for sound economic growth in emerging countries.

To effectively promote these activities, we have identified the following three issues that SMBC Group should address.

- Support for growth industries
- Resolution of social issues in emerging countries
- Promotion of financial literacy education for all generations

SMBC Group's Management

In financial services, we promote business activities based on guidelines and principles including the UN Global Compact and Equator Principles initiatives. To improve financial literacy, we are promoting initiatives to increase executive and employee participants in financial and economics education programs.

Overview of Fiscal 2017 Activities Summary and Issues

In fiscal 2017, the SMBC Group began undertaking the Social Impact Bond initiative in a new field connected to a local public entity.

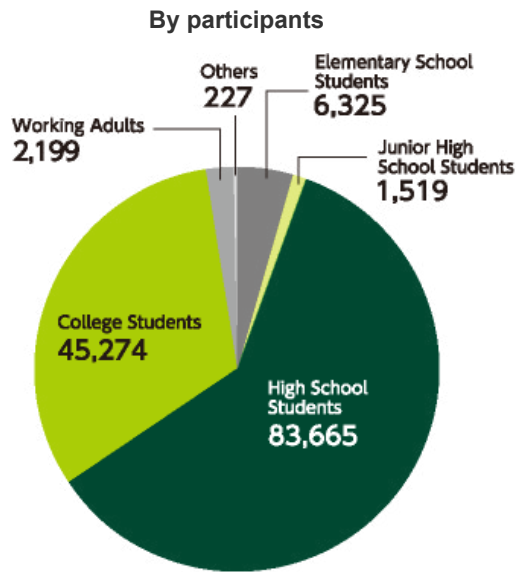
In terms of overseas activities, multiple vocational training schools that SMBC supports in Indonesia have been recognized as model cases in the region, and a program that SMBC supports to improve education in Myanmar received a medal of honor with a dark blue ribbon from the Japanese Cabinet Office.

The SMBC Group also began implementation of financial literacy education measures as a whole, expanding the range of the Group's cross-functional activities. Aside from finance education, "JUNIOR SAFE," an environmental information magazine for children issued by SMFG, received a special award under the Principles for Financial Action for the 21st Century. The SMBC Group has received favorable evaluations for our initiatives both inside and outside of Japan.

The Group plans to expand upon these cross-functional initiatives even further in fiscal 2018.

Main Indicator

Number of participants in financial and economic education courses run by SMBC Group companies



Support for Growth Industries

Supporting Commercialization as the Foundation of Japan's Growth Strategy

The Japan Research Institute (JRI) and SMBC has launched the "Incubation & Innovation Initiative," a business consortium of cross-sector alliances, together. The consortium will support the commercialization of highly progressive technologies and business ideas that will form the foundation of Japan's growth strategy. The consortium will also research factors that inhibit innovation and make policy recommendations, for example on designing legal systems and making regulatory reforms that reflect actual conditions, thereby contributing to the further invigoration of Japan's economy.

SMBC

JRI

Please see below for details.

 **Incubation & Innovation Initiative**

(You will be transferred to the Incubation & Innovation website.)

Real Tech Fund: Support for R&D Ventures

The Real Tech Fund supported by SMBC Nikko is a venture capital fund created in April 2015 with euglena Co., Ltd. and Leave a Nest Co., Ltd. The aim of the fund is to address environmental and human issues, lend further vitality to the Japanese economy and promote greater investment in Japan by providing comprehensive support-in the form of people, goods and funds-for venture companies with exceptional technologies.

The fund targets venture companies seeking to integrate into society innovative, R&D-oriented technologies ("real tech") that address environment and human issues, in fields such as robotics, biotechnology, the environment and energy, agriculture, new materials and IoT. It plans to conduct investment and development using ¥7.5 billion in funds contributed by private-sector companies from various industries.

SMBC Nikko



Social Impact Bond

Mitsui Sumitomo Banking Corporation and SMBC Trust Bank began undertaking a Social Impact Bond (SIB) initiative for the purpose of resolving societal issues. In July 2017, SMBC arranged a funding procurement scheme for Japan's first full-scale SIB for a program introduced by Kobe City to prevent exacerbation of diabetic kidney disease and others.

The SIB uses funds collected from private contributors, private businesses then carry out a public service by accepting commissions from an administrative body, etc, and then dividends are returned to the contributors based on results.

Through this funding scheme, we provide financial support for societal issues that impact modern society and regional communities.

SMBC

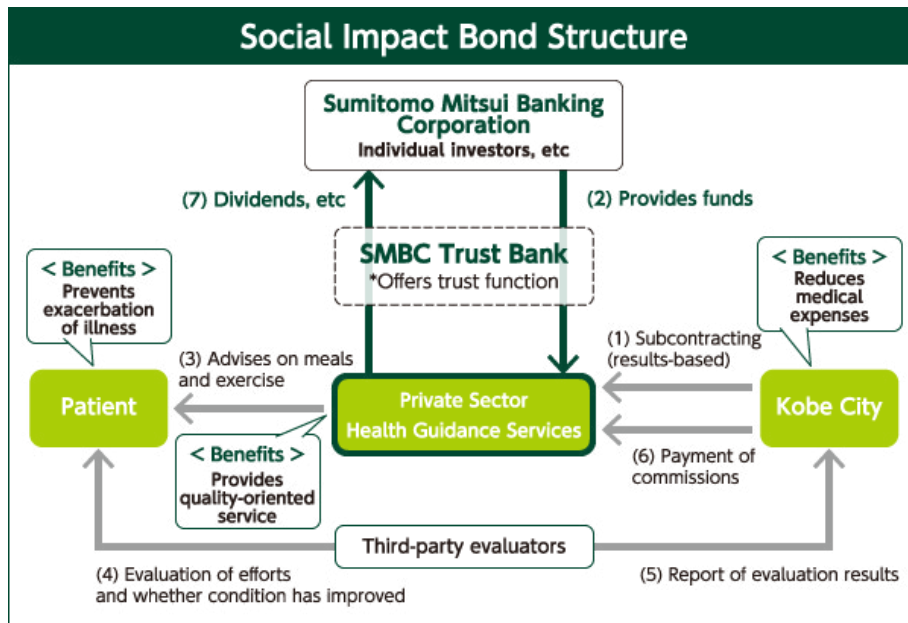
SMBC Trust

<Anticipated Resolution of Societal Issue>

Provide a funding procurement scheme ⇒ Creates opportunities for investment

Health guidance from the private sector ⇒ Prevents exacerbation of illness for diabetic patients ⇒

Medical expenses for Kobe City are reduced



Approaches for resolution of social issues in Emerging countries

Global Strategy for Financial Inclusion

SMBC Group views training of the next generation of leaders in emerging countries as crucial for promoting the further development of emerging countries as part of its Asia-centric strategy outlined in its Medium-term Management Plan. The SMFG Group is conducting human resource training programs in collaboration with business partners from Japan and overseas or with NPOs/NGOs and providing scholarship funding support through foundations in each country. Developing human resources who will become global leaders contributes to financial inclusion and development for the entire society

SMBC Group

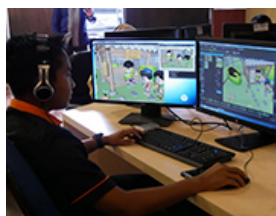
Signing a Memorandum of Understanding on CSR Activities with Indonesian Company (SMBC)

In Indonesia, SMBC is promoting vocational training programs at the national and regional government level for the purpose of economic development and business skill development for younger generations. On March 26, 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia signed a memorandum of understanding on promotion of CSR activities in Indonesia with the Djarum Foundation in the Djarum Group, one of Indonesia's major corporate conglomerates. With the signing of the memorandum, the two banks have collaborated to support training program improvements and made monetary donations, or employees have donated items, to vocational schools in various types of industries, including maritime, nursing and animation schools, contributing in the education field. In 2017, the respective training schools were recognized as model cases in the country, and SMBC's initiatives were evaluated favorably at their locations.

Going forward, we intend to carry out CSR activities in various fields, such as supporting human resource development and Japanese language education.



SMBC



Supported vocational schools 5 curricula



Number of enrolled students Approx. 2,400 (total)

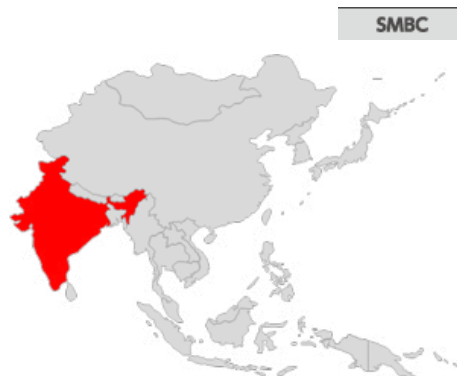
Support for Education in Asia (SMBC Global Foundation)

The SMBC Global Foundation based in the United States has provided scholarships to over 6,000 university students studying in Asia since 1994. It also supports a Japan training trip sponsored by a high school in Harlem, New York City, and matches donations made by employees of SMBC.



Promoting CSR Activities in India (SMBC New Delhi Branch)

The SMBC New Delhi Branch in India promotes CSR activities primarily in rural areas through an alliance with the local NGO, Drishtee Foundation. The organization was chosen as the bank's CSR partner due to its work in Indian rural areas over 15 years, its collaborations with the State Bank of India, which is the country's largest, and its track record of projects with numerous Japan-affiliated corporations. SMBC is actively promoting local initiatives that include local staff members helping to hold field days at elementary schools.



Promoting Innovative Thinking in Local Schools (SMBC New Delhi Branch)

Over two days in February, over 40 SMBC New Delhi staff and family engaged with more than 100 students and their parents in two rural schools – the Oasis Inter-College & Saraswati Shishu Mandir – both situated around 160km away from the city of New Delhi in Naujheel.

The program name, Disha, means 'Direction' in local language Hindi. Disha is one of the flagship programs that SMBC has undertaken in the community to promote innovative learning. Organised by SMBC's CSR partner, Drishtee Foundation, the program seeks to promote activity-based learning in the schools of Naujheel, particularly in the areas of language, maths and home skills. The aim of the visits was to help SMBC better understand the program and monitor the outcome.



Support for Children’s Development in Thailand (SMBC Bangkok and Chonburi Branches)

SMBC’s Bangkok Branch and Chonburi Branch in Thailand support local orphanages through employee donations and the SMBC Inspiration Fund, which provides support for social, cultural, and educational development.



SMBC Thailand Giving Back to the Community in Thailand (SMBC Bangkok Branches)

Staff from SMBC Bangkok visited the outskirts of northeast Bangkok in Nakorn Rachasima prefecture to spend November 5 with 200 students and teachers from Ban Moo-See school. The team presented the school with monetary donations to purchase traditional Thai musical instruments, as well as to support the building of a pavilion to be used an open learning space. Management also bought toys and snacks. In turn, the students preformed a dance and shared delicious Thai desserts they made in school.



SMBC Malaysia Organizes First-ever Blood Donation Drive (SMBC Malaysia)

SMBC Malaysia organized its inaugural blood donation campaign on 23 February 2017 at the Asia Pacific Training Department’s (APTD) Seminar Room located in the office. More than 40 staff and family members from SMBC Malaysia, SMBC Labuan Branch and SMBC SSC successfully donated their blood during the campaign that was conducted by a team from the National Blood Centre (of Malaysia).



Malaysia Staff Celebrate Eid with Visit to Orphanage (SMBC Malaysia)

In conjunction with the festive season of Eid, SMBC staff in Malaysia organized a party on Jul 16 for the children of Cemerlang Home for Special Children, a home for orphans and special needs children.

In the true spirit of Team SMBC, the staff brought along cash donations and basic necessities such as groceries, stationery, games and clothing for the children. During the party, the children were treated to a magic clown show and received goody bags and Eid money. They squealed in delight at the spread of Eid delicacies specially prepared for them. The children also took the opportunity to showcase their talents by performing traditional Islamic choir (called 'nasyid') and playing the 'kompang', a Malay drum.

Cemerlang Home for Special Children is home to 116 orphans and special needs children. The home is located in the town of Rawang which is approximately an hour's drive from Kuala Lumpur.



Support for Universities through a Scholarship Program (SMBC (China))

Sumitomo Mitsui Banking Corporation (China) Limited provided scholarships in 2016 for students at the following six universities: Shanghai International Studies University, East China Normal University, Soochow University, Zhejiang University, Sun Yat-sen University, and Tianjin Foreign Studies University. The scholarship project has been conducted since 2008. Going forward, the bank intends to continue partnering with universities around the country to communicate the bank's appeal to even more local students and fulfill its corporate social responsibilities in China.



Promotion of Financial Literacy Education

Approach to Enhancing Financial Literacy

Modern societies face various problems related to money, such as financial crime and excessive indebtedness.

SMBC Group

By conducting financial and economic education on a Group-wide basis for a wide range of age groups from children to adults, SMBC seeks to realize a society where everyone has accurate knowledge related to money and can live with peace of mind.

Personal Finance Support Tool

SMBC publishes articles on personal finance and provides a personal finance tool over the Internet.

SMBC Group

 **Sumitomo Mitsui Banking Corporation: Money VIVA, a Place to Enjoy Learning about Money (Japanese only)**




Money VIVA

 **SMBC Nikko: Investing information service “FROGGY” (Japanese only)**



FROGGY

 **Sumitomo Mitsui Asset Management Company: How to build asset (Japanese only)**



How to build asset

Financial and Economic Education

Initiatives of SMFG Group companies.

SMBC Group

[SMBC: Financial and Economic Education \(Japanese only\)](#)

[SMBC Nikko: Financial and Economic Education](#)

[SMCC : Financial Education \(Japanese only\)](#)

[SMBCCF: The Realization of a Lively Society and a Happy and Healthy Lifestyle for People \(Japanese only\)](#)

For Elementary School Students

Initiatives for Elementary School Students

Events for Elementary school Students

SMBC Group Tankentai

SMBC Group holds the SMFG Tankentai* event in which children and families of employees visit their workplaces and learn about the finance business through experience. The events in fiscal 2017 were held at the Tokyo and Kobe head offices of the SMBC and the head office of SMBC Nikko Securities (Shinmaru Building), with the participation of 244 people from 97 teams in Group companies. During the guided visit at the bank offices, visitors were brought to a bank vault normally unseen by customers and experienced the weight of 100 million yen in real bills, after attending lessons on the finance business and how to count paper money. The guided visit at SMBC Nikko Securities included an encounter with the Paralympic sport of boccia and workplace visits. Employees' families were able to better understand what their work entails by actually experiencing the workplace. * "SMFG" included in the event name as it was the given Group name at the time of hosting

SMBC Group




Natsuyasumi Kodomo Ginko Tankentai

SMBC has conducted the "Natsuyasumi Kodomo Ginko Tankentai" program since 2006. The program that allows elementary school students to learn about and experience actual banking activities. On a tour of the bank, the students take classes from employees and are provided the opportunity to study the basics of finance and banking by experiencing bank teller operations and visiting the ATM and bank vault areas. In fiscal 2017, the program was conducted at three sites, in Tokyo, Nagoya,

SMBC

and Osaka, and a total of 109 students in 48 groups participated.

For more information about the bank tour program, please visit the following website.

 **SMBC: Natsuyasumi Kodomo Ginko Tankentai Bank Tour Program (Japanese only)**



“An Exciting Bank Expedition!” Financial Education Game on the Company Website

“An Exciting Bank Expedition!” is a financial education game that both children and adults can enjoy, and has been posted on the main page of the Company website since February 2008. SMFG has also posted financial education content for children with the Sanrio character, Kero Kero Keroppi. In addition, as bank tours are conducted by lottery and only those who are chosen can participate, we have created web content so that more people can easily experience it through a virtual tour.

SMBC

 **“An Exciting Bank Expedition!” (Japanese only)**

Nikko Family Exciting Experience Day (SMBC Nikko)

SMBC Nikko Securities has held the “Nikko Family Exciting Experience Day,” a special hands-on social learning program, during children’s summer break at its nationwide branches since 2006.

For the program, elementary school students and their families visit the company’s branches and learn about the economy, money flows, the social role of financial institutions and more in a fun and exciting way through quizzes, hands-on experiments using information terminals and talks by employees.

SMBC Nikko

Visiting Lectures

SMBC Nikko Securities has sent employees to elementary schools since 2016 to give visiting lectures and get children interested in the economy and finance. Elementary school is considered to be the time when children gradually come to understand the importance and role of money, and through various experiences begin to form a foundation for thriving in society in the future. Employees conduct classes using textbooks and experiential classes using card games for children in fourth through sixth grade

SMBC Nikko

Bank Tours and Vocational Workshops at Branches

SMBC promotes independently planned local community contribution activities by sales branches, and branches around the country hold bank tours, conduct cleanup events around branches and at other outside locations, and participate in community events and other activities.

SMBC

Support for Finance Seminars, etc,

Support for Student City, an Economics Education Program for Elementary School Student

SMBC Trust Bank supports an economics education program called Student City targeted towards elementary school students, with mock bank exhibits featured at institutions and employees dispatched as volunteer staff. Through this initiative, we support finance and economics education, and cultivate human resources who will bear responsibility for the future.

SMBC Trust

Support for KidZania Tokyo and KidZania Koshien

SMBC has “branches” at KidZania, a vocational experience theme park for children. At KidZania Tokyo (in Koto Ward, Tokyo), SMBC has been a sponsor of the company since the park’s completion in October 2006, and operates a bank branch that issues the Kidzania currency, “kidZos.” At the KidZania Koshien branch, which opened in March 2008, in addition to issuing the currency, the bank also runs a program that lets children experience the jobs of bank employees in a fun and interesting way. We aim to give kids the opportunity to have fun learning about how the financial system works through experiences involving money, such as opening an account and building savings.



SMBC

For further details, please refer to the following link.

[KidZania \(Japanese only\)](#)

Parent-Child Financial Seminars at F. League Matches

SMCC has held CSR-related events like financial education seminars at Japan Futsal League (F. League) matches since fiscal 2016. The events are for elementary school children and their parents or guardians, with programs that utilize skits to convey the importance of using money in a balanced manner and using it according to a plan in a way that is easy for children to understand. Futsal events are also held. Going forward, SMCC will continue conducting activities to help raise financial literacy while also enlivening local communities through sport.

SMCC

Submitting a Tool Related to Finance and Economics Education

Hello! Money” Financial Education App

SMCC has released the “Hello! Money” allowance management learning tool, a free app for parents and children for financial education. It helps children to learn the basics of personal finance through the management of their own allowances from an early age. It also provides parents and their children the opportunity to learn together the basics of money—spending, saving and increasing—in a fun way in order to help foster financial literacy in young people

SMCC



Publication of “What Does a Bank Do?”

In May 2007, in cooperation with Gakken Co., Ltd., we published “What Does a Bank Do?” as a part of a series on learning through comic books and donated copies to approximately 23,000 elementary schools and 3,000 public libraries throughout Japan. “What Does a Bank Do?” uses a comic book format to provide basic explanations of the social roles and history of banks, centering on the three main operations of a bank, deposits, loans, and currency exchange.

SMBC

For Junior High School and High School Students

Initiatives for Junior High and High School Students

Hosting Seminars

Cooperation with Company Tours and Visiting Instructors

SMBC cooperates with junior high and high schools by providing tours for students and sending employees to serve as visiting instructors. On the tours, students learn about bank operations and the banking vocation through tours of branch operations and the dealing rooms of market sales divisions.

SMBC

Finance and Economics Seminars for Forming a Sound Consumer Finance Market

SMBC Consumer Finance holds finance and economics education seminars on topics such as managing household finances, loans and credit, and financial pitfalls. This initiative aims to provide students, the bearers of the future, and local residents accurate knowledge about money to enable them to make appropriate decisions. The seminars are provided primarily at 18 Customer Service Plazas nationwide. As the seminars are designed to meet the needs of local communities and educational institutions, they are requested by many organizations every year. Since their start in 2011, the seminars have been held over 10,000 times and over 750,000 people have participated (as of March 31, 2018).

SMBCCF



Cooperating with Educational Facilities

Support for Shinagawa Financial Park

SMBC has supported the activities of Shinagawa Financial Park, which offers economic training programs for junior high school students, since June 2005. Financial Park is a fictitious town where partner companies in various sectors, such as finance, telecommunications, restaurants, and supermarkets, use vacant classrooms at a junior high school in Tokyo's Shinagawa Ward to set up booths that simulate actual offices, branches and stores. The program is operated jointly by the headquarters of the economic education organization Junior Achievement Japan and Shinagawa Ward. Students study the basics of finance beforehand and then experience and learn about various economic activities

SMBC



through the booths set up within the park to develop their economic understanding.

A new Financial Park to follow the one in Shinagawa opened in Iwaki City, Fukushima Prefecture in June 2014, and SMBC has set up a booth there as well. The park was established with contributions from a fund started by Qatar in the Middle East for the reconstruction following the Great East Japan Earthquake. The purpose of the park is to teach children in the disaster-affected region about the importance of the roles of various jobs and to help in the reconstruction.

Events were also held for high school students in 2017.

Support for Children's Banks

We also support the operations of Children's Banks set up at schools.

SMBC

For example, a Children's Bank has been operated at Aikoku Gakuen since 1948. The program involves a bank counter set up at the school to teach students the importance of saving. The children are able to save their money by using the bank counter. SMBC supports the program as the parent bank and also holds a talk every year on the importance of saving during the school's Student's Bank Festival.

For College Students

Initiatives for University Students

Internships and Lecturer Dispatch

Internships for University Students

Since 2006, SMBC has been accepting internships as an opportunity for students to consider options for their future occupations. In fiscal 2017, 140 students from 93 universities participated in internships where they experienced on-the-job training in the investment banking business, individual business planning, and market trading.

SMBC

Visiting Instructors

SMBC sends employees to various universities to serve as instructors. They provide lectures based on the needs of each university, ranging from specialized case studies such as environment-related structured finance to topics like women's empowerment. In fiscal 2017, we presented lectures to approximately 7,300 students at 66 universities.

SMBC

Collaborating with Educational Institutions

Creating Newly Added Value by Cultivating Data Scientists and the Use and Application of Data

SMBC Trust Bank, along with the Sumitomo Mitsui Financial Group, concluded an agreement with Shiga University in September 2017 for collaboration and cooperation in education and research fields related to data science. SMBC is also cultivating human resources with expertise and skills in data science by jointly establishing Japan's first data science department with Shiga University in April 2017, dispatching lecturers to the university and accepting student internships. The Group is also undertaking initiatives to create newly added value by the use and application of data collected through shared research in business fields.

SMBC Trust

Seminar at Kyoto Women's University

SMBC Trust Bank held a "Trusts and the Trust Business" lecture at Kyoto Women's University as part of an endowed course.

SMBC Trust

For Working Adults

Initiatives for Working Adults

Company Tours and Training Sessions

SMBC Nikko Securities provides company tours and training for students and the general public to help them deepen their knowledge of finance and economics. Through program seminars, tours of the company's head office, branches, overseas offices, and other facilities, participants deepen their understanding of lifestyle and money in our society and acquire a variety of knowledge about the role of financial institutions and financial transactions.

SMBC Nikko

Commitment to the Next Generation



Our **three** key themes
Commitment to the Next Generation
 - Toward a vibrant society that balances maturity and growth -

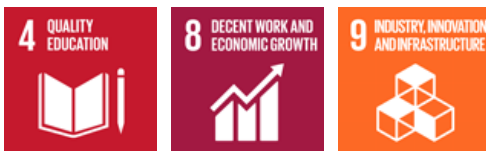
SMBC Group's Commitment

For the development of a sustainable society, it is essential that children, the bearers of the next generation, are raised and educated soundly, that new industries are created, and that healthy economic growth takes place in emerging countries and elsewhere.

To realize this, the society must firmly pass on and utilize the wisdom, technologies and assets it possesses to support the growth of the next generation. As a bridge to the future, we intend to maximize use of our network to create mechanisms for this.

Through these activities, we will contribute to achieving SDGs No.4 (Quality Education), No.8 (Decent work and Economic Growth) and No.9 (Industry, Innovation and Economic Growth).

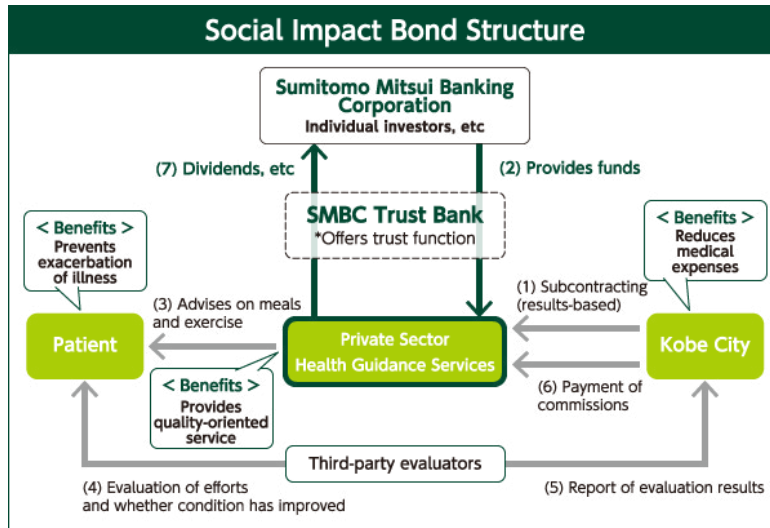
SMBC Group



Start of Social Impact Bond Initiative

Sumitomo Mitsui Banking Corporation and SMBC Trust Bank began undertaking a Social Impact Bond (SIB) initiative linked to the public and private sector for the purpose of resolving societal issues. In July 2017, SMBC arranged a funding procurement scheme for Japan's first full-scale SIB for a program introduced by Kobe City to prevent exacerbation of diabetic kidney disease and others. Through this initiative, we provide financial support for societal issues that impact modern society and regional communities.

SMBC
 SMBC Trust



Real Tech Fund: Support for R&D Ventures

The Real Tech Fund supported by SMBC Nikko is a venture capital fund created in April 2015 with euglena Co., Ltd. and Leave a Nest Co., Ltd. The aim of the fund is to address environmental and human issues, lend further vitality to the Japanese economy and promote greater investment in Japan by providing comprehensive support—in the form of people, goods and funds—for venture companies with exceptional technologies.

The fund targets venture companies seeking to integrate into society innovative, R&D-oriented technologies (“real tech”) that address environment and human issues, in fields such as robotics, biotechnology, the environment and energy, agriculture, new materials and IoT. It plans to conduct investment and development using ¥7.5 billion in funds contributed by private-sector companies from various industries.

efficiency in the desert regions of the Middle East. As of July 2016, the fund has invested in 13 venture companies.

SMBC Nikko



Support for Development of Programs for Advancing the Role of Women

SMBC promotes SMBC Nadeshiko Loans and Private Placement Bonds to assess and support initiatives that promote women’s participation and advancement in the workplace.

SMBC Nadeshiko Loans and Private Placement Bonds are a financing product that assesses for customers their initiatives in support of the participation and advancement of women in the workplace based on standards created by SMBC and JRI and then provides support for the promotion of future initiatives. After funding is provided, JRI assesses initiatives that support women’s workplace participation and advancement using a special assessment sheet, and this can then be used in promoting future activities.

SMBC

JRI

“Hello! Money” Financial Education App

SMCC has released the “Hello! Money” allowance management learning tool, a free app for parents and children for financial education. It helps children to learn the basics of personal finance through the management of their own allowances from an early age. It also provides parents and their children the opportunity to learn together the basics of money—spending, saving and increasing—in a fun way in order to help foster financial literacy in young people.

SMCC



"Hello! Money" app screen



Sponsoring “Student City,” an Economics Education Program for Elementary School Students

SMBC Trust Bank sponsors an economics education program called “Student City” targeted towards elementary school students, with mock bank exhibits featured at institutions and employees dispatched as volunteer staff. Through this initiative, we support finance and economics education, and cultivate human resources who will bear responsibility for the future.

SMBC Trust

Support for Young Artists

SMBC Trust Bank supports the activities of young artists by displaying works created by students from Joshibi University of Art and Design at the Bank’s Head Office, as well as works created by students from Osaka University of Arts in Osaka representative offices.

SMBC Trust

Parent-Child Financial Seminars at F. League Matches

SMCC has held CSR-related events like financial education seminars at Japan Futsal League (F. League) matches since fiscal 2016. The seminars are for elementary school children and their parents or guardians, and include programs that use skits to convey in a way that is easy for children to understand the importance of using money in a balanced manner and according to a plan. Futsal events are also held. Going forward, SMCC will continue conducting the events to help raise financial literacy while also enlivening local communities through sport.

SMCC

Finance and Economics Seminars for Forming a Sound Consumer Finance Market

SMBC Consumer Finance holds finance and economics education seminars on topics such as managing household finances, loans and credit, and financial pitfalls. This initiative aims to provide students, the bearers of the future, and local residents accurate knowledge about money to enable them to make appropriate decisions. The seminars are provided primarily at 18 Customer Service Plazas nationwide. As the seminars are designed to meet the needs of local communities and educational institutions, they are requested by many organizations every year. Since their start in 2011, the seminars have been held over 10,000 times and over 750,000 people have participated (as of March 31, 2018).

SMBCCF



Support for Activities Overseas for the Next Generation

SMBC Group extensively carries out support activities for the next generation in overseas countries as well.

SMBC



Sydney Japanese International School

The SMBC Sydney Branch donated office supplies, such as extra desks, chairs, and cabinets left over due to office reorganizing or expansion, to a Japanese school in the area.

In addition, the Sydney Branch hosted a presentation on November 7 related to improving environmental education, and four principals from the Japanese school attended. The presentation had more than 30 people in attendance, including local staff from the Sydney Branch, and there was a productive exchange of opinions on interactive ways to educate students about the environment.



Support through Work Experience Program

SMBC Europe provides a work experience program for students of various backgrounds, from high school students to college and business school students. It also partners with volunteer groups to provide young people in less fortunate situations the opportunity to acquire business skills.



Participation in Events that Support Left-behind Children* in Chongqing

The Chongqing Branch participated in a support event planned by the Chongqing Promotion & Service Center for Foreign Investment. The branch purchased books for Jianpingxian Elementary School in Wushan County, using donations collected at the branch. Members from the branch also joined the Chongqing Promotion & Service Center for Foreign Investment in a ceremony presenting the books to the school.

Through these donations, the Chongqing Branch supports the development of left-behind children, and plans to participate in similar opportunities to fulfill societal responsibilities in the region.

(* Left-behind children: Children who remain in rural villages when their parents migrate to cities to work.)



Community - Toward a Healthy and Distinctive Community in Which Everyone Can Participate

Management Approach

Recognition of Social Issues

The survival of local communities in Japan and other countries is under threat due to phenomena such as natural disasters of unprecedented severity and the outflow of young people. There is a need to build communities that can mitigate the impact of natural disasters and bounce back from such disasters through mutual help and support. In Japan, along with the rapidly aging population, creating a society where senior citizens and people with disabilities can live safely and securely and also actively participate, as exemplified by enactment in April 2016 of the Act on the Elimination of Discrimination against Persons with Disabilities, have become society-wide issues. The financial services sector is being called to recognize its responsibilities and take action not only in the areas where it has operations, but in wider communities including borrowers and investees.

SMBC Group's Approach

The Group recognizes that it is important to consider the public nature of financial institution and contribute to the development of society through business operations. In addition to the contribution to society through daily business operations, we should assist in making a better society in the future by pursuing diverse social contribution activities in order to fulfill responsibilities as a "responsible corporate citizen."

To effectively promote these activities, we have identified the following three issues that SMBC Group should address.

- Contribution to achieving and developing safe and secure communities
- Promotion of social inclusion in collaboration with NGOs and NPOs
- Support for reconstruction in areas impacted by large-scale natural disasters

SMBC Group's Management

In order to lead the form of social participation by each of our officers and employees, we emphasize their leadership roles, aiming to increase the number participating in volunteer activities by engaging in social contribution activities.

Fiscal 2017 Activities Summary and Issues

In fiscal 2017, as part of our efforts to develop branches that all customers can visit with peace of mind, we encouraged branch employees to acquire various qualifications, such as certification as a supporter of people with dementia. In recognition of these efforts, we received the Universal Manners Award 2017. Through NPOs, we donated approximately ¥21 million from our Volunteer Fund, which is funded through salary deductions from employees, and over 7,000 employees throughout the entire group participated in NPO-sponsored activities.

In addition to our Tohoku recovery support efforts that have continued since 2011, our support for areas struck by disaster includes activities assisting reconstruction of areas affected by the Kumamoto Earthquakes in April 2016 and we began activities to provide assistance to areas affected by the July 2017 heavy rainfall disaster in Kitakyushu. A total of 97 SMBC Group employees and their families participated in volunteer activities, including carrying out valuables and household belongings from collapsed houses as well as sorting garbage.

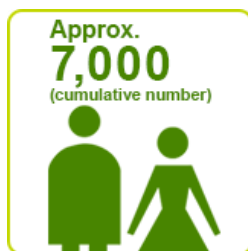
In fiscal 2018, through volunteer training ahead of the Tokyo Olympic and Paralympic Games, pro-bono work and other activities, SMBC Group will work as one to tackle social issues in more regions.

Main Indicator

Total time of volunteering activities by employees



Number of officers and employees participating as volunteers



Breakdown of the activities

Participation in NPO/NGO-sponsored activities	535
Clean-up activities	3,550
Olympic and Paralympic-related	107
Volunteering in disaster-affected areas	109
Pro bono service	11
Other (participation in regional activities, etc.)	2,642

Policy for Social Contribution Activities

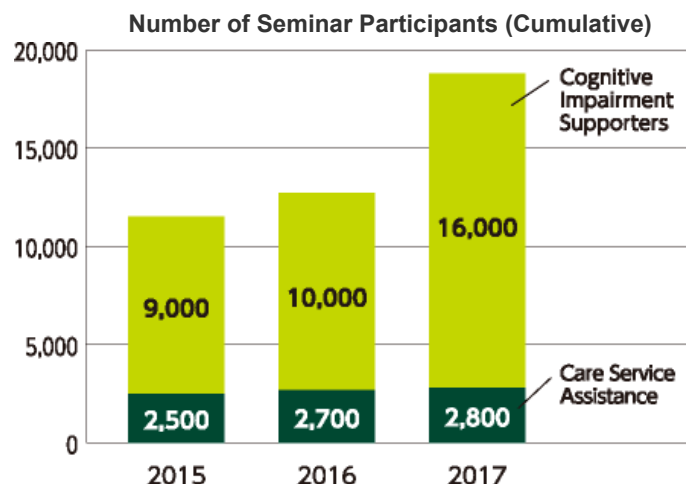
SMBC Group and its Group companies fully understand their roles as responsible corporate citizens, and perform social contribution activities for realizing a prosperous and sustainable society. We continue to plan and execute social contribution activities as a corporate citizen while supporting volunteer activities of employees, in order to proactively perform social contribution activities.

Contribution to Achieving and Developing Safe and Secure Communities

Creating Branches that People Can Visit with Confidence

The SMBC works to create branches that can be visited with confidence by seniors and people with disabilities by incorporating universal design principles and conducting a variety of other initiatives. We also put particular emphasis on training employees who directly interact with customers so that our branches and services can be used with total peace of mind. We have approximately 2,800 care service assistants, who undergo service care cast training, universal etiquette and other training to ensure appropriate assistance is provided. Since fiscal 2014, we have also engaged in full-scale training of cognitive impairment supporters to prepare for the aging of society. As of March 31, 2018, there are approximately 16,000 specialized staff members to assist people with cognitive impairment assigned mostly at its branches.

SMBC Group



Cognitive Impairment Supporter Seminar



Cognitive Impairment Seminar for newly-hired employees



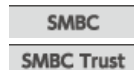
Training Materials (DVD)



Verifying "Universal Manner"

Implementation of Universal Design and Universal Service at Branches



SMBC is working to advance universal design compliance at branches. When installing new equipment or facilities at branches, we check whether it will be easy for people with disabilities to use them during the development stage, and also ask for feedback from customers after installation. SMBC Trust Bank is also conducting Web-based training for all bank employees regarding universal manners, as we work to improve services as a group.



Customer feedback and specific service examples can be found at the following link.

[SMBC: Utilizes Customer Feedback in its Operations \(Japanese only\)](#)

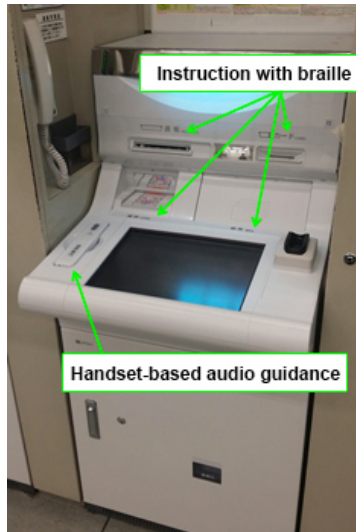
Equipment Response

<p>Pictogram Display</p> <p>SMBC</p>	<p>Visual indicators related to barrier-free information are posted in the branch information section of the SMBC website as well as at branch entrances to allow customers to confirm in advance when using branch facilities.</p> 
<p>Braille Blocks for Visually Impaired</p> <p>SMBC</p>	<p>Guidance tiles and rivets are placed to mark the path from a branch's entrance to its ATM area to assist people with visual impairments to enter and use the branch. (Installed at 435 of 445 branches as of March 31, 2018)</p> 

ATMs for the Visually-Impaired

SMBC

All ATMs at domestic branches and in non-branch locations are equipped with handset-based audio guidance to serve customers with visual impairments.



More information on upgrading to ATMs for people with disabilities can be found at the following link.



SMBC: ATM Upgrades for People with Visual Impairments (Japanese only)

Improvement of Reception Number Display Devices (EQ displays)

SMBC

We received feedback that reception number display devices were difficult to read, so we installed EQ display devices that incorporate universal design principles for color, making them easier to read for seniors and people with visual impairments.



Writing Tools

SMBC

Writing tools are also made available at branches to ensure that we are able to accurately and smoothly determine the needs of customers with hearing impairments



Writing board



Guidance plate with "ear" mark



Communication board displays customer procedures in pictograms

More Convenient Form Entry

SMBC

Branches also make available cane and umbrella holders and lap tables for filling out forms so that customers can comfortably use both hands when filling out forms and operating devices.



Cane holders



Lap tables for writing

Installation of Automated External Defibrillators (AEDs)

SMBC


We have progressively installed AEDs in staffed ATM areas since August 2007 and are utilizing our nationwide branch infrastructure to help people in emergency situations.




AED




<p style="text-align: center;">Universal Design Introduction - Enhancing Facilities that All People Can Use with Ease</p> <p style="text-align: center;">SMBC Nikko</p>	<p>Since May 2015, we have been installing a desktop communication support system called “comuoon (Commune)” on service counters at branches. “comuoon” is developed and manufactured by Universal Sound Design Inc. (Headquarters: Minato-ku, Tokyo, Representative Director: Shinichiro Nakaishi). It is a communication support system that improves communication with people with hearing difficulties. Its high-performance microphone accurately picks up the speaker’s voice, and the system then creates sounds that are easy for hearing-impaired people to hear through its egg-shaped speakers.</p> <p>In addition, we have installed gently-sloped ramps and writing boards at all branches nationwide. We are also installing cane holders as well as customer service counters, interphones, and other objects at heights that are easy for people in wheelchairs to use.</p>
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Service Response

<p>Braille Services</p> <p style="text-align: center;">SMBC</p>	<p>We also have Braille versions of contractual terms for regular and time deposits, etc., end-of-month balance notices and time deposit transaction notices.</p>	SMBC Group
<p>Lower Fees for Counter Transfer Orders</p> <p style="text-align: center;">SMBC</p>	<p>When customers who have difficulty ordering bank transfers using an ATM machine, such as customers with visual impairments, visit the bank and order a transfer at a teller counter, after the customer’s intention is confirmed, the same fee as the fee charged for ATM transfers is applied.</p>	
<p>Reading and Writing Assistance</p> <p style="text-align: center;">SMBC</p>	<p>Procedures have also been established to provide reading and writing services for customers who are not able to read a contract or enter their signatures due to a disability (how this is handed differs depending on the nature of the transaction).</p>	
<p>Utilizing Customer Feedback</p> <p style="text-align: center;">SMBC</p>	<p>We conduct various initiatives to sincerely consider customer feedback and provide greater levels of customer satisfaction.</p> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 10px; margin: 10px 0;"> SMBC: Utilizes Customer Feedback in its Operations (Japanese only) </div>	
<p>Acquisition of “Omotenashi Standard Certification 2018”</p> <p style="text-align: center;">SMBC Nikko</p>	<p>Omotenashi Standard Certification is a certification system established by the Ministry of Economy, Trade and Industry to promote and revitalize Japan’s service industry and regional vibrancy. Companies from sectors other than the service sector are also obtaining this certification. SMBC Nikko received the Omotenashi Standard Certification in 2018 in recognition of efforts to improve the quality of services and to develop branches where all people can use services with ease.</p> <div style="text-align: right; margin-top: 10px;">  </div>	

<p style="text-align: center;">Training of Certified Life-Savers</p> <p style="text-align: center; border: 1px solid gray; padding: 2px;">Cedyna</p>	<p>Even though automated external defibrillators (AED) are now more readily available, there have been few cases of them being used by the general public, and awareness of first aid techniques has become a society-wide issue.</p> <p>Cedyna holds basic life-saving classes to strengthen its in-office crisis management system and has been increasing the number of personnel who have acquired life-saving certification, which allows them to perform life-saving procedures using an AED.</p> 
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Establishing an Inquiry Desk for People with Disabilities

<p style="text-align: center;">Dedicated forms for customers with visual or language impairments</p> <p style="text-align: center; border: 1px solid gray; padding: 2px;">SMBC</p>	<p>Dedicated inquiry forms are made available for customers that have visual or language impairments.</p> <div style="border: 1px solid gray; border-radius: 10px; padding: 10px; margin: 10px 0;"> <p> SMBC: Dedicated forms for customers with visual or language impairments (Japanese only)</p> </div>
<p style="text-align: center;">Sign language / written inquiry</p> <p style="text-align: center; border: 1px solid gray; padding: 2px;">SMCC</p>	<p>SMCC provides a sign language and written inquiry service that uses a specialized video communication system for people who have difficulty with phone conversations due to a hearing or speech disability.</p> <div style="border: 1px solid gray; border-radius: 10px; padding: 10px; margin: 10px 0;"> <p> SMCC: Sign language and written inquiry service for those with hearing and speaking disabilities. (Japanese only)</p> </div> <div style="border: 1px solid gray; border-radius: 10px; padding: 10px; margin: 10px 0;"> <p> SMCC Sign Language and Written Inquiry Service (Japanese only)</p> </div> <p>(You will be transferred to Plusvoice's website.)</p>

SMBC Group

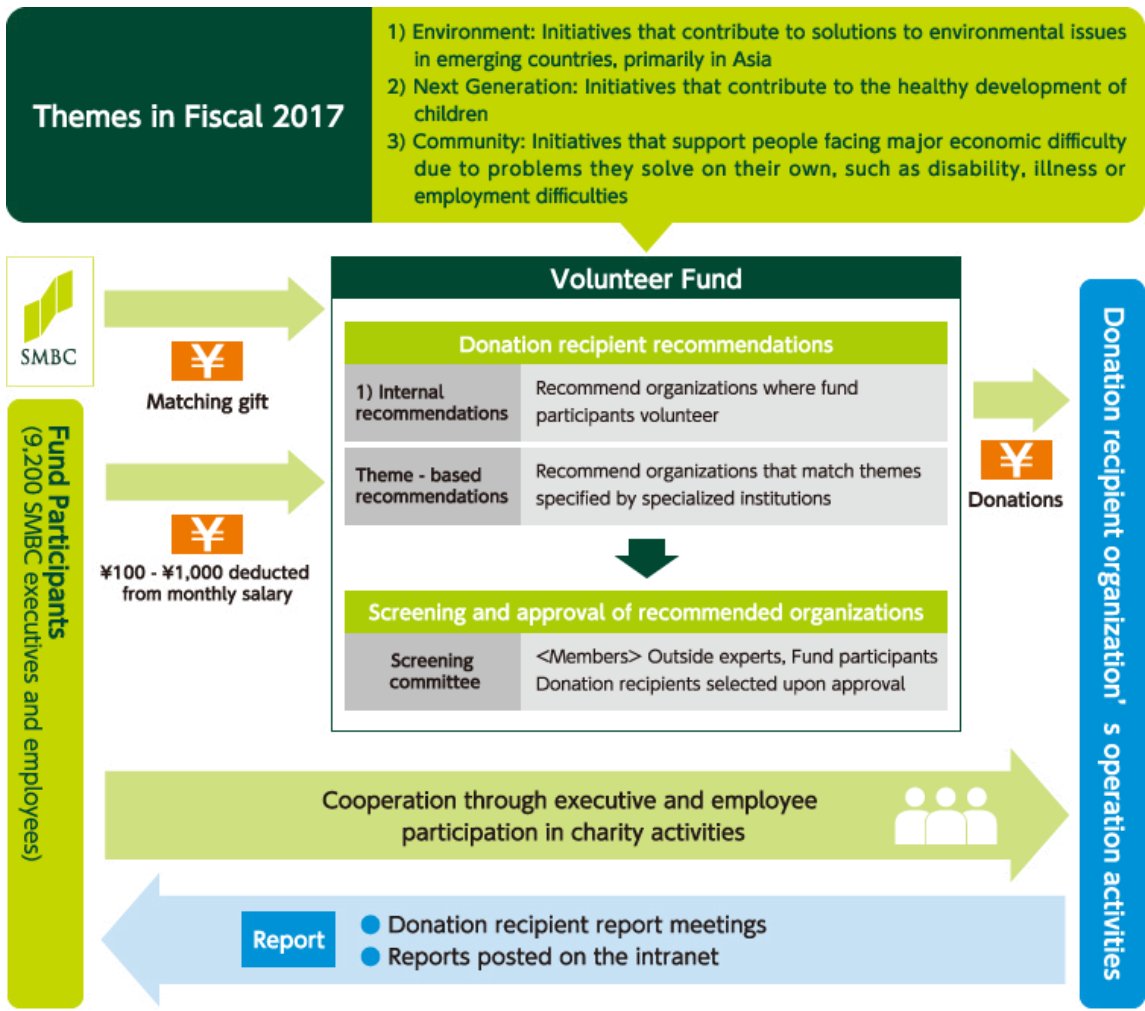
Promotion of Social Inclusion in Collaboration

SMBC Volunteer Fund

The SMBC Volunteer Fund is funded by deducting certain amounts from the monthly salaries of executives and employees who have joined the program. The bank administers the fund as a matching gift program in which an amount corresponding to the amount of money raised is added to the total each year. As of March 2018, around 9,200 people are participating.

SMBC

The fund allows participating executives and employees to be actively involved in selecting donation recipients while also enabling the participation of outside institutions and experts to incorporate a specialized perspective. The charities receiving donations are able to come and give reports on how the funds are being used and to provide direct feedback. There has also been an initiative since fiscal 2013 enabling the executives and employees to participate in the charities' activities. Donations in fiscal 2017 totaled ¥21.2 million.



1. Donation Recipient Recommendations

1) Internal Recommendation


Fund participants are able to recommend organizations where they regularly volunteer to be donation recipients.



2) Theme-Based Recommendations

Specific themes are selected, and organizations that conduct highly effective activities related to the themes are recommended by specialized outside institutions.

In fiscal 2017, in line with SMFG's three priority issues, "Environment," "Next Generation" and "Community," we received recommendations related to initiatives that contribute to solutions to environmental issues in emerging countries, primarily in Asia, initiatives that contribute to the healthy development of children, and initiatives that support people facing major economic difficulty due to problems they cannot solve on their own, such as disability, illness or employment difficulties.

SMBC Volunteer Fund Donation Recipients (Partial, Fiscal 2017)

Organization	Main region for activities	Organization overview	Project supported by the donation
<p>NPO picchio</p>  <p>Tama the dog demonstrating bear scent tracking (Shiretoko National Park)</p>	<p>Kitasaku-gun, Nagano Prefecture</p>	<p>NPO picchio works to preserve local ecosystems and maintain biodiversity throughout Mt. Asama. To this end, the organization works to accurately grasp phenomena occurring in the ecosystem through scientific investigations, identify problems, and protect wild animals and fauna on its own. NPO picchio also proposes a vision for future conservation efforts as well as detailed improvement measures to the government and relevant agencies. Currently, NPO picchio is focusing on measures to combat damage in addition to activities aimed at protecting and managing Asiatic Black Bears.</p>	<ul style="list-style-type: none"> • Bear dog breeding and raising, installation of interaction space, light vans for transporting puppies • Facilitating mating and supporting Bear dog births • Teaching the skills to test puppies for suitability as Bear dogs • Puppy socialization and interaction with the local community

Organization	Main region for activities	Organization overview	Project supported by the donation
<p>NPO KnK International</p>  <p>A social worker helping a child</p>	<p>Philippines, Cambodia, Bangladesh, Pakistan, Jordan, Japan</p>	<p>KnK aims to provide education and emotional support to children around the world. KnK engages in supportive activities to provide assistance to disadvantaged children and youth mainly in Asia. The organization provides them with educational and professional skills, offers them shelter and protection, activities to promote mutual understanding, and other programs.</p>	<ul style="list-style-type: none"> Provide protection and life/educational support to abused and abandoned children in the "House of Youth" residential facility operated in Caloocan City North Help children return to their families after they have stabilized emotionally by living in the "House of Youth"
<p>NPO Second Harvest Japan</p>  <p>Line of recipients waiting their turn to receive food</p>	<p>Tokyo metropolitan area</p>	<p>With the purpose of building a food safety net in Japan, Second Harvest Japan provides food to social welfare facilities including those providing foster care, support for mothers and children, and assistance for persons with disabilities, as well as to individuals in need. In order to provide enough food to people who lack food security, the organization aims to work with food companies and others to create a new society through food.</p>	<ul style="list-style-type: none"> Distribution of food at food pantries directly run by Second Harvest Japan Food distribution through food pantries run by partnering organizations, building additional pantries Mailing of food packages

2. Screening and Approval of Recommended Organizations: Screening Committee Convened

A screening committee made up of outside members (experts) and internal members (fund participants) screens the organizations recommended in 1) and 2) above and selects donation recipients. In fiscal 2017, donations were made to 32 organizations (12 internally recommended and 20 externally recommended) after screening and approval by 2 outside and 12 internal members

3. Reporting to Fund Participants: Donation Recipient Reporting Meetings

Organizations receiving donations are invited to the bank to reporting meetings where they describe how the donations have been used. By listening directly to NPOs involved in solutions to social issues, fund participants learn how their donations are being used and also deepen their understanding of the significance of charity organizations and projects. In addition, donation reports are posted on the bank's intranet and results are related back to fund participants.



Contributing to Communities through Sports

Annual Participation in FIT Charity Run

SMBC Trust Bank and SMBC Nikko participate in the FIT for Charity Run (Financial Industry in Tokyo For Charity Run), established and managed by volunteers working in companies in the financial services industry and related industries. Through sponsorship of the FIT for Charity Run and employee participation fees, SMBC Trust Bank and SMBC Nikko support organizations that are doing meaningful activities for society but unable to secure sufficient funding due lack of recognition and other issues.

SMBC Trust

SMBC Nikko

Support for GoalBall

SMBC Trust Bank is a supporter of the Japan GoalBall Association as a part of its work to support sports for persons with disabilities. SMBC Trust Bank supports the expansion and further development of sports for people with disabilities by hosting trial sessions, sending employee volunteer staff to tournaments, and other efforts.

SMBC Trust

Donation to Japanese Para-Sports Association (JPSA)

SMBC Trust Bank has been donating to the Japan Para-Sports Association (JPSA) since fiscal 2016 with the aim of contributing to the spread and development of sports for people with disabilities.

SMBC Trust

JPSA trains and develops players who can be active on the global stage, and the association is also a member of the GoalBall Association, which the bank supports. Through JPSA, donations are used to support the smooth operation of the athletic bodies that partner with the Japanese Paralympic Committee, to improve programs, to train and develop candidate athletes, and other initiatives.

Contributing to Communities through Food

Participation in the “TABLE FOR TWO” Program

“Table for two” means two people sharing the same table for a meal, and based on this concept the TFT movement seeks to bring health both to children in developing countries suffering from hunger or a lack of nutrition and people in developed countries suffering from lifestyle diseases such as obesity.

When employees purchase one of the healthy meal options at the staff cafeteria, a donation of ¥20, worth one school lunch in a developing country, is made via the NPO “TABLE FOR TWO International.” SMBC has introduced this program at all of its domestic offices and branches and its New York Branch*. Sumitomo Mitsui Card has done likewise at five offices including the head office, while SMBC Consumer Finance and Japan Research Institute have introduced this program at their respective head offices.

In addition, “Global Connection TABLE FOR TWO” vending machines make it possible to donate just by buying a low-calorie drink, sports drink or other high-function beverage or a vegetable juice or healthy 100% juice drink, for example. The vending machines have been installed at SMFG group companies, including SMBC, SMFL and SMBC Nikko Securities.

* Participates through a bento lunch box sales provider that is a partner company of TFT



SMBC

SMFL

SMBC Nikko

SMCC

SMBCCF

JRI

Donation to WFP School Meal Programs

SMBC Trust Bank donates a portion of sales from beverage vending machines (10 yen per drink) located in both the Higashi-Shinjuku Office and the Okinawa Office to the School Meals Program* operated by the United Nations World Food Programme (WFP).

*The United Nations WFP School Meals Program has provided school meals in developing countries for more than 40 years. A donation of 30 yen provides a day's worth of meals, and providing these meals improves the nutritional status of children. In addition, parents can send their children to school because they can eat free meals there, which also leads to better learning opportunities for children.

 School feeding

SMBC Trust

Fair Trade Products Sale

Cedyna partnered with Wakachiai Project Inc. to hold its fair trade products sale since 2016 to help address societal problems in developing countries, including issues related to human rights, the environment, and child labor. The company will continue holding the sale to deepen understanding of fair trade among employees and contribute to the international community by aiding the expansion of the fair trade market.



Cedyna

Supporting Communities through Fundraising and Sponsorships, etc.

Co-sponsoring Shiki Theatre's "Kokoro no Gekijo"

"Kokoro no Gekijo" (Theatre of the Heart) is a project that the Shiki Theatre Company has been running since 2008. Under this project, children from all over Japan are invited to theaters for free, where through drama they learn the importance of life, compassion, and the joy of trusting other people, among other important lessons for life. SMBC Nikko has been a special sponsor since August 2015, and employees volunteer to provide operational support and venue set-up assistance for performances held near SMBC Nikko offices and branches.



SMBC Nikko

Photographer: Atsutoshi Shimosaka

10 Years of "Yakusoku no Mori" Initiatives

SMBC Consumer Finance introduced the "Yakusoku-no-Mori" donation matching program*1 in 2007 to enable employees to think about and participate in social contributions in a more familiar way. Through the "Yakusoku-no-Mori" program, support is provided for grants to children's homes that help children, the bearers of the future, (Zenkoku Jido Yougo Shisetsu Kyogikai), for assistance in helping children become self-reliant (Zenkoku Jiritsu Enjo Home Kyogikai), and for the breeding and training of hearing assistance dogs (Japan Hearing Dogs for Deaf People). In addition, nine "donation vending machines" have been installed in the company's offices, and a portion of their takings are donated to support Japan Hearing Dogs for Deaf People. Employees also participate in socialization training*2 for dogs that are candidates to become hearing assistance dogs. The company conducts these and other support activities on an ongoing basis.

SMBCCF

*1 "Yakusoku-no-Mori" is a donation matching program that enables the company's employees to determine donation recipients and the amount of monthly contributions. Money is raised by making deductions from employees' salaries, and the company provides an additional gift of a certain amount on top of that. The total is then donated to the recipient organization.

*2 Training for dogs to enable them to adapt to human society while encountering various people and experiencing new sounds, smells, sensations and other stimuli.

SMBC Singapore Raises Funds for Cancer Kids (SMBC Singapore)

On 13th July, SMBC Singapore held a fundraising festival for its adopted charity, the Arc Children's Center* that looks after disease-stricken children. Organised by Foong Yen Ang from PDAPD's Business Strategy Group and the five summer interns, the festival raised over S\$8,000 (approx. US\$5,900). The event also gave colleagues an opportunity to catch up with from various departments or make new friends as they enjoyed their purchased meals.

SMBC



* Arc Children's Center, the beneficiary, is an organization dedicated to nurturing children with cancer or other life-threatening diseases

Donations to Charity Organizations (SMBC Europe)

Employees of Sumitomo Mitsui Banking Corporation Europe (SMBCE) conducted volunteer activities in their spare time. SMBCE contributed to charitable organizations through an in-house fund, and also used a matching-gift program under which it donated a certain amount for every donation made by its employees.

SMBC



Support for Japanese Language Drama Contest for South Korean Students (SMBC Seoul Branch)

SMBC's Seoul Branch gave donations to the "National Japanese Drama Competition for Students" to provide opportunities for Korean students to learn Japanese and further understand Japanese cultures.

SMBC



Support for Reconstruction in Areas Impacted by Large-scale Natural Disasters

Support for People Affected by Disasters through Core Business

Supporting the Reconstruction of Areas Affected by Earthquakes through Our Core Business

SMBC Group

SMBC

SMBC has been working through its core business to support the reconstruction of the areas affected by earthquakes by providing housing loans with special interest rates for individual customers and special funds for corporate customers.

We will continue to support projects for reconstructing and revitalizing disaster-affected areas.

Please refer to the following links for more information on SMBC's disaster-related initiatives.

[SMBC: SMBC's Response to the Great East Japan Earthquake \(Japanese only\)](#)

[SMBC: SMBC's Response to the 2016 Kumamoto Earthquake \(Japanese only\)](#)

Aid Donations through Funds

To support people affected by natural disasters throughout the world, SMBC Nikko Securities donates a portion of its income from funds connected with regions where disasters have occurred in addition to voluntary donations of relief provisions. The company also opens disaster support bank accounts and encourages executives and employees to make donations, working together with employees to make a difference.

SMBC Nikko

Supporting Kumamoto Through Credit Card Use

SMCC issues the Kumamoto Card (VISA), which has a function for supporting Kumamoto Prefecture. As a credit card for social contribution, a portion of the revenue from the card is donated by SMCC to the Kumamoto "Hometown Tax" program

SMCC

Free Ex-Lease Vehicles for the Disaster Affected Area

In support of people impacted by the 2016 Kumamoto Earthquake, Cedyna provides ex-lease vehicles that had been used for sales at no charge through an affiliated company as a part of its support for the "Disaster Area Car Sharing Project" being conducted by the Japan Car Sharing Association. The vehicles provided by the company are used by people in disaster affected areas when they are needed.



Cedyna

Support for rebuilding of lives through repayment program

To support peoples' life and to remove anxiety, SMBC Consumer Finance provides services such as method to revise the repayment period or to reduce interest according to the damage level, and supporting loans that enable debt without interest for a certain period.

SMBCCF

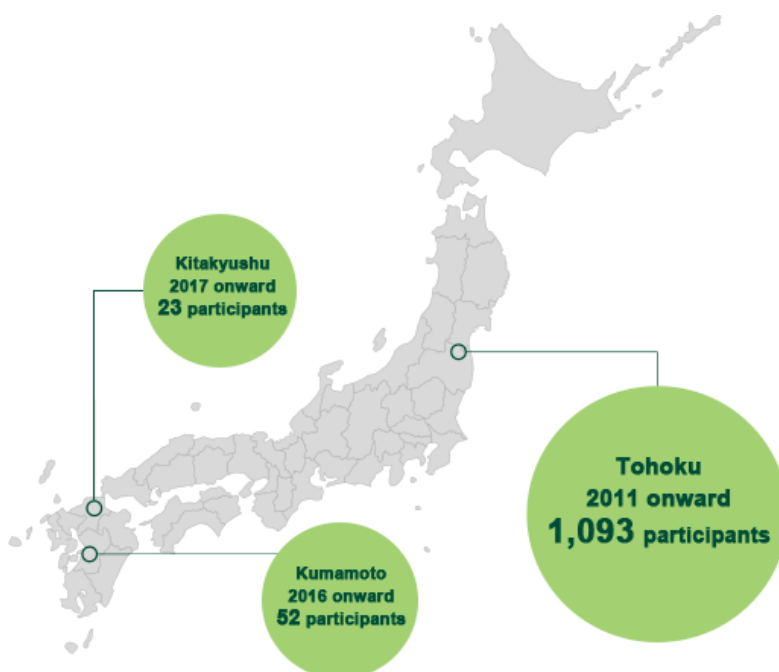
Support from Employees

Activities by Entire SMBC Group

SMBC Group employees are carrying out a variety of activities to provide support in areas in Tohoku and Kyushu impacted by disasters.

From 2011 until the end of fiscal 2017, a cumulative total of 1,168 SMBC Group employees and their family members have participated in volunteer activities.

SMBC Group



Initiatives at SMBC

SMBC established the "Great East Japan Earthquake Support Fund" soon after the disaster occurred for making donations to the disaster affected areas by deducting ¥400 from employee's monthly salaries. Since November 2013, SMBC has been a sponsor every year for Tour de Tohoku, an event set up to support the reconstruction and recovery of Tohoku by having people cycle around the disaster-hit areas so they can see the current situation for themselves. SMBC also holds regular social meetings to interact with the people evacuated to Tokyo from disaster affected areas, led by members of SMBC's volunteer society YUI.

SMBC

[SMBC: YUI volunteer society \(Japanese only\)](#)

Initiatives at SMBC Nikko Securities

East Japan

SMBC Nikko

At SMBC Nikko, from 2011 to 2013, new professional employees (Class II) and executives and employees in leading roles visited the affected areas and carried out reconstruction support activities such as agricultural support and coastal clean-ups. From 2014, SMBC Group companies have been jointly dispatching support volunteers to help in affected areas.

Kumamoto

Seiya Norimatsu, an SMBC Nikko employee-athlete (2016 Rio Paralympic Games bronze medalist in wheelchair rugby) visited temporary housing in Mashiki Town and Mifune Town in Kumamoto Prefecture. He showed attendees his bronze medal, and spoke about his life and dreams as an athlete. Through these visits, he strengthened ties with local residents in disaster affected areas.

Initiatives at JRI

JRI supports the reconstruction by administrating the “Imokoji” discussion group for people affected by the nuclear disaster, which is sponsored by the NPO Ukifuneno-sato.

JRI

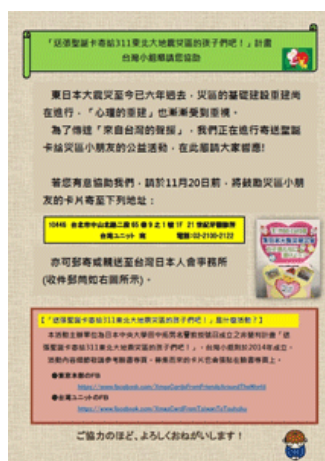
Ukifuneno-sato (specified non-profit corporation) (Japanese only)

Imokoji discussion group (Japanese only)

Participation in Project to Provide Christmas Cards to Children in Disaster-Affected Regions

The SMBC Taipei Branch delivered over 30 Christmas cards to children in regions affected by the Great East Japan Earthquake and Kumamoto Earthquakes through an NPO co-sponsored by Taiwan Nihonjinkai's Japan-Taiwan Exchange Committee.

SMBC



Commitment to the Community



Our three key themes
Commitment to the Community
 - Toward a healthy and distinctive community in which everyone can participate -

SMBC Group's Commitment

We are committed to working as a citizen of the country and the community to help create a society where senior citizens and people with disabilities can live with complete peace of mind and safe communities where members help and support one another in times of disaster.

SMBC Group

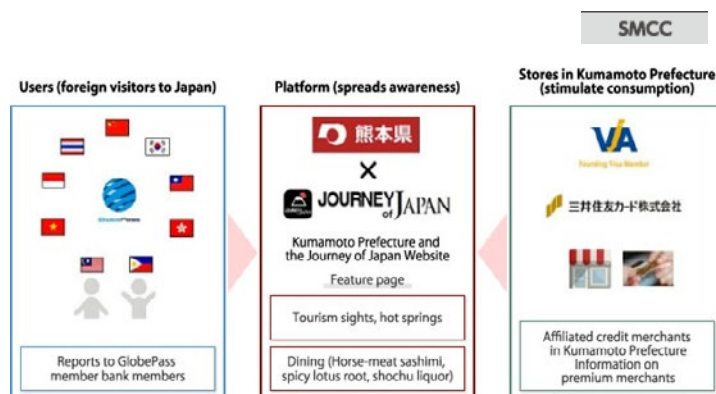
Recognizing that the role of a global financial group is to be a bridge to the future, we work with various organizations involved in social issues both in the regions where we do business and more broadly and intend to continue voluntary, employee-led social contribution activities in diverse fields such as finance and education.

Through these activities, we will contribute to achieving SDGs No.1 (No Poverty), No.11(Sustainable Cities and Communities).



Regional Revitalization via Journey of Japan Web Media for Foreign Tourists

“Journey of Japan” is Web media started by SMCC that provides information on affiliated credit card merchants, tourism sights and more to foreign tourists. By introducing local stores and tourism sights in detail, we have facilitated foreign tourists to visit our affiliated credit card merchants, and build a platform contributing to regional revitalization. SMCC will continue contributing to regional revitalization by working to further enhance Journey of Japan through alliances with municipalities throughout Japan.



Overview of Alliances

Symposium: “Regions, Employment, and Social Security in an Era When the National Government Cannot be Depended On – What Should Local Governments, Companies, and Individuals Do?(JRI)

In Japan, the diversification of families and working styles is advancing along with the declining birthrate and the aging of society, and the mechanisms of regional management, employment, and social security are not functioning properly. There is concern that the economy will be adversely affected by such factors as an increase in poverty and lethargic consumption due to financial concerns. Furthermore, if the current tax, fiscal and social security systems are kept in place, at some point people’s lives and business activities could be hit hard by a financial collapse. Based on this recognition, we held a symposium in February 2018 titled Regions, Employment, and Social Security in an Era When the National Government Cannot be Depended On – What Should Local Governments, Companies, and Individuals Do? Discussions with experts were held concerning ideas for social security and employment systems that will allow people to maintain their standard of living and enable sustainable economic growth, as well as about the role of regions.

JRI

[JRI: Symposium: “Regions, Employment, and Social Security in an Era When the National Government Cannot be Depended On – What Should Local Governments, Companies, and Individuals Do? \(Japanese only\)](#)

SMBC Pro Bono Project (SMBC Group)

The SMBC Pro Bono* Project is an initiative to provide support for NPOs that are working to address social issues. The SMBC Pro Bono Project began at SMBC in fiscal 2011 and since fiscal 2014 the scope of participation has been extended to employees of SMBC Group companies. Through the program, SMBC Group provides advice and proposals to organizations seeking to acquire and maintain NPO status, which gives tax benefits to donors. The advice covers establishing and enhancing work flows needed for donation and expense management and improving administration infrastructure, such as the organization of donor information. We also conduct marketing research and analysis, which provides foundational data for solutions to social issues and for medium- and long-term growth strategies. In fiscal 2017, 11 volunteer employees from SMFG companies divided into two teams conducted a market research; to increase individual donations, and established an “accounting management framework” to reinforce the management of the NPOs.

SMBC Group



Final pro bono report meeting

For reporting on fiscal 2017 activities, please refer to the following.

[FY2016 CSR Activity Report \(Japanese only\)](#)

For details on the fiscal 2017 support project, please refer to the following website.

[Mitsui Sumitomo Financial Group SMFG Pro Bono Project \(Japanese only\)](#)

(You will be transferred to the website of the NPO Service Grant.)

*What is Pro Bono?

“Pro bono” is from the Latin “pro bono publico,” meaning “for the public good.” In practice it is a volunteer activity in which people in the working world utilize the skills and experience they have acquired through sales, planning, development, marketing, PR, and other areas to provide support from a business standpoint, which tends to be a weakness of NPOs. People who lend their talents in this way are said to work pro bono, and in Japan the practice is drawing attention as a new form of social contribution by businesspeople that also raises awareness.

Activities Contributing to Local Communities Leveraging our Core Business

SMBC Group offices and branches nationwide carry out regional contribution activities firmly rooted in local communities. In fiscal 2017, approximately 7,000 employees carried out various social contribution activities, totaling about 33,000 hours.



In particular, in finance and economics educational activities leveraging our core business, we provide financial literacy education and workplace experiences for a wide range of youth, from pre-school children to university students. In addition, our employees participate in events and volunteer activities matching local needs, and we offer a wide range of seminars and other educational programs, including programs concerning the prevention of financial crimes, such as bank transfer fraud.

Going forward, we will continue to aim to be a financial institution deeply-rooted in local communities.

SMBC Group Finance and Economics Education

Dispatching instructors to give lessons	133,516
Branch visits (company tours)	2,687
Internships	1,192
Career education	1,003
Donation lectures	480
Seminars	250
Other	81
Total	139,209

Support for GoalBall

SMBC Trust Bank is a supporter of the Japan GoalBall Association as a part of its work to support sports for people with disabilities. SMBC Trust Bank supports the expansion and further development of sports for people with disabilities by hosting trial sessions, sending employee volunteer staff to tournaments, and other efforts.

SMBC Trust

Holding a vocational program products sale

SMFL has held special sales of vocational program products produced by the Setagaya Community Workshop and Cookie Studio Orange house for a total of 16 times since fiscal 2015, and each time many employees have purchased their products. Vocational program products are products produced as a part of work training programs at local community centers and facilities for people with disabilities. A portion of the sales proceeds from the products is used to pay the wages of the people with disabilities who make them, and so the program also helps the workers establish independence. Through purchases of vocational training products by employees, SMFL will continue this effort to help build a society where everyone can live together safely and securely.



SMFL

From the vocational program products sale

Support for Blind Soccer

SMBC Nikko is supporting blind soccer as one example of its support for sports for people with disabilities in advance of the 2020 Tokyo Paralympic Games. The Japan Blind Football Association envisions realizing a society through blind soccer in which people with and without visual impairments interact with each other as a matter of course, and this aspiration matches SMBC Nikko's management philosophy of respect for diversity and its stance towards diversity. SMBC Nikko and the Japan Blind Football Association have concluded a partnership agreement, and company executives and employees volunteer as staff at tournaments and at kids' training events.



SMBC Nikko

Nikko MiRun Normalization Training Initiative

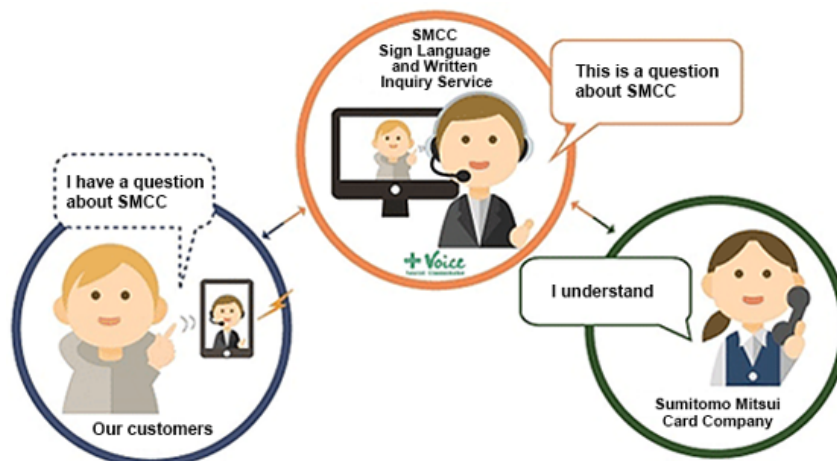
SMBC Nikko established Nikko MiRun Inc. in April 2015 to create an environment that enables people with disabilities to work with confidence over a long period of time and to further increase opportunities for employment. The company was certified as a special subsidiary in January 2016, a first for a securities company. Since fiscal 2016, employees with and without disabilities have done agricultural work together as a part of a training program for facilitating understanding of normalization and to take down the psychological barriers people may have.

SMBC Nikko

SMCC Sign Language and Written Inquiry Service

SMCC provides a service that enables customers with hearing impairment or dysphonia to consult with the company in sign language or through written messages. Partnering with PLUSVoice Co., Ltd., operators at PLUSVoice receive the customer's questions via video conferencing and the information they receive in sign language or through written messages is translated in real time to the SMCC operator via a voice call. The service makes questions and consultations more convenient for customers with hearing or speech difficulties

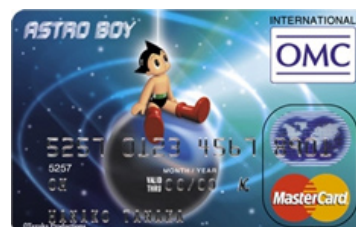
SMCC



Overview of Sign Language and Written Inquiry Service

Social Contribution Through Credit Card Use

Cedyna also issues a credit card for social contribution for conducting social contribution activities through its credit card operations together with cardholders. When card members use their cards, a portion of the money spent is donated to organizations at no cost to the card member. The Atom Card issued since 2003 makes ongoing donations to charities that conduct activities that qualify as “activities that make children’s dreams come true” and “activities that help children,” and a cumulative total of approximately ¥50.0 million has been donated. (As of June 30, 2018)



ASTRO BOY Card

Cedyna

Co-sponsorship of Promise Essay Contest for a Future Filled with Smiles

SMBC Commercial Finance has co-sponsored the Promise Essay Contest held by the Sankei Shimbun since the first time it was held in 1996. The contest was started based on the idea of re-examining life and the importance of human relationships in contemporary society and reaffirming the importance of promises. The contest solicits essays on promises, whether promises to oneself, promises to loved ones, or promises for the future. Over 5,000 essays are submitted each year from students and others in a wide range of age groups. In 2016, an international division was established for people of non-Japanese nationalities living in Japan.



[Promise Essay Contest Website](#)
(Japanese only)

SMBCCF

Volunteer Activities During “CSR Promotion Month – For Smiles”

SMBC Consumer Finance has established “CSR Promotion Month – For Smiles” as a month each year to strengthen local contribution activities. During this month, volunteer employees from throughout Japan take the initiative and engage in volunteer activities.

SMBCCF

Contributing to Communities Overseas

SMBC



Support for Activities through Participation in Charity Run (SMBC Europe)

The annual Crisis Square Mile Run was held in June 2016. The event is organized by charity organizations that conduct support activities to end homelessness and all the proceeds from the run are directed to these efforts. The SMBC Europe London Branch has participated in the event since 2008, and this year, the branch's ninth, 80 employees participated.



Guangzhou Branch Holds Charity Bazaar, Donates Sales to Rehabilitation Center

As part of its CSR activities, the Guangzhou Branch held a charity bazaar and donated the proceeds of sales to the Weiguang Art Rehabilitation Center. This facility is an NPO that supports the recovery of children with emotional disabilities through art. On July 6, a charity bazaar was held at the branch. Approximately 4,000 Yuan was collected, and this money was donated on July 9 when branch officials visited the center. We received a thank-you letter from the rehabilitation center. Going forward, we will continue our CSR activities through such events.



Hangzhou Branch Holds Charity Bazaar

On December 6, the Hangzhou Branch held a charity bazaar jointly with Hangzhou Yanglingzi School, a school that supports students with special needs, to encourage the social contribution activities of staff and provide special vocational experience opportunities to children with special needs.

On the day of the event, the Hangzhou Yanglingzi School students were introduced to the bank and given a simple Japanese language lecture, allowing for lively interaction and thereby making the event a big success. At the bazaar, students' handmade cookies and soaps were sold, and sales totaled 10,955 Yuan. The students were filled with enthusiasm, making it a very memorable event.

The school later sent a letter expressing its appreciation for helping the students to have such a meaningful experience.



Management Base

Management Approach

Recognition of Social Issues

With the formulation of the Japanese Stewardship Code and Corporate Governance Code, we need to pursue even higher management transparency and efficiency and to promote activities with a focus on dialog with stakeholders.

Due to its highly public nature, the financial services sector is required to implement thorough risk management, strengthening compliance and increasing the sophistication and efficiency of internal audits to underpin its responsibility for business continuity and to ensure highly transparent and fair provision of products and services for customers. In tandem with this, the sector is also required to secure and develop diverse personnel who can support management.

SMBC Group's Approach

The SMBC Group is working on the following six themes as its "management base for supporting company activities."

- Corporate governance
- Risk management
- Compliance
- Internal Audit System
- Customer Satisfaction & Quality Enhancement Initiatives
- Human resource strategy

SMBC Group's Management

Each responsible business unit has set up a PDCA cycles based on various policies and structures.

Specific initiatives


Details of specific initiatives for each theme can be found through the following links.

 [Corporate Governance](#)

 [Risk Management](#)

 [Compliance](#)

 [Internal Audit System](#)

 [Customer Satisfaction & Quality Enhancement Initiatives](#)

 [Human Resource Strategy](#)

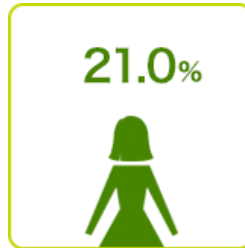
The main performance results for the previous year are as follows. We will continue to promote initiatives for each of the management base themes going forward.

Number of directors and
outside directors
(As of June 30, 2018)



(SMBC Group)

Ratio of female managers



(SMBC)

Number of employees
taking childcare leave



(SMBC)

Recognition and Accreditation for SMBC Group CSR initiatives

Recognition and Accreditation

SMFG and its Group companies have earned recognition for their CSR initiatives in the form of various certifications and awards, detailed below.

Recognition from Markets (SMBC Group)

Information Disclosure to Markets

The SMBC Group endeavors to ensure financial soundness by such means as reasonable decision-making and appropriate business operations, and discloses corporate information in a timely and appropriate manner to its markets. We believe that enhancement of our disclosure will result in proper understanding and evaluation by markets, in addition to our contribution to the sound development of markets.

In line with this thought, SMFG has enhanced the quality not only of its statutory disclosure, but also of its additional voluntary disclosure of information on such subjects as management policies and business strategies.






NYSE Listing

Sumitomo Mitsui Financial Group was listed on the New York Stock Exchange (NYSE) in November 2010. The intention of the listing was to enable SMFG to further enhance the convenience of its overseas shareholders and investors and to further broaden its customer base.

While fulfilling its social responsibilities as a NYSE-listed corporation, SMFG will accelerate the expansion of its business as a global player.

Information Disclosure to SRI Research and Other Organizations

SMFG and its Group companies engage in CSR-related information disclosure in accordance with the following research institution CSR and other questionnaires. Evaluation results from each research institution are used as a reference for future CSR activities and disclosure.

-  [CDP](#)
-  [Robeco SAM](#)
-  [Integrex Inc.](#)
-  [The Good Bankers Co.,Ltd](#)
-  [The Japan Research Institute, Limited](#) and other




SRI Indexes SMFG Has Listed


SMBC Group's proactive corporate social responsibility activities have won plaudits from the markets. Socially responsible investment (SRI) is a standard for investment decisions that are based not only on financial perspectives, but also on important views including environmental considerations and social contributions. We believe that this is an endorsement by the market of the Group's future corporate social responsibility activities.

About SRI

SRI Indexes on which SMFG Is Listed (as of June 30, 2018)

Socially Responsible Investment (SRI) is an approach to investing in companies that measures the level of the performance of core operations and performance on compliance with laws and regulations, corporate ethics, environmental protection, and other matters of social responsibility expected of companies. Respect for human rights, employment initiatives, and customer satisfaction are also considered.

Index	Details
<p>■ FTSE4Good Global 100 Index</p>  <p>FTSE4Good</p>	<p>The FTSE 4 Good Global Index Series was created by FTSE International Limited, a joint venture set up by the Financial Times newspaper of the United Kingdom and the London Stock Exchange</p> <p>FTSE4Good Global 100 Index</p>
<p>■ FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan</p>	<p>This index comprises Japanese stocks with relatively high ESG ratings from among the 500 top ranking Japanese companies in terms of market capitalization. The Government Pension Investment Fund (GPIF) of Japan has selected the index as a core ESG benchmark</p> <p>FTSE Blossom Japan Index</p> <p>Detail:</p> <p>This verifies that FTSE Russel has included SMFG Group in the FTSE Blossom Japan Index, having met the conditions for inclusion based on an independent survey. The FTSE Blossom Japan Index is created by the global index provider FTSE Russel. It is designed to measure the performance of Japanese companies that have made an outstanding response to environment, social, and governance (ESG) issues. FTSE Blossom Japan Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.</p>
<p>■ MSCI Japan ESG Select Leaders Index</p>  <p>2017 Constituent MSCI Japan ESG Select Leaders Index</p>	<p>An index created by US company MSCI (Morgan Stanley Capital International), comprising stocks of companies that are highly evaluated from an ESG perspective.</p> <p>MSCI Japan ESG Select Leaders Index</p> <p>Disclaimer</p> <p>THE INCLUSION OF SUMITOMO MITSUI FINANCIAL GROUP IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SUMITOMO MITSUI FINANCIAL GROUP BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.</p>

Index	Details
<p>■ SNAM Sustainability Index</p>  <p>Member of SNAM Sustainability Index 2017</p>	<p>An ESG asset management index created by Sompo Japan Nipponkoa Asset Management</p> <p>➔ SNAM Sustainability Index (Japanese only)</p>

For other details, please see the link below.

[➔ IR Information](#)

CSR Awards and Certifications (SMBC Group)

Cs and Quality

Certification Received

Recipient company	Certification	Details
SMBC Nikko Securities	COPC® Customer Service Provider (CSP) Standard	Obtained certification upon meeting requirements for the COPC® CSP Standard, an international standard for contact center operations.
SMBC Consumer Finance	COPC® Customer Service Provider (CSP) Standard, Release 5.1	Obtained certification for three customer service centers in Japan (Tokyo, Osaka, Fukuoka) upon meeting requirements for the COPC® CSP Standard, Release 5.1, an international standard for contact center operations, as the first company in the Japanese non-bank sector (including credit sales and credit card providers).
Sumitomo Mitsui Banking Corporation	COPCC® CSP Standard Release 5.2	Obtained certification for two call centers in Japan (Kobe, Fukuoka) for the international quality assurance standard "COPC® Standard Release 5.2" as the first Japanese bank to acquire the standards
SMBC Nikko Securities	Obtained certification as 5-Star Recognized Center under the HDI Five-Star Certification Program provided by HDI-Japan.	In the HDI Five-Star Certification Program provided by HDI-Japan, the Japanese affiliate of the Help-Desk Institute, an international organization in the support-service industry, the company was the first in Japan to obtain certification in two divisions: the inquiry-desk segment, which evaluates call-center in-call telephone reception, and the Web-support portal segment, which evaluates Web support.



Awards and Certification Received


Year received	Recipient company	Name of award/commendation	Details of award/commendation
2010	SMBC Nikko Securities	Okinawa Prefecture IT Business Award sponsored by Okinawa Prefecture	Contribution to the development of information and communications industries in Okinawa Prefecture
2010	SMBC Nikko Securities	Judge's special prize in the 2010 Contact Center Awards sponsored by the monthly Computer Telephony	Operating methods at contact centers and contributions to increasing customer satisfaction and management
2012	Sumitomo Mitsui Banking Corporation	In the 2012 Japan Investor Satisfaction Study conducted by J.D.POWER SMBC ranked highest in customer satisfaction in the full-service bank segment.	Levels of customer satisfaction for account offerings, customer interaction, etc.
2013	SMBC Nikko Securities	Received a Three-Star Prize, the highest evaluation in Japan, in the HDI-Japan Inquiry-Desk Ratings, for the eighth successive year since 2006.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Corporate Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the fifth successive year since 2009.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the ninth successive year since 2005.	Quality of telephone service at contact centers

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2013	SMBC Nikko Securities	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan, for the sixth successive year since 2008.	Sales business model using contact centers
2013	SMBC Nikko Securities	Received an Award for Excellence, the highest honor, in the Best Contact Center of the Year Awards sponsored by the Japan Institute of Information Technology, for the fourth successive year since 2010.	Operating method of contact centers, enhanced customer satisfaction, and contribution to management
2013	SMBC Nikko Securities	Certified as a Gold Rank Company designated by the Japan Telegraph and Telephone Users Association	Quality of telephone service at contact centers
2014	SMBC Nikko Securities	Received a silver award at the Contact Center World Awards, Asia-Pacific Conference sponsored by ContactCenterWorld.com, for the fourth successive year since 2011.	For operating methods at contact centers and contributions to increasing customer satisfaction and management
2015	Sumitomo Mitsui Banking Corporation	Obtained recommendation prize under the Best Customer Support of The Year held by the Japan Institute of Information Technology for the second consecutive year since 2014	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2015	Sumitomo Mitsui Banking Corporation	Awarded judges' special prizes in the "Call Center Awards 2015" held by RIC Telecom Co., Ltd.'s Computer Telephony Editing Department, publisher of Computer Telephony magazine.	Initiatives to improve products and services as well as customer satisfaction based on feedback from customers given at call centers

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2015	Sumitomo Mitsui Banking Corporation	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan for the second consecutive year since 2014	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2015	Sumitomo Mitsui Banking Corporation	Received a gold award at the Contact Center World Awards, Asia-Pacific Conference, and a silver award at the Global Conference sponsored by ContactCenterWorld.com	Initiatives to link branches and contribute to sales activities using remote channels

The Environment



Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Financial Group	Environmental management system ISO 14001  JQA-EMO223	Obtained certification upon meeting requirements for ISO 14001, the international standard for environmental management systems. In 1998, Sumitomo Mitsui Banking Corporation became the first Japanese bank to obtain this. In 2001, SMBC Nikko Securities became the first firm in the securities industry to obtain it.

Awards and Certification Received


Year received	Recipient company	Name of award/commendation	Details of award/commendation
2009	Sumitomo Mitsui Banking Corporation	At the 18th Global Environmental Awards, sponsored by the Fuji Sankei Group, the Fuji Sankei Communications Group Prize for excellence	Emission-rights business and all other environment-related initiatives
2009	Sumitomo Mitsui	Review Board Special Award	"CUTE" next-generation

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2009	Sumitomo Mitsui Banking Corporation	Review Board Special Award at the 2009 METI Green IT Awards (jointly with NEC and Oki)	"CUTE" next-generation branch system (Reducing paper use by 3 million A4 sheets per year)
2009	Sumitomo Mitsui Banking Corporation	Nikkei Veritas Superiority Award (Nikkei Superior Products and Services Awards)	SMBC Environmental Assessment Loan/Private Placement Bond
2010	Sumitomo Mitsui Banking Corporation	The IT General Award, one of the IT Awards sponsored by the IT Institute (Japan Institute of Information Technology)	"CUTE" next-generation branch system
2010	Sumitomo Mitsui Banking Corporation	7th Eco Products Awards Eco-service Environment Minister's Prize (eco-products grand prize)	SMBC Environmental Assessment Loan/Private Placement Bond
2011	Sumitomo Mitsui Banking Corporation	Green IT Promotion Council Chairman Award at the 2011 METI Green IT Awards (Commends services/systems with excellent energy-conservation impact)	ATM Journal electronic storage system (Reduces paper use by 28 million A4 sheets per year)
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Cross-Regional segment of the Sustainable Bank of the Year category of the Sustainable Finance Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the fields of environment, society, governance

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2011	Sumitomo Mitsui Finance & Leasing	Received the highest-rank rating in the DBJ Environmental Ratings, for which the Development Bank of Japan undertakes environmentally responsible management evaluation and provides financing at preferential interest rates in accordance with the resultant credit ratings.	Environmental management
2012	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Asia/Pacific segment of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the three fields of the environment, society, and governance
2013	Sumitomo Mitsui Banking Corporation	Pronounced regional winner Asia/Pacific category of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards 2013 sponsored by the Financial Times (FT) in conjunction with the IFC 	Contributions, through corporate activity and business, to sustainability in the three fields of the environment, society, and governance
2016	Sumitomo Mitsui Financial Group	Received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award 	Environmental magazine JUNIOR SAFE

Security Compliance

Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Card Company	Privacy Mark 	Acquisition of authorization for the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) Privacy Mark granted to enterprises that have systems for devising appropriate measures to protect personal information.
Cedyna Financial Corporation		
Japan Research Institute		
SMBC Consumer Finance		

Awards and Certification Received

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist for 2011 Compliance Innovator of the Year in the 7th Annual Compliance Awards sponsored by Thomson Reuters.	Initiatives to strengthen stances with regard to money laundering and the severing of relations with anti-social forces



Social Contribution Activities





Awards and Certification Received





Year received	Recipient company	Name of award/commendation	Details of award/commendation
2009	Sumitomo Mitsui Banking Corporation	Received certificate of commendation from the governor of Tokyo for contributions to a Tokyo metropolitan social welfare initiative.	Meritorious service to enhance the welfare of the Tokyo metropolis
2017	Sumitomo Mitsui Banking Corporation	SMBC received a letter of appreciation from the Tokyo Metropolitan Board of Education as a "Fiscal Year 2017 Company contributing to the Tokyo Teaching Committee"	Achievement in after school activity such as support in Tokyo Metropolitan Special Support School District

Employees

Awards and Certification Received


Year received	Recipient company	Name of award/commendation	Details of award/commendation
2012	Sumitomo Mitsui Banking Corporation	Named one of the best 25 companies to work for in Japan in the "Great Place to Work" ranking conducted by the Great Place to Work® Institute Japan. 	Internal systems and corporate culture
2013	Sumitomo Mitsui Financial Group	SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace. 	Initiatives for promoting women's roles in the workplace



Year received	Recipient company	Name of award/commendation	Details of award/commendation
2015	Sumitomo Mitsui Financial Group	<p>SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace.</p> 	Initiatives for promoting women's roles in the workplace
2015	Sumitomo Mitsui Banking Corporation	<p>Received the "Diversity Management Selection 100" from the Ministry of Economy, Trade and Industry to companies with particularly outstanding diversity management practices</p> 	Appraised that SMBC is promoting and considering diversity as a part of important corporate management.
2017	Sumitomo Mitsui Financial Group	<p>Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category)</p> 	Acquired Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices
2017	Sumitomo Mitsui Financial Group	<p>Selected as a "Nadeshiko Brand," which are listed companies jointly selected by the Ministry of Enterprise, Trade and Industry and Tokyo Stock Exchange for excellence in promoting active participation by women</p> 	Initiatives to promote active participation by women

Year received	Recipient company	Name of award/commendation	Details of award/commendation
2017	Sumitomo Mitsui Banking Corporation	<p>Received the Catalyst Special Award hosted by Catalyst, a non-profit organization established in the United States to globally support efforts to promote women's participation</p> 	<p>Strong commitment from top management to promoting participation by women, development of measures suited to each operating unit, and initiatives focused on improving flexibility of work styles</p>
2017	Sumitomo Mitsui Banking Corporation	<p>Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.</p> 	<p>Creating a workplace where the people of LGBT can work comfortably</p>
2018	Sumitomo Mitsui Financial Group	<p>Acquired 4.5 stars (Top 40 Companies) at "1st Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p> 	<p>Implementation of Smart Work management</p>
2018	Sumitomo Mitsui Financial Group	<p>Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category)</p> 	<p>Acquired Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices</p>

Development of the Next Generation

Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Card Company	“Kurumin” certification for the next generation 	Received “Kurumin” certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.
Sumitomo Mitsui Banking Corporation		
SMBC Nikko Securities		
Cedyna Financial Corporation		
SMBC Consumer Finance		
Japan Research Institute		
Sumitomo Mitsui Banking Corporation	“Platinum Kurumin Certification” platinum kurumin mark 	In addition to the previous “Kurumin Certification,” SMFG acquired the “Platinum Kurumin Certification” for companies certified by the Minister of Health, Labour and Welfare as taking the lead in supporting the nurturing of the next generation at an even higher level, including numbers of men using children raising leave systems. (The color differs by company. Light Green: SMBC; Light Blue: JRI)
Japan Research Institute		

Recipient company	Certification	Details
Sumitomo Mitsui Banking Corporation	Eruboshi (second rank) certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace 	Acquired "Eruboshi" for companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women (*Second rank: SMBC, Cedyne; third rank: JRI)
Cedyne Financial Corporation	Eruboshi (third rank) 	
Japan Research Institute		

*Commendation titles and the like are those used at the time they were bestowed.

Third Party Opinion 2018

Third Party Opinion

The first impression I had after reading the report was that the company's messages are expressed very clearly. In the Top Message, the descriptions as to which direction the company should take in line with the current global trend are very powerful, which I find excellent. In particular, you place emphasis on the promotion of activities to achieve ESG and the SDGs, showing your determination to lead. I find this very favorable.

Your definition of CSR is also very clear, which makes the entire report very readable. According to your definition, the CSR promotion is the management itself and is a shortcut to achieving the management policy and targets. I find that this recognition in particular is very important.

While there are these positive aspects in the report, there are some points that need to be addressed, which I will list below, with expectations for the future:

1. You use many abbreviations, such as ESG, SDGs and TCFD, as in recent trends. I'm afraid that these terms are too technical for those who are not engaged in financial issues on a daily basis. Considering the diversity of your Group's stakeholders, I think it would be better to additionally prepare other reports customized to different groups of stakeholders.
In particular, considering the future roles of banks and the future direction of your company disclosed via reports, I think it is your responsibility to make efforts to spread public recognition of such technical terms and translate them in such a way that non-specialists can easily understand them. The SDGs Communication Book can be regarded as part of such efforts and I appreciate it. The incorporation of efforts to improve financial education and literacy in a broad sense into the aforementioned efforts would be beneficial from a long-term perspective.
2. All things considered, I think it would be better to add some kind of explanation about the differences between ESG practices and the SDGs.
3. According to the report, efforts towards the SDGs play a critical role. In the report, you present the relationship between the business plan and SDGs. With regard to the relationship between them, you need to 1) provide a more specific explanation and 2) include a cross-section of relevant issues throughout the report.
As for 1) above, while some of the SDGs are linked to priority agendas and initiatives, it is not specifically described how they contribute to achieving the goals. It would be better to describe what the activities are and how they contribute to achieving goals, along with indicators if possible, which also relates to 2) above. In the latter half of the report, activities to achieve some of the SDGs are presented, such as those connected to human rights-related issues, the Green Bond Principles, measures to address environmental and social risks, and efforts to go paperless, such as introducing tablets for sales staff. There is no mention, however, of the fact that it is these positive efforts that contribute to the SDGs, which I find regrettable.
In future reports, it is recommended that you examine the relationships between these efforts and the SDGs and present specific results, which I believe will demonstrate the value of your company as a global company. Since you publish your corporate reports online, it may be better to link the section that is organized according to the SDGs to relevant projects.
4. If you specifically examine the relationships between efforts and SDGs, there may, at the moment, be some activities that do not necessarily contribute to achieving the SDGs. You should proactively disclose such information, instead of hiding it. You should at the same time also present issues that need to be addressed in the next step or over a medium- to long-term time frame. This is important for a company that is responsible for taking the initiative in achieving a sustainable society.



Professor Norichika Kanie
Keio University Graduate School of
Media and Governance

Response to the third-party opinion

We appreciate the valuable comments from Dr. Kanie regarding our activities related to ESG issues and the SDGs.

We recognize that the issues you have pointed out are very important for us in terms of maintaining communication with various stakeholders, including customers, shareholders/markets, society/environment, and employees, on which the SMBC Group places importance.

Global initiatives that promote ESG practices and the SDGs are now playing a significant role in achieving a sustainable society. In response, the SMBC Group reviewed its organizational structure in October last year with the aim of further promoting its sustainable management. As part of the review effort, we have determined that we will clarify how we will contribute to achieving the SDGs as the SMBC Group and provide ESG information containing descriptions of our efforts in addressing social issues through our business, with the hope of increasing our company's value.

In light of these third-party comments, we will continue our efforts to disclose information in such a way as to be meaningful both to the SMBC Group and its stakeholders.



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Sumitomo Mitsui Financial Group



<https://www.smfg.co.jp/english/responsibility/>