

# Environmental Preservation Initiatives

## SMFG and Environmental Issues

SMFG assigns a high management priority to environmental issues. Our Group Environmental Policy sets out the Group's basic action guidelines. We also have a Group CSR Committee which promotes coordinated, Groupwide environmental activities.

### The Group Environmental Policy

#### Basic Concepts

Recognizing the importance of realizing a sustainable society, SMFG 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.

#### Specific Environmental Policies

- We provide environment-friendly financial products, information, and solutions that help our customers in their efforts to preserve the eco-system
- We devise ways to reduce levels of environmental risk posed by our own activities and those of society at large
- We are determined to fulfill our social responsibilities through the conservation of resources, energy saving, and the reduction of waste
- We enforce a policy of strict adherence to environment-related laws and regulations
- We practice a high level of disclosure of information relating to the Group's environmental activities, and make ceaseless efforts to improve our contribution to environmental preservation, incorporating the views of our staff and concerned persons from outside the Group
- We place a high priority on thoroughly educating our staff in our environmental principles, and in ensuring that they conform to these principles in the performance of their work
- We actively and effectively conduct environmentally aware management, and make continuous efforts to improve our system for tackling environmental issues, including by setting targets for each business term and reviewing them when deemed advisable
- These policies are published on the Group's website, and are also available in printed form upon request

June 29, 2005  
Teisuke Kitayama  
President  
Sumitomo Mitsui Financial Group, Inc.

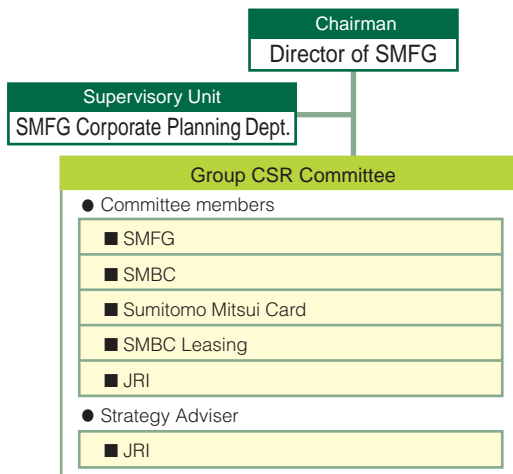
### SMFG's Environmental Action Plan

The Group CSR Committee promotes coordinated Groupwide environmental activities. Based on our Group Environmental Policy, we have a three-pronged action plan focusing on:

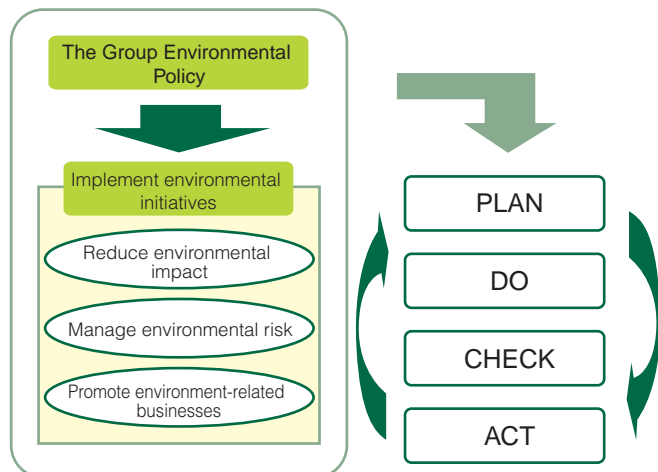
- 1) The reduction of environmental impact
- 2) The practice of environmental risk management
- 3) The promotion of environment-related businesses

The Group CSR Committee systematically follows the PDCA cycle of planning, performing, checking and improving in pursuing environmental activities centered on these three areas.

### Group CSR Committee



### SMFG's Environmental Action Plan and the PDCA Cycles



## SMFG Group Initiatives

We have been focusing on providing information to our customers to raise their awareness of environmental issues. The major initiatives are as follows.

### Publication of Environmental Magazine SAFE

This magazine, through which we provide environment-related information to our corporate clients, has been published on a bimonthly basis since 1996. Current circulation is approximately 4,000 copies, and it is sent to clients of our Group companies as well as customers that have participated in past “Environmental Seminars” (described later) and others.

Each issue of this publication includes interviews with the top management of companies at the forefront of the environmental preservation movement. It also introduces environmental technologies, highlights trends in legal regulations, and examines other current topics.

### SMFG Environmental Seminars

The third SMFG environmental seminar was held on March 10 and 11, 2005, with the attendance of about 480 participants from around the country, primarily clients of Group companies. Lecture topics included “Climate Change and Financing.”

A survey of participants indicated that they would like SMFG to provide information on environment-related issues. In the future, we intend to continue to support our customers’ environmental projects by holding more seminars, issuing magazines and periodicals, and publishing books.

### Signatory to the UNEP Statement by Financial Institutions

The United Nations Environment Programme (UNEP), a UN organization dedicated to advancing environmental issues, has established a support structure for the promotion of the environmental preservation movement within each industry. Our company is a signatory to the UNEP Statement by Financial Institutions.

### Signatory to Carbon Disclosure Project (CDP)

SMBC became a signatory to the Carbon Disclosure Project (CDP) in February 2005. The CDP serves a secretariat function in a process whereby institutional investors and financial institutions concerned over the issue of climate change cooperate in requesting global corporations to disclose their worldwide policies and initiatives on environmental issues.

### An Overview of SAFE Magazine

1st edition: April 1996

Published by:

SMFG Public Relations Department

Circulation:

Approximately 4,000 per edition

Major recipients:

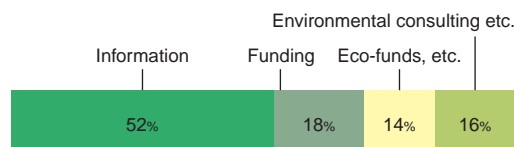
Clients of each company

Central and local government offices, etc.

Available on SMFG's Japanese-language website only



### Environmental Initiatives Demanded of SMFG



### Inclusion of SMFG Shares in SRI\* Index Funds

SMFG's stock is included in four of the world's five major global indexes of socially responsible companies, reflecting SMFG's excellent reputation for environmental conservation initiatives and social contribution activities (described later).

\* SRI (Socially Responsible Investment) refers to investment in companies that demonstrate responsible business conduct.

Included in:

FTSE4Good Global Index
FTSE4Good Global 100 Index
Ethibel Sustainability Index Global
Morningstar Socially Responsible Investment Index

Not Included in:

Dow Jones Sustainability World Index
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## Major Initiatives by Group Companies

The chart below shows the various environment-related initiatives of Group companies, centered around the three prongs of our Environmental Action Plan:

1. The reduction of environmental impact
2. The practice of environmental risk management
3. The promotion of environment-related businesses

Objectives	Initiatives	SMBC	Sumitomo Mitsui Card	SMBC Leasing	JRI
Reduce environmental impact	Reducing energy usage, such as electric power and water usage				
	Promoting green purchasing				
	Reducing paper consumption				
	Providing training on environmental issues				
Practice environmental risk management	Establishing credit rules on companies with high environmental risk		—		—
	Selling items that can be reused	—	—		—
	Proposing policies and measures related to the environment	—	—	—	
Promote environment-related businesses	Promoting soil decontamination and helping companies apply for ISO certification		—	—	
	Promoting energy-conserving projects, such as ESCOs and ESPs	—	—		
	Providing information (publishing books, etc.)	—	—	—	

## Reducing Environmental Impact

Activities such as energy conservation in the office and reduction of paper consumption directly decrease the environmental impact of business activities. Specific measures focus on conserving natural resources by curbing the use of energy and paper, rationalizing office work and minimizing expenses. In addition, each Group company has set certain targets for curbing the usage of electricity and other forms of energy (described later on pages 68-71).

### Aiming for a paperless office

SMBC and the Japan Research Institute (JRI) are aiming for a paperless office through the widespread use of IT and the implementation of business process reviews. Through the creation of databases, they are computerizing their in-house administrative operations. SMBC has installed an electronic forms system and has been switching to electronic forms for bank branches. Through these initiatives, the SMFG Group reduced its paper consumption by 66% as of March 31, 2005.

### Environmentally Friendly Direct Mail

At SMBC, we use envelopes with glassine paper over the window portion when sending transaction statements and other direct mail to individual customers. Because glassine paper does not emit dioxin when burned, the envelopes can be recycled together with ordinary paper.

### Certificate of Green Power

SMBC has adopted Japan Natural Energy Company Limited's Green Power Certification System to conserve energy and

formulate environmental measures. Electricity generated from April 2004 through March 2005 amounted to 912,000kWh.

### Green Power Certification System

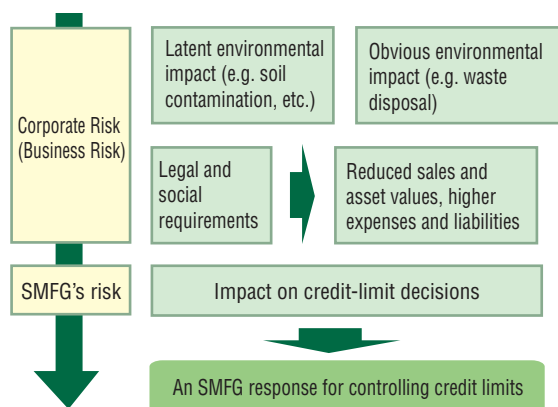


The Certificate of Green Power represents, in concrete form, the merit of reducing the use of fossil fuels and CO<sub>2</sub> emissions, and increasing the use of natural forms of energy. SMBC has adopted this certificate system as part of its voluntary energy conservation and environmental measures.

## Practicing Environmental Risk Management

Energy consumption and waste disposal are the immediate, obvious detrimental effects of business activities on the environment. A less obvious impact is soil contamination. When the environmental impact of business activities becomes substantial enough to attract public attention, companies face increased expenses and liabilities, such as declining sales and asset values as a result of legal and social requirements. As our clients are exposed to greater risks, these risks pose greater risks to SMFG as well, and there is the possibility that the bank will have to make a decision to limit the credit it can extend to a client company. It is necessary for financial institutions to take such considerations into account when making credit decisions.

## Environmental Risks



In March 2004, SMBC concluded an “Environmental Inquiry Written Agreement” with the Japan Bank for International Cooperation (JBIC) to assist in strengthening environmental

assessments. Under this agreement, when SMBC undertakes co-financing with JBIC, SMBC can have access to JBIC’s environmental assessment data.

In November 2004, SMBC Leasing received the highest rating from the Development Bank of Japan for the company’s environmentally sensitive management promotion and investment system. Receiving this highest rating is evidence of the high regard in which the company’s environmental risk management and environmental business are held.

JRI sounds the alarm about the environmental impact of corporate and household activities through media interviews and articles, involvement in the activities of government and municipal committees, and by making announcements at various events. Moreover, JRI advises on policies related to these effects on the environment and recommends ways for coping with environmental risks as part of the wide range of activities it undertakes to raise awareness about the environment

## Promoting Environment-Related Businesses

Making use of each subsidiary’s special characteristics, SMFG conducts various environment-related business activities. Through these activities, we are planning to further strengthen relationships with our clients.

### Types of Environmental Businesses

Environmental businesses	Main target products and services
Funding environment-related corporations (Project finance, syndicated loans, etc.)	Introduction of environmental equipment, e.g. eco-cars Wind power generation, biomass power generation, etc.
Risk hedging for bad weather	Weather derivatives
Providing investment products and operations-related services	Eco-fund and <i>Web Passbook</i>
Consulting	Addressing soil contamination, facilitating the acquisition of ISO certification
Incubating environment-related projects and services	Soil decontamination, ESCO and ESP projects, etc.
Providing information	Publishing informational periodicals; holding seminars

## SMBC’s Activities

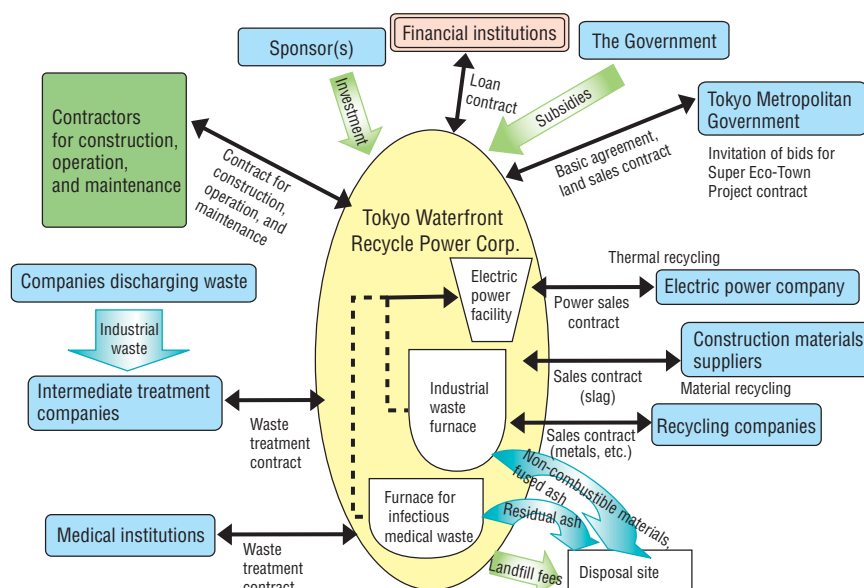
### Funding (Project Finance, Syndicated Loans, etc.)

#### Project No. 1

On July 6, 2004, SMBC, as one of the lead arrangers, announced project financing worth ¥23 billion for a power generation project on the shore of Tokyo Bay that utilizes recycled industrial waste as fuel, and is part of the Super Eco-Town Project sponsored by the Tokyo Metropolitan Government.

The power generation project is the largest of its kind in Japan. The initial investment is scheduled to be recouped principally from waste treatment fees charged to the companies discharging the waste. This is the first case in Japan of the project finance method being employed by banks to fund the construction and operation of a waste treatment facility, which is subject to the full range of market risks.

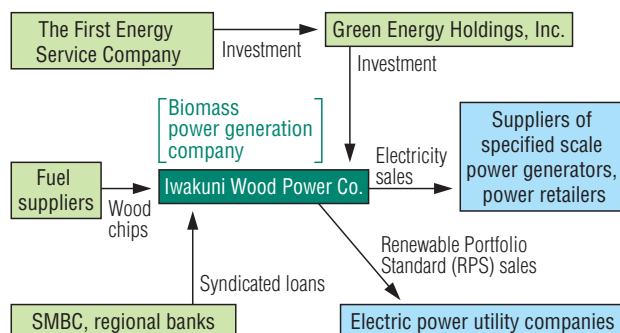
### Project Structure



## Project No. 2

Syndication with local financial institutions is underway in Iwakuni City, in Yamaguchi Prefecture, for Iwakuni Wood Power Co., a wood biomass power generating company. Power generation plants using wood chips made from the waste products of forestry projects and construction byproducts as fuel have been receiving much attention nationwide. The "carbon neutral" properties of biomass are also discussed in the Biomass Nippon Strategy issued by a cabinet resolution in December 2002. Applying this property to power generation can contribute to reducing the CO<sub>2</sub> that is the byproduct of energy.

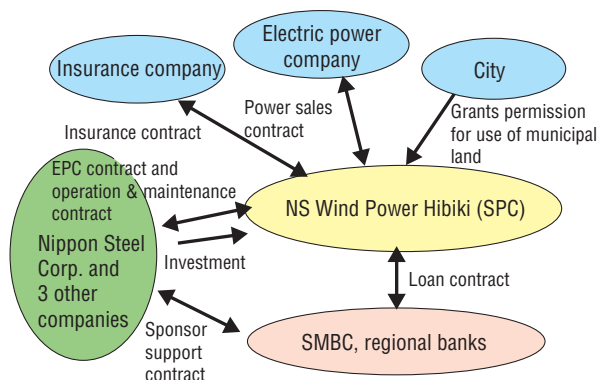
### Project Structure for Iwakuni Wood Power Co.



## Project No. 3

In March 2003, SMBC supported funding of a wind-power generation project in the Hibikinada area of Kitakyushu City through the project finance method.

### Project Structure



SMBC will continue to provide strong support to companies engaged in building the infrastructure of a sustainable society, such as alternative energy sources like wind power and the combustion of waste materials, for which demand is expected to rise steeply over the foreseeable future.

## Providing Financing (Mortgage Loans)

SMBC is working with leading housing construction companies to provide mortgage loans that encourage people to purchase environmentally friendly houses.

## Weather Derivatives

SMBC's product lineup includes weather derivatives. Weather derivatives are derivative instruments based on weather conditions such as temperature, rainfall, snowfalls, etc. They are used to hedge the risk of deterioration in operating profit resulting from unseasonable and extraordinary weather caused by global warming, etc. SMBC is expanding its product lineup to further enhance customer convenience.

### Weather Derivatives

#### Factors causing fluctuations in operating profit

- Economic factors (business trends, interest rates, exchange rate movements)
- Market factors (product development, market share)
- Social factors (fiscal policy, tax system)
- Factors due to natural phenomena

Hedge against mild winters, cool summers and rainfall

### Weather Derivative Needs

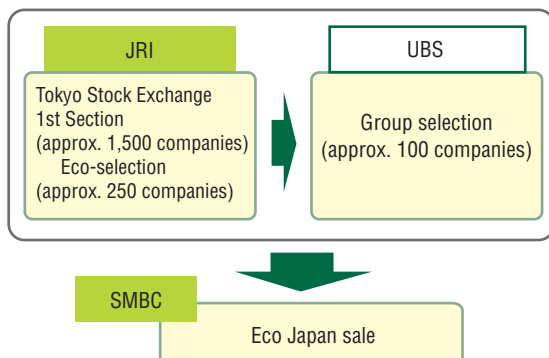
Industry	Major risk	Hedge basis
Gas	Temperature	Consumption declines due to fierce heat in summers and mild winters
Electric power	Temperature	Sales declines due to cool summers and mild winters
Air conditioning equipment manufacturing & sales		
Food and drink		
Restaurant industry	Rainfall Temperature	Fewer customers due to bad weather Slump in sales of seasonal products
Department store		
Tourism and leisure industries	Rainfall Temperature Snowfall	Fewer customers due to bad weather Refunds due to event cancellations
Outdoor theme parks		
Agriculture-related	Rainfall Temperature	Poor crops due to low or high rainfall, fierce heat or cool summers

## Sales of Eco-Funds

SMBC's investment trust product lineup includes the equity eco-fund "Eco Japan," which is managed by UBS Global Asset Management (Japan) Ltd.

The eco-fund is an investment trust that targets companies with excellent environmental management. JRI has been consigned the research for this fund, and donates a part of the profit relating to the research contract from the UBS eco-fund to the Japan Committee of the World Wide Fund for Nature (WWF).

## Eco Japan Structure



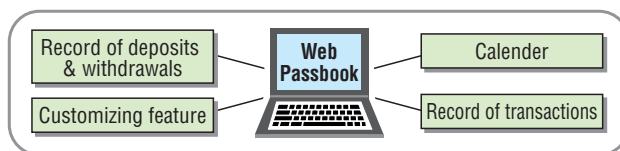
## Using "MC Stations"

SMBC has set up "MC (Money-Lifestyle Consulting) Stations," dedicated PC terminals that allow easy and paperless transactions at "MC Desks." This takes advantage of the company's know-how regarding the consultation-window work process cultivated through "One's Direct" Internet banking. It has substantially reduced the paperwork involved in the purchase of investment trusts and the repayment of loans ahead of maturity. This, in turn, has improved customer satisfaction, by reducing waiting times and enabling the provision of in-depth consultations. The introduction of this system has substantially reduced the volume of paper used for application forms and various fliers, and thus contributes to environmental preservation.



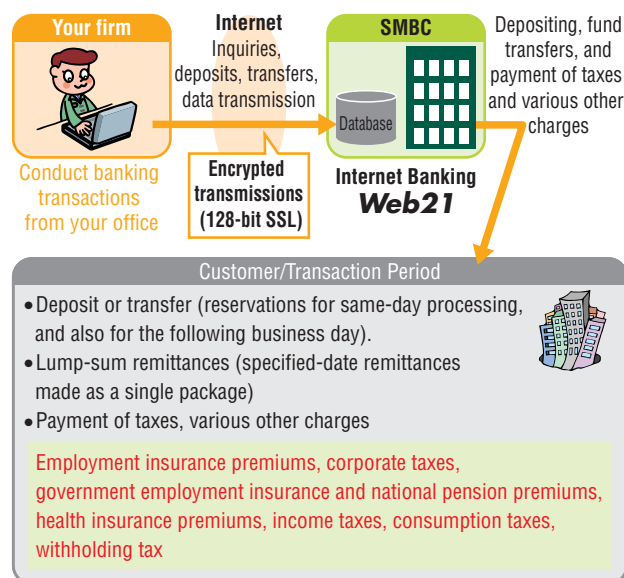
## "Web Passbook" Promotion

Instead of issuing an ordinary bank passbook, SMBC has started issuing the "Web Passbook," which allows for checking the content of transactions via the Internet. This has helped the bank to greatly reduce its paper consumption. The system has yielded the benefit that the bank and passbook user simultaneously contribute to the preservation of the environment. A "Web Passbook" campaign held from May–July 2004 yielded around 130,000 applications. A donation of ¥10 was made to the WWF for each applicant, for a total donation of roughly ¥1.3 million.



## Promoting Web21 (Internet banking for corporate clients)

SMBC is promoting *Web21*—Internet banking for companies—and successor to the previous *Exchange EB (Electronic Banking) Services* system. This will ensure the provision of upgraded services, such as inquiries for trading account transaction statements and lump-sum remittances. Internet banking will contribute to reducing the volume of paper used for manuals and other documents, as well as the number of CD-ROMs needed for software installation.

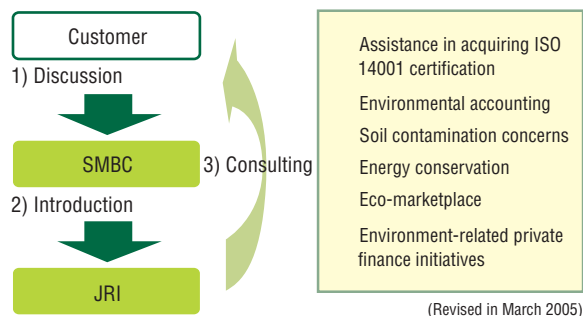




## Eco-Consulting

Through collaboration between SMBC and JRI, SMFG undertakes eco-consulting, providing client companies with comprehensive support for dealing with environmental management issues. Depending on the client's needs, SMBC will introduce JRI, which employs staff with a broad range of specialties to help the client. Such a system enables an appropriate and high-level response to customers' diverse and sophisticated needs.

## Consulting Structure



## JRI's Activities

Apart from the aforementioned eco-consulting, JRI is actively promoting the incubation of environment-related start-ups.

## Soil Decontamination Consulting

JRI provides a consulting service on soil contamination for clients holding land assets. Specifically, JRI's experts conduct a simple assessment of the degree of contamination of the soil on the customer's property, including an estimate of decontamination costs, and help the customer draw up a strategy for the usage of the property. In the event of the sale of the property, JRI provides support services for more detailed soil contamination assessment and decontamination. This service enables customers to preserve environmental integrity without hindering the vigorous development of their business operations.

## Energy Service Provider (ESP) Initiatives

An ESP provides energy conservation services for changing electricity charges from a fixed to a variable cost. The company E-cubic Co., Ltd., established by the JRI consortium, is Japan's first ESP company. It uses as its main tools the gathering and analysis of electric power consumption data, and has developed a system that automatically draws up management reports to enable the "visualization" of energy consumption.

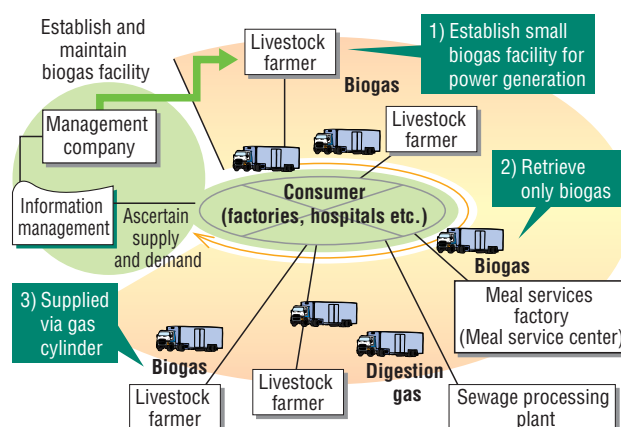
This company's corporate customers can obtain an accurate grasp of their daily levels of electricity consumption, and it is possible for them to produce precise guidelines to identify and reduce energy wastage. Moreover, the service fees are paid for by the savings on energy costs. The potential market for this service, which targets mainly private-sector clients, is estimated at ¥100 billion (US\$909 million).

## Bio Net. Consortium

JRI is actively promoting the commercialization of new fuels. Following ratification of the Kyoto Protocol, Japan is committed to reducing emissions of greenhouse gases by 6% from the level of 1990. Energy conservation alone will not enable us to meet this difficult target. Japan must also promote the use of alternative power sources, such as wind power, solar power and biomass.

The Bio Net. Consortium aims at creating an infrastructure to deliver biogas generated from livestock waste, wastewater sludge and food waste to hospitals, manufacturing plants, restaurants and other facilities. Biogas is a carbon-neutral fuel (a fuel that will not increase atmospheric carbon dioxide when burned).

The Bio Net. Consortium plans to conduct field tests in Hokkaido, the northern Japanese island where stock farming is a major industry. If the Hokkaido field tests prove successful, the next move will be to construct a nationwide network spanning dairy farming areas from Tohoku to Kanto, and on to Kyushu, as well as food processing facilities and wastewater treatment facilities.



### MATICS Consortium

The MATICS (Material Tracing IC System) Consortium has developed systems and services employing IC tags for controlling the process by which waste is designated for reuse, recycling, or disposal. IC tags contain IC chips encrypted with data for system users, and data can be read or added without having to actually make contact. The use of IC tags makes it easy to trace the reused or recycled product's history. In addition, transport and processing details on a discarded item can be easily traced. The consortium intends to apply this system to the recycling of automobile parts, focusing on management of product quality data.

Management of disposed waste materials does not end with tracing. A system is being developed to provide comprehensive disposal management services that include reducing disposal costs, increasing efficiency at disposal sites, and risk management. In fiscal 2004, trials to verify the tracing of waste articles from medical organizations and factories were conducted at a large-scale hospital and an environmentally conscientious food industry firm. These trials confirmed the effectiveness of the system in improving operational efficiency.

### Energy Service Company (ESCO) Initiatives

An ESCO is an integrated energy service company that carries out energy conservation audits of a building or facility, draws up conservation proposals, plans, designs and builds energy conservation facilities and also guarantees energy reduction amounts.

The First Energy Service Company, Limited (FESCO) was established by the JRI consortium, and is the first energy service company in Japan. It proposes measures for demand-side energy reductions ranging from lighting, air-conditioning, transformers and motive power to the supply of energy from dispersed sources (such as energy co-generation from all types of engines, fuel cells, biomass generation, etc.).

ESCO corporations are a type of enterprise that have not existed in Japan until now, though in the U.S. they have formed a market that is valued in excess of ¥100 billion (US\$909 million). The Ministry of Economy, Trade and Industry estimates that the market in Japan will expand to ¥130 billion (US\$1.2 billion) in 10 years.

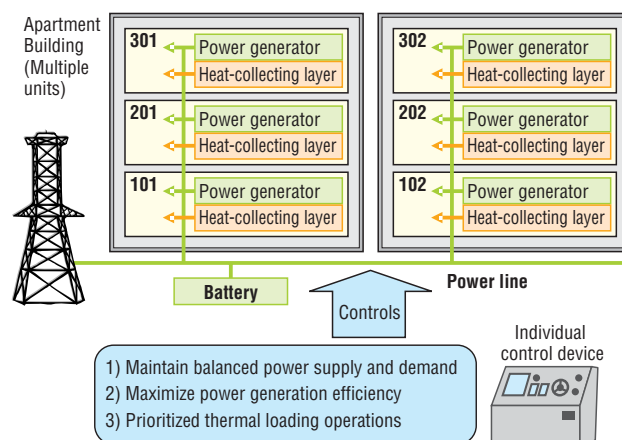
ESCO was listed on the Tokyo Stock Exchange "Mothers" market in March 2005.

### Micro Grid Business

JRI runs the DESS (Decentralized Energy System & Software) Consortium, a group that investigates new business using micro grids (control technology for a dispersed power supply network). Presently, as part of the policy to reduce CO<sub>2</sub> emissions in the residential housing sector, the consortium is conducting research to ascertain the optimum control systems for realizing:

- 1) improved energy efficiencies
- 2) improved power supply reliability (maintaining continuous power supply even during power grid outages), and
- 3) reduced energy costs using a model in which a small fuel cell is located in each housing unit inside multiple-unit buildings.

By fiscal 2004, research activities had confirmed that these aims are technically feasible. In fiscal 2005, actual development and verification of the required software began. The consortium hopes to use the system in multiple-unit buildings by 2008.



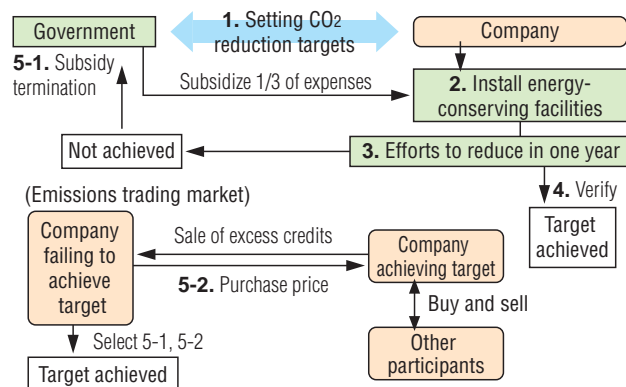


## Participation in a voluntary emissions trading system—an initiative of the Ministry of the Environment of Japan

JRI and SMBC are jointly participating in the voluntary emissions trading system led by the Ministry of the Environment of Japan. This system enables participants to sell excess credits or purchase credits to make up for insufficiencies, depending on their progress toward achieving their CO<sub>2</sub> emissions reduction targets (applied for in advance). Participating in the system helps companies deepen their understanding of the emissions trading process.

### Overview diagram

1. Set fiscal 2006 emissions targets, taking the average emissions volume for the period 2002 through 2004 as the standard (from among applicants, select participants showing the most substantial reductions in emissions).
2. Fiscal 2005: Period for installing equipment (Environment Ministry provides subsidy).
3. Fiscal 2006: Work to achieve reduction.
4. At fiscal year-end: Verify achievement of target.
5. Companies failing to achieve their target can consider repaying the subsidy, or offset shortfalls by trading emissions credits.



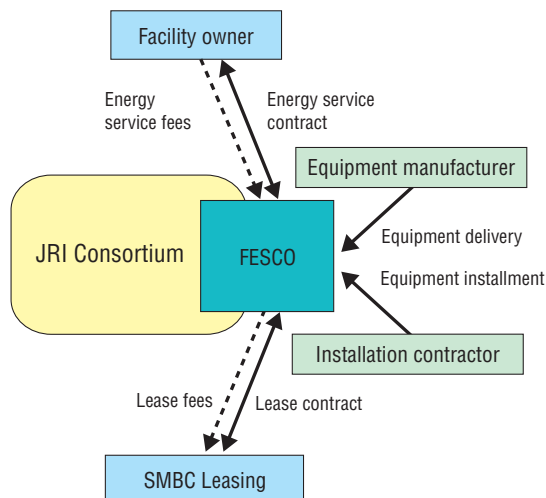
### Environment Ministry-related site

<http://www.env.go.jp/earth/ondanka/det/>

## SMBC Leasing's Activities ESCO Enterprise Initiatives

SMBC Leasing supports ESCO companies indirectly by proposing leases when energy-conservation equipment is to be installed based on FESCO's energy-conservation proposals. SMBC Leasing proposes arrangements whereby the energy service fee and the lease fee are fixed within the range of cost-savings, and would therefore produce no additional cash-flow burden for clients.

### ESCO Business Model



## Business Collaboration with Development Bank of Japan

Since the nineties, SMBC Leasing has been involved in activities to reduce environmental load. Through collaboration with companies participating in the ESCO program, the company is leasing energy-saving equipment and raising lease renewal and resale rates. Through these and other initiatives, SMBC Leasing has been promoting its 3R (Reduce, Reuse and Recycle) program, part of initiatives to contribute to the realization of a recycling-oriented society.

Through a new project financing system established in fiscal 2004, the Development Bank of Japan (DBJ) extends financial support to companies for which environmental considerations are emphasized as a management priority. SMBC Leasing has also received financing under this system. Moreover, SMBC Leasing and the DBJ entered into a business collaboration agreement, which they hope will lead to the expansion of business in the environment-related fields and contribute to the development of Japan's economy.

### Specific Initiatives:

1. Popularizing the use of environmentally friendly equipment through collaboration in financing leases for such equipment
2. Developing financing programs, with leasing firms' asset valuation and asset management know-how and socially responsible investment (SRI) as the key concept
3. Promoting environmentally friendly management at leasing firms in local areas

## Lease-up Eco Town Homepage

SMBC Leasing on July 22, 2004 established a website, Lease-up Eco Town, a portal for selling equipment on which the leases have expired.

### Site Description

Site name: Lease-up Eco Town (LET)

Participating companies:

SMBC Leasing Co., Ltd.  
Diamond Lease Co., Ltd.  
IBJ Leasing Co., Ltd.  
Fuyo General Lease Co., Ltd.

Products offered:

- Products on which lease periods have expired or lease contracts have been terminated, etc.
- Industrial machinery, business equipment, forklifts and other equipment

Target audience:

Clients of the four participating companies, other companies (including sole-proprietorships), trading companies specializing in recycled items. (This service is not available to the general public.)

### Site Features

This site is the first of its kind operated jointly by major leasing companies in the industry.

It is an eco-site, in that it promotes the reuse of items on which the leases have expired, and extends their useful lives.

This site offers a broad lineup of products which only a major leasing company is capable of providing.

## Participation in voluntary emissions trading system led by Japan's Environment Ministry

SMBC Leasing is participating in the Environment Ministry's voluntary emissions trading system together with Obihiro Matsushita Electric Works, Ltd. and Matsushita Electric Works Engineering Co., Ltd. This system enables participants to trade emissions credits by selling excess credits and purchasing insufficient credits, depending on progress made toward the achievement of their CO<sub>2</sub> emissions reduction targets (applied for in advance). Participating in the system helps companies deepen their understanding of the emissions trading process.

## Acquisition of ISO 14001 Certification

SMBC and JRI have acquired ISO 14001 certification, the international standard for environmental management systems.

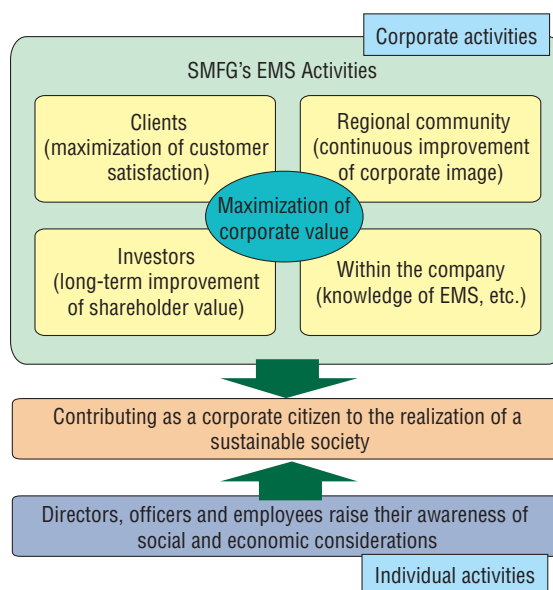


## Toward a Sustainable Society

At SMBC and JRI, instruction on environmental management systems (EMS) is included as part of the annual training program. JRI also offers environmental management training programs through its e-learning systems. SMBC and SMBC Leasing are also considering the introduction of e-learning systems for environment issues.

Corporate actions and individual actions must both function effectively if a sustainable society is to be achieved. We are pursuing a wide range of activities to enhance the effectiveness of corporate and individual initiatives for achieving a sustainable society.




## Aiming at a Sustainable Society













# Environmental Objectives and Achievements

## Fiscal 2004

### Appraisal standard

-  .....Reached the objective
-  .....Did not reach target but results have improved (over 80% of fixed numerical targets reached)
-  .....Did not reach objectives




SMBC				
	Items	Objectives	Achievements	
Reduction of environmental impact	Energy usage	Reduce power, water, gas usage by 6% from fiscal 2001 base value at headquarter buildings in Tokyo (Hibiya and Otemachi), Osaka and Kobe		Reduced power by 10.3%, water by 10.5%, and gas by 8.2%
	Waste processing load reduction	—	—	—
	Paper consumption	Reduce paper consumption at each head-office department by 2% compared to the base value (base value: average monthly usage for January-June 2004)		Increased 0.2% over the base value
	Green purchasing	Expand purchasing of stationery items that are covered under the Green Purchasing Law		Switched over to 13 new eco-friendly items in fiscal 2004 (compared with fiscal 2003) Note: We have nearly completed the switchover. No targets have been set for fiscal 2005. (It is, however, being handled as a management issue.)
	Materials distributed to customers	Consider whether it is possible to draft guidelines for incorporating eco-friendly materials in the production of pamphlets and posters, etc.		Decided against drafting guidelines because the use of such materials is not cost effective. Achievements: 1) Increased usage of recycled paper 2) As much as possible, used eco-friendly materials for distributed printed matter and advertisements, etc.
	Employee training	Conduct environmental management systems (EMS) training to teach all bank employees how to deal with environmental issues and raise awareness of environmental concerns		1) Included an environmental awareness course in the training curriculum for new employees from fiscal 2004 2) Conducted EMS training at all branches, implementing EMS training beginning with senior staff first, then junior staff
Environmental risk measures	Reduce the impact of clients' environmental risk on the bank's credit risk	Implement measures aimed at reducing environment risk for customers and the bank by controlling credit environment risk		1) Enforced credit-related regulations throughout the bank 2) Exchanged information with Japan Bank for International Cooperation (June 2004)
Environment-related businesses	Provision of services	Promote <i>Web Passbook</i> 1) Implement a program to promote "One's Style," a service targeting customers in their 20s and 30s (February-April 2004) 2) Implement <i>Web Passbook</i> campaign (May-July 2004) 3) Improve convenience of <i>Web Passbook</i>		Initiatives were implemented as planned. Regarding the <i>Web Passbook</i> campaign, the bank donated ¥10 to the World Wide Fund for Nature (WWF) for each <i>Web Passbook</i> application. (During the campaign, the bank received approximately 130,000 applications, resulting in a donation of approximately ¥1.3 million).
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		—	—	—
		—	—	—
	Client support	1) Offer clients support (soil contamination consulting, etc.) 2) Provide environment-related information (hold environmental seminars for clients) 3) Extend financial support to environmentally aware companies		1) Witnessed a decline in the number of consulting contracts. 2) Implemented environmental seminars (March 2005). Extended the previous half-day session to a day-and-a-half session. Registered attendees: 480. 3) Promoted individual projects related to environmental businesses. Example: Organized project financing for a power generation project on the shore of Tokyo Bay that uses recycled industrial waste as fuel
	Product lineup	Expand lineup of environment-related products and services		1) Reviewed our eco-consulting lineup of services (March 2005) 2) Failed to develop standardized loan products for companies undertaking environmental initiatives
Public relations	Inside and outside bank	1) Raise awareness of environmental issues by conducting educational activities within the bank 2) Conduct PR events outside the bank		1) Distributed EMS cards to all officers and employees (July 2004) 2) Expanded environment-related section in the fiscal 2004 annual report (increased from 2 pages to 10 pages)
	Consider eco-related social contributions, devise new measures	—	—	—

## Fiscal 2005

● — New ■ — Ongoing

SMBC			
	Items	Objectives	Specific Plans
Reduction of environmental impact	Energy usage	■ Reduce power, water and gas usage by 6% compared to 2001 base levels at headquarters buildings in Tokyo (Hibiya and Otemachi), Osaka, and Kobe. (Targets were set in line with the action plan submitted to the Tokyo Municipal government.)	Encourage strict adherence to rules governing usage of electricity, gas and water
	Waste processing load reduction	● Reduce waste by 2% compared with the fiscal 2004 level at all headquarter buildings. (Targets were set in line with an action plan submitted to the authorities.)	Consider recycling and reuse of discarded waste
	Paper consumption	■ Each head-office department will reduce its paper consumption by 2% compared with the fiscal 2004 level	All head-office departments will work to meet targets
	Green purchasing	—	—
	Materials distributed to customers	■ 1) Produce eco-friendly advertising materials 2) Use eco-friendly envelopes for direct mailings	1) Continuously monitor the rate of usage of recycled paper and consider eco-friendly materials when ordering advertising and PR materials 2) Use envelopes with glassine paper over the window portion when sending transaction statements and other direct mailings to individual customers
	Employee training	■ Conduct EMS training to teach all bank employees how to deal with environmental issues and raise awareness of environmental concerns	1) Introduce e-learning at all branches as part of employee training 2) Consider including an environmental awareness course (CSR training) in the curriculum for training new staff from fiscal 2006
Environmental risk measures	Reduce the impact of clients' environmental risk on the bank's credit risk	■ 1) Continue to raise awareness about the risks of soil contamination 2) Collect information on environmental studies	1) Promote widespread use of e-learning in employee training at all branches 2) Consider measures concerning the collection and handling of data on environmental studies in line with an agreement with the Japan Bank for International Cooperation
Environment-related businesses	Provision of services	■ Promote <i>Web Passbook</i>	1) Promote <i>Web Passbook</i> in conjunction with <i>One's Style</i> accounts 2) Promote <i>Web Passbook</i> in conjunction with <i>One's plus</i> accounts
		● Promote Internet Banking <i>Web21</i>	1) Within the department handling <i>Web21</i> , established a team to work on promotion of this service 2) Promote business process reengineering at branches
		● Make transactions with bank tellers paperless —Minimize the use of application forms at MC stations	1) Increase the number of MC stations 2) Implement training conducted by MC coaches, one bloc at a time
		● Make card loan statements paperless —Discontinue the issuance of paper-based statements	1) Enable users to access their credit card loan balance and interest statement via a remote channel 2) Stop sending quarterly transaction statements via mail unless otherwise requested at the time of application
	Client support	■ 1) Send environment-related information 2) Provide support to eco-friendly companies	1) Hold study sessions and regularly provide information 2) Improve eco-consulting performance over fiscal 2004 level
Public relations	Product lineup	■ Provide full range of environment-related products	1) Investigate and developed new loan products 2) Consider hosting gatherings to promote discussions on environment-related businesses
	Inside and outside bank	■ 1) Raise awareness of environmental issues by conducting educational activities within the bank 2) Conduct PR events outside the bank	1) Publicize within the bank through in-house publications, such as distributing EMS cards, etc. 2) Effectively disclose information by publishing environment-related magazines, posting information on the bank's website, and including it in the online annual report
	Consider eco-related social contributions, devise new measures	● 1) Encourage employees to participate in environment-related projects as volunteers 2) Devise new projects and means for furthering environmental preservation efforts and making social contribution activities that contribute to society	1) Hold riverbank clean-up, beach clean-up events 2) Devise new projects and measures, drawing on the examples of other companies

**Appraisal standard**

-  .....Reached the objective  
 .....Did not reach target but results have improved (over 80% of fixed numerical targets reached)  
 .....Did not reach objectives

## Fiscal 2004

Sumitomo Mitsui Card Company, Limited						
	Items	Objectives		Achievements		
Reduction of environmental load	Energy usage	Reduce power usage per square meter by 2% from the fiscal 2002 base level Reduce water usage by 2% per employee from the fiscal 2002 level (excluding branches and service centers)		😊	Reduced power usage by 10%; reduced water usage by 24%	
	Paper consumption	Reduce the per-employee consumption of copier paper from the fiscal 2002 base level		😊	Reduced power usage by 6%	
	Green purchasing	Introduce the exclusive use of recycled copier paper		😊	Exclusively using recycled copier paper	
	Employee training	Educate employees about environmental concerns on an ongoing basis, and provide them with environment-related information		😊	Held study meetings at each branch for all employees (December)	
Environment-related businesses	Provision of services	—		—	—	
SMBC Leasing Company, Limited						
Reduction of environmental impact	Energy usage	Reduce power usage	Reduce usage per employee by 8% from fiscal 2001 base levels at Tokyo headquarters	😊	Reduced by 28.6%	Number of employees at Tokyo headquarters: 272 (as of March 31, 2002) 343 (as of March 31, 2005)
		Reduce water usage		😊	Reduced by 24.0%	
		Paper consumption		Reduce paper consumption (calculated on a purchase-price basis)	😊	
	Green purchasing	Expand green purchasing of stationery items		😊	Switching over to such items	
	Employee training	Conduct training to raise awareness of environmental issues and teach about initiatives being undertaken		😊	Publicized the company's environment-related initiatives through in-house publications and training programs for new employees	
Environmental risk measures	Promote reuse	Improved the reuse rate (acquisition price ÷ scrap value at lease-expiration date)	Targeting a reuse rate of 9%	😞	Reuse rate: 8% (down 0.5% from the previous year), however sales-and-reuse rate improved 0.8%	
Environment-related businesses	Client support	Promote leases that contribute to environment-related businesses		😊	Provided low-energy-consumption leases (¥4.7 billion)	
JRI						
Reduction of environmental impact	Energy usage	Reduce ordinary power usage: reduce the usage per square meter by 3% from the fiscal 2002 base level		😞	Reduced 2.6% from the base level Achievement rate: 86.7%	
	Paper consumption	Reduce per-person paper consumption of copier paper by 6% from the 2002 base level		😞	Per-person paper consumption declined 1.7% compared with the base-year level. Achievement rate: 28.3%	
	Green purchasing	Promote continuous green purchasing of stationery items and PCs, etc. Achievement rate: over 99%		😊	Realized an achievement rate of 99.6% for target items	
	Employee Training	Conduct training sessions about environmental issues on an ongoing basis, and provide employees with information on environment-related topics		😊	Conducted group training sessions, posted information on the intranet, thereby achieving objectives as planned	
Environmental risk measures	Proposal of policies and measures	Propose policies and publicize environment-related performances through various media announcements and events (820 points)		😞	Against a target of 820 points, realized an achievement rate of 92.0%	
Environment-related businesses	Client support	Develop new businesses in environmental fields; actively promote businesses related to the environment (target: 60 projects)		😊	Established 63 projects, surpassing the target of 60, for an achievement rate of 105%	
	Provision of information	Provide information through the publication of books on environmental issues; hold lectures and host seminars		😊	Proceeding as planned	

## Fiscal 2005

● — New ■ — Ongoing

Sumitomo Mitsui Card Company, Limited					
	Items	Objectives			Specific Plans
Reduction of environmental load	Energy usage	■	Reduce power, water usage by 6% from fiscal 2002 base levels		Hold study sessions in which employees are taught “eco” rules
	Paper consumption	■	Reduce paper consumption by 2% from the fiscal 2002 base level		Continue efforts to raise employees' awareness (e.g. encourage employees to use both sides of paper when photocopying)
	Green purchasing	■	Expand green purchasing of stationery items		Consider items other than copier paper as items for green procurement
	Employee training	■	Conduct training sessions in each department and branch focusing on environmental issues on an ongoing basis, and provide employees with information on environment-related topics		Continue to hold study meetings at headquarters and branches
Environment-related businesses	Provision of services	●	Promote the accessing of statements via the Internet		—
SMBC Leasing Company, Limited					
Reduction of environmental impact	Energy usage	■	Reduce power usage	Reduce usage per employee (in the Tokyo headquarters) by 20% from fiscal 2001 base levels	Reduce overtime; prevent excessive air-conditioning
		■	Reduce water usage		
	Paper consumption	■	Reduce paper consumption		Reduce handouts and materials, promote use of projectors
	Green purchasing	■	Expand green purchasing of stationery items		Continue policy to expand green purchasing
	Employee training	■	Conduct training sessions about environmental issues on an ongoing basis, and provide employees with information on environment-related topics		Conduct training sessions for new employees; consider the introduction of an e-learning system
Environmental risk measures	Promote reuse	■	Reduce number of articles discarded following expiration of leases		Effectively use Lease-up Eco Town (LET), an Internet site for selling used leasing equipment
Environment-related businesses	Client support	■	Promote leasing of eco-friendly equipment		Continue to promote business activities that take advantage of opportunities provided by the trend toward environmental preservation
		●	Develop and promote environmental alliances		Form an alliance with the Development Bank of Japan; promote business alliances with the Tokyo Metropolitan Government and other public bodies
JRI					
Reduction of environmental impact	Energy usage	■	Reduce ordinary power usage: reduce the usage per square meter by 5% from the 2002 base level		In addition to ongoing measures, introduce new measure to reduce power consumption of equipment on standby status; considered measures for promoting low energy consumption year-round, instead of just in summer and winter
	Paper consumption	■	Reduce paper usage per employee by 6% compared with the fiscal 2002 base level		Strictly implement the practice of printing on both sides of paper; consider making meetings “paperless”
	Green purchasing	■	Continue green purchasing of stationery items and PCs, etc. (Target an achievement rate of over 99%)		Consider ways to realize greater cost-effectiveness
	Employee Training	■	Conduct training sessions about environmental issues on an ongoing basis, and provide employees with information on environment-related topics		Make greater use of Intranet; conduct review of e-learning education
Environmental risk measures	Proposal of policies and measures	■	Propose policies and publicize environment-related performance through various media announcements and events		To be undertaken by the think-tank consulting department; consider conducting a review of target points by reducing the number of departments to which this system is applied
Environment-related businesses	Client support	■	Develop new businesses in environmental fields; actively promote businesses related to the environment (target: 60 projects)		To be undertaken by the think-tank consulting department
	Provision of information	■	Provide information by publishing environment-related material, holding lectures and seminars		To be undertaken by the think-tank consulting department