

Environmental Preservation Initiatives

With the enactment of SMBC's proprietary Environmental Policy, which lays out the guiding principles for our environmental initiatives, we have reaffirmed the Bank's commitment to environmental preservation. In 1998, we became the first Japanese bank to acquire ISO14001 certification for our environmental management system (EMS).* In our environmental policies, we emphasize environmental risk management and support our customers' environmental measures. With this basic policy orientation, and under the leadership of our internal Environmental Initiatives Committee, which has overall responsibility for the Bank's environmental initiatives, we conduct environmental preservation activities throughout our entire organization.

SMBC's holistic approach to preserving the environment focuses on three initiatives: (1) reducing our own environmental impact, (2) assessing environmental risks, and (3) supporting our customers' environmental measures.

*SMBC's Headquarters, Otemachi Head Office, and Kobe Head Office are ISO14001 certified.

Reducing Our Environmental Impact

1. We employ electronic record-keeping to reduce our use of paper, recycle to the extent possible the paper that we use, and vigorously implement various programs aimed at reducing our consumption of electricity, gas, and water.

Wastepaper recycling for fiscal 2001, the year ended March 31, 2002

(Headquarters and four Head Office buildings):

Quantity recycled	1,260 tons
Recycling ratio	83.2 %

2. The Bank offers an environmental education program to all employees at domestic offices, departments, and branches.

3. We participate in the Green Power certification system, whereby we purchase electricity that is derived from renewable energy sources.



ISO14001 certification



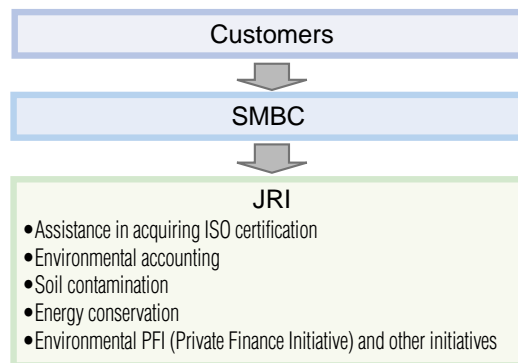
Green Power certification

Assessing Environmental Risks

SMBC actively participates in joint seminars with financial institutions and other companies to collect and study data and analyses of environmental risks such as soil contamination and other forms of environmental degradation.

Supporting Customers' Environmental Measures

1. In cooperation with the Japan Research Institute, Limited (JRI), the Bank offers consulting services on all aspects of environmental management.



2. We provide easy access to environment-related information via the bimonthly environmental magazine *SAFE*. Since March 2002, this magazine has been accessible through SMBC's Website*, where we also make available one year's worth of back issues of *SAFE*.

Starting March 2002, *SAFE* is accessible through SMBC's Website. (Back issues for one year can also be viewed.)



<http://www.smbc.co.jp/aboutus/html/kankyo/kankyo.html>

*Available on SMBC's Japanese-language Website only

3. We extend loans to fund environmental programs.

4. SMBC conducts corporate environmental seminars. Seminars held at our Otemachi Head Office and Osaka Head Office in March 2002 drew participants representing nearly 400 companies.



SMBC corporate environmental seminar

During fiscal 2002, we are focusing especially on the following activities:

Participation in Tokyo Metropolitan Government's Project to Establish a CO₂-Reduction Voucher Market

In an effort to slow the advance of global warming, the Tokyo Metropolitan Government has initiated a project to establish a market for trading CO₂-reduction certificate vouchers. We have been an active participant in this project since its inception, and we also assist the Tokyo Metropolitan Government in an advisory capacity.

Environmental Business Forum: Pursuing Environment-Related Business Opportunities

To deepen SMBC's involvement in environment-related businesses, we formed the Environmental Business Forum jointly with JRI, with whom we have also formed an advisory alliance. Under the auspices of the Bank's Public Relations Department, this in-house project team aims to examine and capitalize on opportunities arising from public- and private-sector initiatives to preserve the environment as well as from individuals' growing environmental consciousness. Specifically, the Environmental Business Forum intends to cultivate a new profit profile for the Bank. To fully realize the potential business opportunities outlined in (1) to (4), below, the Environmental Business Forum has set up investigative committees as required to study designated fields, and monthly meetings are held to facilitate information-sharing.

(1) Corporate client services

We will energetically provide information, extend credit, and offer other relevant support to those corporate clients proactively addressing environmental issues and developing proprietary environment-related businesses.

- a. Conduct surveys and other research regarding eco-businesses
- b. Develop loan products specifically geared to eco-financing
- c. Form sales strategies that prioritize environmental issues
- d. Produce an environmental awareness manual for distribution to all sales personnel

(2) Consumer services

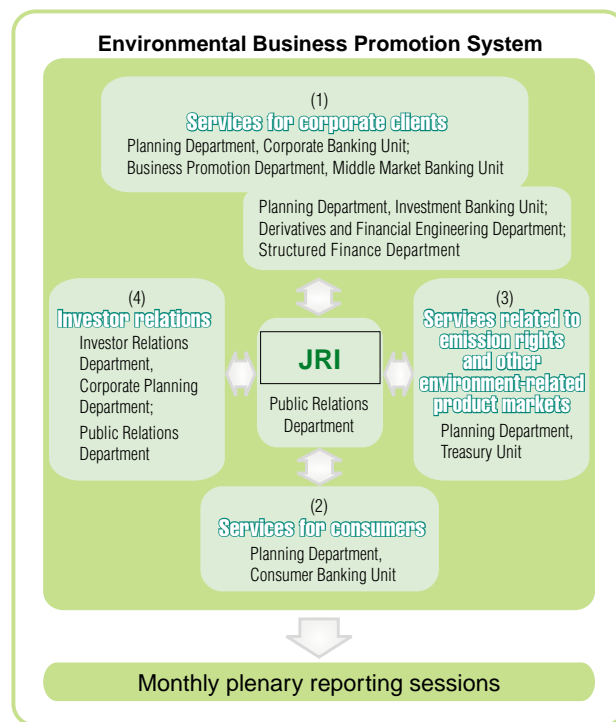
We will investigate the range of consumer-oriented financial products and services linked to environmental issues, offered by financial institutions both in Japan and overseas.

(3) Markets for environment-related financial products and services

The *Kyoto Protocol*, a 1997 agreement calling for the global-scale reduction of greenhouse gas emissions, is expected to result in the creation of new environment-related financial markets. To the Bank, such markets represent increased investment and loan opportunities. Accordingly, we will examine investment opportunities and business prospects arising from newly established markets for environment-related financial products.

(4) Investor relations

In North America and Europe, corporate environmental ratings are now commonly employed as a factor in evaluating companies. Specifically, pension funds and other institutional investors are increasingly taking into account individual companies' environmental activities when making investment decisions. In this context, the Bank will continue to pursue a proactive investor relations program targeted at investors and research organizations.



Reflecting the Bank's conviction that the environment is a key management issue, we will continue to pursue these and a range of other environment-oriented initiatives. By maintaining the focus of these initiatives on global environmental preservation, SMBC intends to reduce the economic risks associated with environmental degradation and gain society's increasing trust as a responsible corporate citizen.