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.

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

Through maximum utilization of its financial functions, the SMFG 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. At the same time, the Group seeks to bring about a next-generation society in which everyone inside and outside the organization has a chance to succeed, establishing true diversity as the social norm, in which there is no discrimination on the grounds of gender or nationality.

In order to effectively promote these activities we have identified the following five issues that SMFG should address.

- Support for next generation asset inheritance and business succession
- Contributing as a financial institution to emerging countries
- Contribution to raising the level of financial literacy
- Global HR development
- Work-life balance and workplace with diversity

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.

[CSR Activity Performance and Goals of SMFG Companies](http://www.smfg.co.jp/english/responsibility/smfgcsr/goal/group.html)
Overview of fiscal 2014 activities and issues

In fiscal 2014, as part of our support for inheritance of assets and businesses by the next generation, we established the Healthcare & Medical Investment Corporation with SMBC as the main sponsor to promote the provision of facilities for the elderly and medical facilities. Moreover, in our contributions to emerging countries, which are an important area, PT Bank Sumitomo Mitsui Indonesia started training equipment support for local maritime vocational school and nursing vocational school, and the New Delhi Branch of SMBC in India started support activities for local elementary schools.

Our Group companies conducted lesson visits, seminars, and other activities to promote improved financial literacy to a wide range of generations from elementary school students, to working-age adults and seniors. We also worked to develop global human resources through foundations in and outside of Japan, and SMBC began handling with “SMBC Nadeshiko Fund and Private Placement Bonds” to support initiatives for promoting more working opportunities for women.

In fiscal 2015, we undertook CSR activities to address local issues in Asia with the goal of being an Asia-centric bank. We also made a Groupwide effort to promote better financial literacy.

Support for next generation asset inheritance and business succession

- Healthcare REIT

  In March 2015, Healthcare & Medical Investment Corporation (HCM), which was established by three main sponsor companies, SMBC, Ship Healthcare Holdings Co., Ltd. and NEC Capital Solutions Limited, was listed on the First Section of the Tokyo Stock Exchange. This initiative is the first of its kind by a city bank to promote the supply of facilities and housing for seniors and medical-related and other healthcare facilities, which is an urgent priority in Japan with its rapidly aging population.

  - Social Background
    
    
    - Rapidly Aging Population and Shortage of Healthcare Facilities
    
    With Japan’s population aging rapidly, the shortage of infrastructure that is needed for seniors to live normal lives while receiving the medical and nursing care they require has also been recognized in the government’s “Japan Revitalization Strategy—Japan is Back,” and addressing this and other issues caused by aging is an urgent priority.

  - Role of Healthcare REIT

    Healthcare REIT aim to connect capital markets with the nursing and medical care industries, which are expected to expand as societal demand for such services continues to increase, through stable investment and ownership of healthcare facilities.

- Contributing to Customers, Society

  Through establishment of this healthcare REIT, SMBC is now able to meet customer needs that it was previously not able to meet. For example, needs relating to the securitization of healthcare facilities owned by customers and with the development of healthcare facilities with a view to ownership by a healthcare REIT.

  SMBC will continue its aggressive pursuit of innovative initiatives without being tied to convention, aiming to meet the individual needs of its customers. In doing so, SMBC will actively work to translate its initiatives into solutions to the issues faced by society.

- Nursing and Medical Care

  - Specialization and networks in nursing and medical care industry
  
  - Extensive experience operating healthcare facilities: 66 facilities nationwide; 4,254 employees (as of September 30, 2014)
  
  - Broad business development based on partnerships with medical institutions
  
  - Dispatch of personnel with expert knowledge of nursing and medical care industry

Fund Management

- NEC Capital Solutions Limited

  - General financial services company of the NEC Group
  
  - Development of investment and financing through funds, etc. and advisory services centering on subsidiary RISA Partners, Inc.

  - Provision of expertise related to fund administration and support related to temporary ownership of properties through funds

Financial

- Top-class domestic track record of financing for J-REITs
  
  - J-REIT credit balance of approx. ¥799.2 billion (as of September 30, 2014)

  - Broad customer base as a financial institution with a position as one of Japan’s megabanks

  - Finance-related advice and referrals of customers with needs related to healthcare facility securitization
United Company Efforts to Promote NISA

SMBC Nikko Securities established the NISA Planning & Promotion in March 2014 with the goal of continuing its efforts to promote the Nippon Individual Savings Account program ("NISA"), a tax exemption system for small sum of investments. The company will promote the spread of NISA among those with limited or no experience of investing. With regard to Junior NISA, which is to be established in 2016, the company is holding information seminars at all of its sales offices throughout Japan to explain how to support asset formation for the next generation, such as client’s children and grandchildren. Moreover, the Nikko Contact Center has established a Junior NISA Desk in addition to the dedicated hotline for NISA, to receive requests for consultation. SMBC Nikko Securities will continue to promote understanding of NISA among more people going forward, aiming to increase usage through penetration from a medium- to long-term perspective and promoting activities to help increase financial literacy.

SMBC Friend Securities conducts activities to popularize and promote the Nippon Individual Savings Account ("NISA") program. In fiscal 2014, the company held seminars on weekends and holidays, explained the basics of the NISA program, and met individually with people for consultations at a specially established NISA counter in order to make it easier for customers in their forties and fifties to participate. In addition, for existing customers, the company follows up with calls from its call center on non-work days or by sending out instructors from its specialized NISA department to give seminars for customers held at branches. All of SMBC Friend Securities is working in this way to promote further utilization of the NISA program.

Based on the Junior NISA program that will be introduced in 2016, the company is planning to hold seminars for customers and will actively work to promote further utilization by existing customers and asset inheritance across generations.

Contributing as a financial institution to emerging countries

Signing a Memorandum of Understanding on CSR Activities with Indonesian Company

On the 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, SMBC made contributions first in the field of education, donating training equipment such as marine simulators and ship engines for a maritime vocational school, and nursing simulators for a nursing vocational school.

Going forward, we intend to carry out CSR activities in Indonesia to raise the quality of nursing care education. These will include accepting personnel in coordination with Japanese medical institutions and providing support for Japanese language education.

Promoting CSR Activities in India

The SMBC New Delhi Branch in India began a partnership with the local NGO Drishtee Foundation for the purpose of promoting CSR activities primarily in rural areas. 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.
Initiatives for Financial and Economic Education

The respective branches of SMBC accept, whenever possible, students of elementary school up to high school visiting the branch, in addition to organizing a vocational workshop for elementary school students called "Natsuyasumi Kodomo Ginko Tankentai." Furthermore, the bank supports diverse financial and economic educational activities, including publishing a book for elementary school students titled "What Does a Bank Do?," co-sponsoring KidZania (a vocational experience theme park for children), and supporting Shinagawa Financial Park (economic training programs for junior high school students).

SMBC Nikko Securities held the "Nikko Family Exciting Experience Day" event during summer holidays, in which 1,685 elementary school students and their families participated in fiscal 2014.

SMBC Consumer Finance offers lectures on economy and finance for various generations. Kansai Urban Banking Corporation organizes a tour of the bank for elementary school students during the summer holidays, and also offers a work experience program for junior high school students.

In addition, SMBC, SMFL, SMBC Nikko Securities, Sumitomo Mitsui Card, JRI, Minato Bank, and Kansai Urban Banking Corporation send instructors to teach classes at universities.

SMBC Consumer Finance engages in financial and economic educational activities in order to form sound consumer finance markets so that students, the bearers of the future, and local residents alike obtain accurate knowledge with respect to money in general and learn to make appropriate decisions.

Led by the 18 nationwide Customer Service Plazas, the company conducts seminars on three themes in particular, life planning and household finances, loans and credit, and financial pitfalls. A total of 2,893 seminars were held in fiscal 2014 and 156,615 people attended. Since the seminars began in 2011, cumulatively over 360,000 people have participated.

Establishment of "Rising Square"

At our new SMBC East Tower, which opened in the summer of 2015, we established "Rising Square," a series of spaces that visually present the company’s commitment to engaging in global environmental issues through finance.

The "Tangible Earth" on the first floor shows simulations of global warming, typhoons, earthquakes, tsunamis, and migratory birds, and introduces the relationship between the global environment and finance. "The Museum of Finance" on the second floor is an interactive museum that gives visitors the opportunity to learn about the connections between finance and society transcending time and place. The spaces are always open to the public and are also used as well for financial and economics education programs for elementary school students.
Global HR development

- **Human Resource Development by Foundations**

SMBC Foundation for International Cooperation provides scholarship every year to 7-8 students coming from Asia to attend graduate schools in Japan for the purpose of developing human resources which may contribute to economic development of developing regions and international exchange activities.

The SMBC Global Foundation, based in the United States, has provided scholarships for more than 5,000 students studying in Asian countries since 1994, and also provides support for educational trips to Japan organized by a high school located in Harlem, New York City, and the participation in school beautification programs by volunteers from SMBC. The foundation also provides matching gifts for donations by SMBC employees. The Hanoi Branch, Ho Chi Minh Branch, and Bangkok Branch also provided assistance for students attending five universities including Vietnam National University and Hanoi University, and have supported a total of 383 students since 2007.

- **SMBC Nadeshiko Loan and Private Placement Bonds**

SMBC developed “SMBC Nadeshiko Loan and Private Placement Bonds” in January 2015 to support clients who promote initiatives for participation and advancement of women in business.

Along with providing loans, the Japan Research Institute will evaluate the status of initiatives taken by the client for women’s participation and advancement in business, and provide information on precedents resolving issues of such initiatives. SMBC continues to financially support clients’ initiatives for promoting participation and advancement of women in business.

- **Work-life balance and workplace with diversity**

**SMBC Nadeshiko Loan and Private Placement Bonds**

SMBC is engaged in various events for promoting work-life balance. At the Children’s Visitation Day, where employees’ children can learn about bank operations, there were 75 groups totaling 194 participants in Tokyo and Osaka. The bank also held the “Go Home Early with Family Event,” where employees’ families are invited to visit the workplace and leave together at the regular time. There were around 1,400 participants in this event throughout Japan.

SMFG’s vision for the next decade is “We will become a global financial services group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region.”

Going forward, we intend to actively contribute to the stable administration of the Tokyo Olympic and Paralympic Games and to the further strengthening of Japan’s national teams.

**Initiatives for promoting work-life balance**

Sumitomo Mitsui Financial Group (SMFG) has made an agreement to be a Tokyo 2020 Gold Partner (Bank), the highest rank of domestic sponsor for the upcoming 2020 Tokyo Olympic and Paralympic Games.