

# Corporate Social Responsibility (CSR)

## Aiming to contribute to the sustained development of society as a whole

Society today is confronting numerous and wide-ranging issues, including global warming, rapid population growth, growth in poverty, and low birthrates and aging populations in developed countries. As a global financial group, at SMFG we regard it as our social responsibility to remind ourselves of our role and play our part in addressing such issues.

## Basic CSR policies

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

➔ Please follow the link to read about our CSR “business ethics.”  
<http://www.smfg.co.jp/english/responsibility/smfgcsr/csr.html>

### ► SMFG’s definition of CSR

In the conduct of its business activities, SMFG 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.

## Priority issues (Materiality) that SMFG should address

SMFG has designated “Environment,” “Next Generation,” and “Community” as its three priority issues (Materiality) for the medium to long term.

### Environment

Toward a sustainable world that all can share

#### Where we want to be ten years from now

A financial services group that takes the lead in tackling global environmental issues

#### Issues we should address

- Promotion of environmental management integrated with business
- Reducing environmental impact
- Managing environmental risks
- Promotion of environmental businesses
- Environment-related social contribution activities

### Next Generation

Toward a vibrant society that balances maturity and growth

#### Where we want to be ten years from now

A financial services group that helps create a society where the next generation can also play an active part vigorously

#### Issues we 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

### Community

Toward a healthy and distinctive community in which everyone can participate

#### Where we want to be ten years from now

A financial services group that contributes to the creation and further development of safe communities, which are the bedrock of Japanese society as a whole

#### Issues we should address

- Reconstruction for the Great East Japan Earthquake
- Contribute to achieving and developing safe and secure communities
- Community-based activities led by officers and employees
- Efforts to solve social issues by collaborating with NGOs and NPOs

## Endorsement of initiatives in Japan and overseas

As a global corporate citizen, SMFG is fully aware of the social influence of financial institutions, and it endorses the following initiatives in Japan and overseas (action guidelines and principles for corporate activities).

➔ Please follow the link to read about initiatives endorsed by SMFG.

<http://www.smfg.co.jp/english/responsibility/smfgcsr/structure.html>

## Environment

### Our basic position

SMFG recognizes the environment as one of its most important management issues. We are implementing initiatives to harmonize environmental preservation with corporate activities based on our Group Environmental Policy.

➡ Please follow the link to read about our Group

#### Environmental Policy.

<http://www.smfg.co.jp/english/responsibility/environment/index.html>

### Environmental Management System (EMS) based on ISO 14001 certification

In 1998, SMBC became the first Japanese bank to obtain ISO 14001\* certification. This certification is now held by holding company SMFG and eight major Group companies.

\* International standard for environmental management systems

### Three pillars of the Group's activities

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

### Reducing environmental impact

SMFG sets objectives for reducing electricity and other energy consumption each year and seeks to be proactive in reaching its goals.

The SMBC East Tower, which opened in summer 2015 in Tokyo's Marunouchi district, pays heed to nature conservation and utilization; the installation and use of highly efficient systems; the reduction of adverse effects on the environment; and the creation and maintenance of a sustainable building. As a result of the utilization of diverse energy-saving technologies, we expect the



SMBC East Tower

SMBC East Tower's CO<sub>2</sub> emissions to be approximately 35% lower than an average office building.

SMFG organized an "SMFG Clean-Up Day" in which approximately 1,400 employees and their families participated in four locations.

### Managing environmental risk

SMBC's Credit Policy, which sets out universal and basic philosophies, guidelines, and rules for credit operations, makes explicit reference to environmental risk in credit assessment.

In addition, in its environmental and risk assessment, SMBC follows the Equator Principles, which provide private-sector financial institutions a framework for environmental and social risk in financing large-scale development projects.



Equator Principles

### Promoting environmental businesses

SMFG positions environmental businesses as a means to preserve and improve the global environment through its core business operations. SMFG's commitment extends from the global environment to individual countries' economic development. Examples include the SMBC Environmental Assessment Loan / Private Placement Bond to assist clients in promoting their environmental management, support for environmental infrastructure improvement projects in emerging countries, and support for renewable energy projects in emerging countries. Additionally, in 2015 SMBC became the first private-sector Japanese bank to issue green bonds.

# Corporate Social Responsibility

## Next Generation

### Our basic position

SMFG draws on its financial functions to the full in the development of industries and personnel that will support the next generation. It is also engaged in the improvement of financial literacy and the development of markets that support healthy economic growth in emerging countries. We seek to make use of our financial functions and financial knowledge to assist in the creation of a vibrant society where the next generation can flourish.

### Improvements to financial literacy

SMFG Group companies each provide financial and economic education in accordance with their category of business. SMBC and SMBC Nikko Securities accept visits to their branches by students from elementary to high school. SMBC Consumer Finance organizes financial and economic seminars for college students and those who have entered the workforce.

SMBC is the publisher of *What Does a Bank Do?*, a book for elementary school students, and *JUNIOR SAFE*, a children's magazine about the environment. Its activities also include the co-sponsorship of the KidZania work experience theme park and support for the Finance Park economic educational program for middle school students.



Natsuyasumi Kodomo Ginko Tankentai workplace experience for elementary school students organized by SMBC

### Global human resources development

The SMBC Foundation for International Cooperation provides scholarships every year to 7 or 8 students coming from Asia to attend graduate schools in Japan. The objectives of the scholarships are the development of human resources that may contribute to the economic development of emerging countries and international exchange. The foundation also provides subsidies to research institutes and researchers that undertake projects contributing to economic development in emerging countries.

The SMBC Global Foundation, based in the United States, has provided scholarships to more than 6,000 university students in Asian countries since its establishment in 1994. In the United States, it supports educational trips to Japan organized by a high school in Harlem, New York City, and participation in school beautification programs by volunteers from SMBC. The foundation also matches donations from employees.



Event for foreign students in Japan

## Community

### Our basic position

In addition to the social contribution of its daily business, SMFG strives to be a good corporate citizen and fulfill its social responsibilities by undertaking a wide variety of activities to help society prosper.

### Support for areas affected by natural disasters

As of March 2016, more than 890 SMFG executives, employees, and members of their families had participated in voluntary activities in areas affected by the Great East Japan Earthquake.

The Group has donated approximately ¥80 million for the Kumamoto Earthquake, which occurred in April 2016, and executives and employees are also volunteering of their own accord. SMBC has housing loans with special rates and a special corporate fund for clients affected by the earthquake. SMBC has also organized a special summer schedule for job applicant screening for students affected by the earthquake in addition to its usual selection process.



Social event at post-quake housing in Ishinomaki

### Resolution of social issues in conjunction with NGOs and NPOs

Approximately 10,000 executives and employees participate in SMBC's voluntary scheme for deductions from salary for donations to charitable organizations. In fiscal 2015, donations were made to 30 organizations working on the resolution of social issues in Japan and overseas. Many executives and employees of other Group companies are also enrolled in volunteer funds that contribute to welfare and environmental activities.

SMFG arranges volunteer activities for staff in collaboration with organizations engaged in social problem solving, primarily recipients of volunteer funds. In fiscal 2015, approximately 2,600 executives, employees, and members of their families participated.



Volunteering with NPOs

### Initiatives to assist the elderly and people with cognitive impairment and disabilities

As of March 2016, SMFG had trained approximately 9,100 staff to assist people with cognitive impairment. SMBC has training programs, such as Universal Manner, for the assistance of the elderly and people with disabilities.

### Initiatives targeted at social issues in Asia

In March 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia signed a memorandum of understanding with the Indonesian major Djarum Group's Djarum Foundation for the promotion of CSR activities in Indonesia. In the sphere of education, equipment has been donated to vocational schools.

In July 2015, SMBC became the first Japanese company to sign a memorandum of understanding with the Japan Committee for UNICEF. The agreement concerns a training program for elementary and middle school teachers in Myanmar that gives SMBC the opportunity to contribute to development in Myanmar over the next three years.



Marine vocational school in Indonesia