

Environmental Preservation Initiatives

SMFG and Environmental Issues

Protecting the global environment is one of the most critical issues of our time. In view of the public nature of financial institutions and the social responsibilities they bear, they naturally have a duty to earnestly address the issue of environmental preservation.

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.

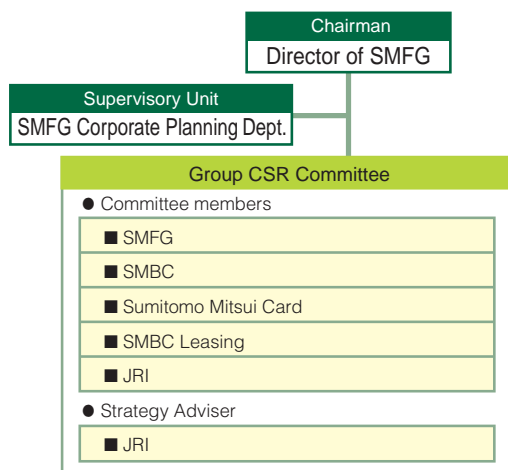
SMFG's Environmental Action Plan

Based on our Group Environmental Policy, we have a three-pronged action plan focusing on:

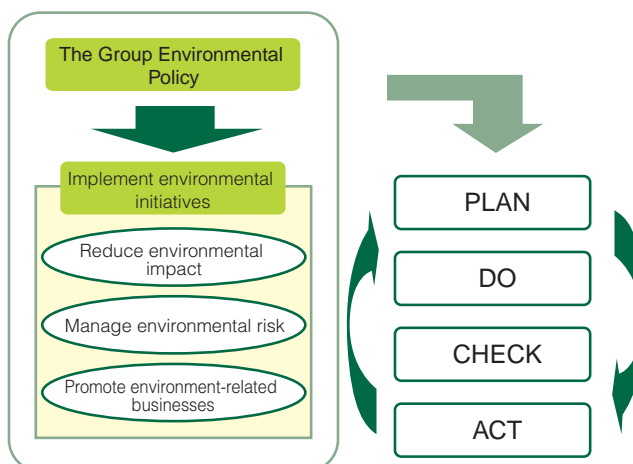
- 1) The reduction of environmental impact
- 2) The practice of environmental risk management
- 3) The promotion of environment-related businesses

The Group CSR Committee systematically follows the PDCA cycle of planning, performing, checking and improving in pursuing environmental activities centered on these three areas. SMBC and JRI have acquired ISO 14001 certification, the international standard for environmental management systems.

Group CSR Committee



SMFG's Environmental Action Plan and the PDCA Cycle



● Major Initiatives by Group Companies

Objectives	Initiatives	SMBC	Sumitomo Mitsui Card	SMBC Leasing	JRI
Reduce environmental impact	Reducing consumption of energy and paper	○	○	○	○
	Promoting green purchasing	○	○	○	○
	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	Providing funds for environment-friendly projects	○	—	—	—
	Promoting soil decontamination and helping companies apply for ISO certification	○	—	—	○
	Promoting energy-conserving projects, such as ESCOs and ESPs	—	—	○	○
	Providing information (publishing books, etc.)	—	—	—	○

● Acquisition of ISO 14001 (Certification for SMBC and JRI)

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

Reducing Environmental Impact

Activities such as energy conservation in the office and reduction of paper consumption directly decrease the environmental impact of business activities.

● Aiming for a paperless office

SMBC and JRI are aiming for a paperless office through the 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 been switching to electronic forms for bank branches. Through these initiatives, the Group reduced its paper consumption by 83.7% as of March 31, 2007. In addition, SMBC has taken various measures to facilitate easy customer transactions and reduce the bank's consumption of business forms. The bank has set up "MC (Money-Lifestyle Consulting) Stations" at "MC Desks"; offers the "Web Passbook," a virtual bank passbook that allows customers to check their transactions via the Internet; and is promoting the use of the Web21 system of Internet banking for corporate clients.

● Reducing Energy Consumption

SMFG sets new targets each year for the reduction of energy consumption (mainly electric power) by the Group, and diligently works to meet these targets. SMFG, SMBC, SMBC Leasing, and JRI are also participating in the Team Minus 6% project being promoted by the Japanese government (which aims to reduce energy consumption in 2012 by 6% compared with the base year

of 1990). SMBC also participates in the Green Power Certification System of the Japan Natural Energy Company Limited (JNEC) to contribute to eco-friendly power generation and environmental preservation. It generated 900,000 kWh of electric power from April 2006 to March 2007 under the program.

The combination of this eco-friendly power and the acquisition of emission rights makes the SMBC head office building effectively carbon neutral. The Tokyo head office building of SMBC Leasing and the Osaka head office building of Sumitomo Mitsui Card are carbon neutral as a result of emission right purchases.

● Environmental Education

Making staff more aware of environmental issues is regarded as a vital part of SMFG's ongoing efforts to reduce the environmental burden caused by business operations. Year-long staff education programs, including a program to acquaint staff with the concepts behind environmental management systems, are pursued through regular classes and e-learning systems.

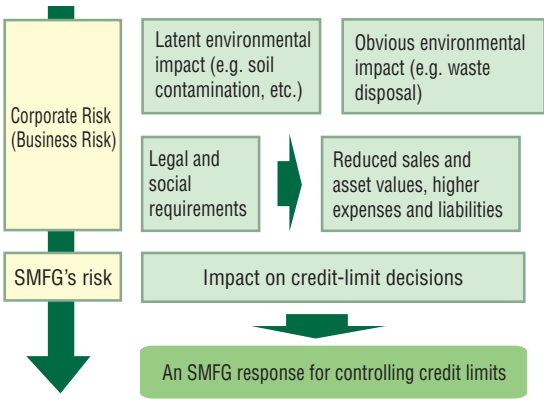


Environmental Risk Management

When the environmental impact of business activities becomes substantial enough, companies face serious adverse effects on their business. Environmental risks involved in the business operations of a borrower company directly affect the credit risk of the lender. Financial institutions therefore need to take such considerations carefully into account when making credit decisions.

SMBC therefore incorporates environmental risk assessments in its credit screening process, and in view of the importance of this factor, in its Credit Policies (a set of regulations governing the bank's lending operations) the bank has clearly stated its stance on environmental risk in relation to collateral taking. Soil contamination risk assessments are mandatory under the bank's regulations for real estate properties put up as collateral that meet certain specified criteria.

Environmental Risks



In July 2006 the bank adopted the revised Equator Principles, which make the assessment of environmental and social risks part of the project finance screening process. The Equator Principles are a set of voluntary guidelines on environmental and social considerations to be observed when conducting project finance operations.

Promoting Environment-Related Business

SMFG is putting particular emphasis on environment-related business as it is the most effective way for a financial services provider, through its core business operations, to fulfill its corporate social responsibility.

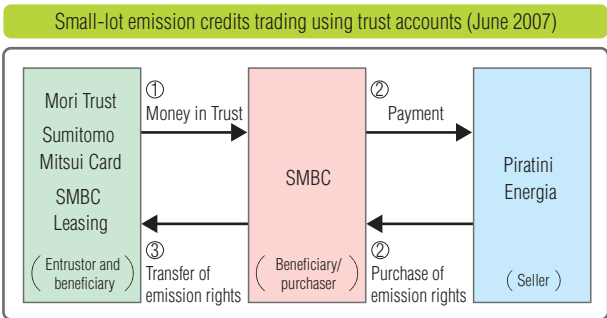
Starting in fiscal 2005, SMBC began regularly holding meetings of the Eco-Biz Promotion Council, whose aim is to oversee the coordination of environment-related business activities carried out by various departments of the bank.

As an example of specific initiatives, we started providing information to companies in Japan that are interested in purchasing emission rights in fiscal 2005. We later began handling small-lot purchases of emission rights in June 2007 (Fig. 1).

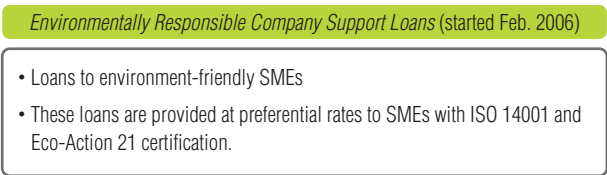
In February 2006, we introduced the “Environmentally Responsible Company Support Loan” (Fig. 2). We then made improvements to this product in January 2007 to make it easier for SMEs to apply. As of March 2007, we had extended a total of about ¥10 billion of these loans.

With the support of the Ministry of the Environment, in March 2007 SMBC held the “Environmental Business Networking Event—With Team Minus 6%” (Fig. 3). This was the largest such business networking event held by the bank, with the participation of 1,600 representatives from 623 companies, and 600 business discussions took place.

(Figure 1)



(Figure 2)



(Figure 3)

Environmental Business Networking Event (March 2007)

The event was aimed at raising customer satisfaction by helping open up new marketing channels in environment-related businesses for the bank's business partners, as well as introducing them to new suppliers and facilitating business alliances.

We provided support through business matching services for customers thinking of entering environment-related businesses or incorporating environmental preservation activities into their business plans to raise their corporate value and draw up new management strategies.

The event, attended by 1,600 representatives from 623 companies, featured 81 booths. Business talks between participants were held on 600 potential deals.



Prospective market scale: The Ministry of the Environment estimates the market, which was worth ¥30 trillion in 2000, will expand to ¥58 trillion by 2020.

The bank's customers' needs: More sales channels for environment-related businesses

Background social factors: The Kyoto Protocol to the United Nations Framework Convention on Climate Change is a protocol that came into effect in February 2005. The 2012 target is to reduce emissions of greenhouse gases by 6% compared with the volume emitted in the base year of 1990. Additionally, in Japan, laws have been passed mandating the recycling of electric appliances and promoting the formation of a society based on recycling and the reuse of resources.

Providing Environment-Related Information

● Publication of Environmental Magazine SAFE

SMFG has published this magazine, through which we have been providing environment-related information on a bimonthly basis since 1996. Current circulation is approximately 4,000 copies. Each issue of this publication includes interviews with the top management of companies at the forefront of the environmental preservation movement. It also highlights trends in legal regulations and examines other current topics. The magazine is sent to Group company clients.



● 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)

SMFG is a signatory to the Carbon Disclosure Project (CDP). Under the CDP, institutional investors and financial institutions concerned over the issue of climate change cooperate in requesting companies operating on a global scale to submit written reports on their policies and initiatives on environmental issues. The responses received are collated and issued in report form.

Environment-Related Social Contributions

—SMBC's Creative Conservation Club supports the Furano Nature School—

SMBC is supporting the environmental project being pursued by So Kuramoto, a TV and movie scriptwriter, in the city of Furano in Hokkaido. This project involves the replanting of trees by volunteers on one-third of the land of a former golf

course. Once the area has been restored to its original forested state, fallen leaves will be collected and strewn on the paths. People learn about nature directly through their senses, for instance, by walking along these paths barefoot, identifying the sounds and smells of a forest.



Employees and their families participating in the Furano Nature School in July 2007