

# Sustainability Report 2022



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SMBC Group publishes a PDF version of our website, which we call the Sustainability Report, in order to improve convenience. Looking ahead, the Group will focus on maintaining a dialogue with stakeholders by enhancing its communication activities.

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# Editorial Policy

## Sustainability Report/Sustainability Website Editorial Policy

This sustainability report is a PDF file version of the sustainability website of Sumitomo Mitsui Financial Group and allows stakeholders to review sustainability initiatives of SMBC Group in a single document. The sustainability website has been created for the purpose of communicating to stakeholders the roles of SMBC Group in helping to realize a sustainable society, as well as its initiatives.

The website compiles characteristic initiatives, including the latest examples, centering on policies, systems, and programs related to sustainability at SMBC and the holding company Sumitomo Mitsui Financial Group. We aim to continue enhancing the contents of information disclosed. Effective links are also provided to information disclosed on the websites of individual group companies in connection with examples of initiatives at those companies.

### Note on Company Names

Sumitomo Mitsui Financial Group, Inc. is referred to on this report and the sustainability website as the "holding company Sumitomo Mitsui Financial Group" or "Sumitomo Mitsui Financial Group," and the overall corporate group that includes the main group companies is referred to as the "SMBC Group."

### Scope of this Report

The scope of this report contains initiatives of SMBC Group including the main group companies below.

- Sumitomo Mitsui Financial Group, Inc.
- Sumitomo Mitsui Banking Corporation
- SMBC Trust Bank Ltd.
- Sumitomo Mitsui Finance and Leasing Company, Limited
- SMBC Nikko Securities Inc. (\*1)
- Sumitomo Mitsui Card Company, Limited
- SMBC Finance Service (\*2)
- SMBC Consumer Finance Co., Ltd.
- The Japan Research Institute, Limited
- Sumitomo Mitsui DS Asset Management Company, Limited (\*3)

(\*1) SMBC Friend Securities has formed a merger with SMBC Nikko Securities in January 2018.

(\*2) Cedyna Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service.

(\*3) Sumitomo Mitsui Asset Management and Daiwa SB Investments merge to form Sumitomo Mitsui DS Asset Management Company in April 2019.

### Reporting period and other information

#### Reporting Period

Contents of the sustainability website before the publication of this report are included.

Individual periods are addressed in each activity when necessary.

#### Month of Issue

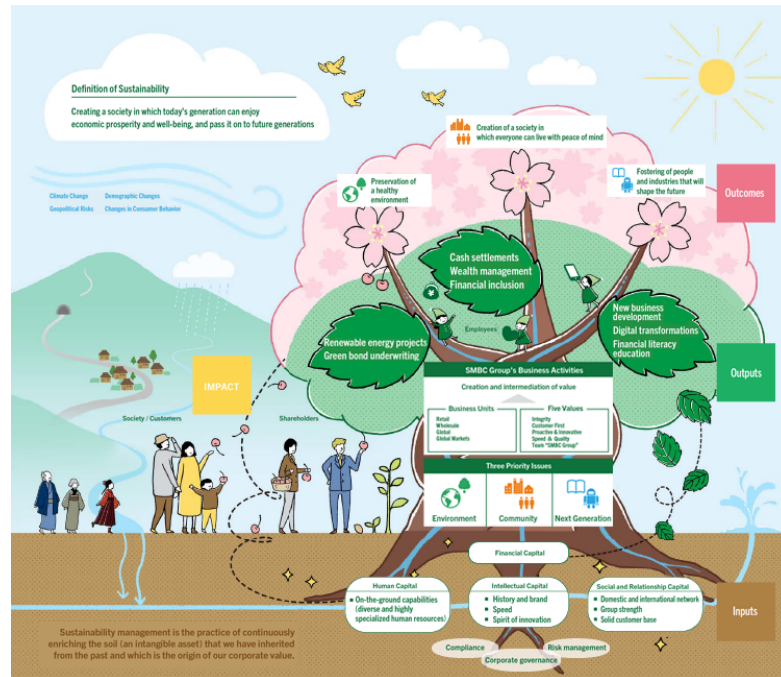
March 2023 (Previous issue: March 2022)

### Contact Information

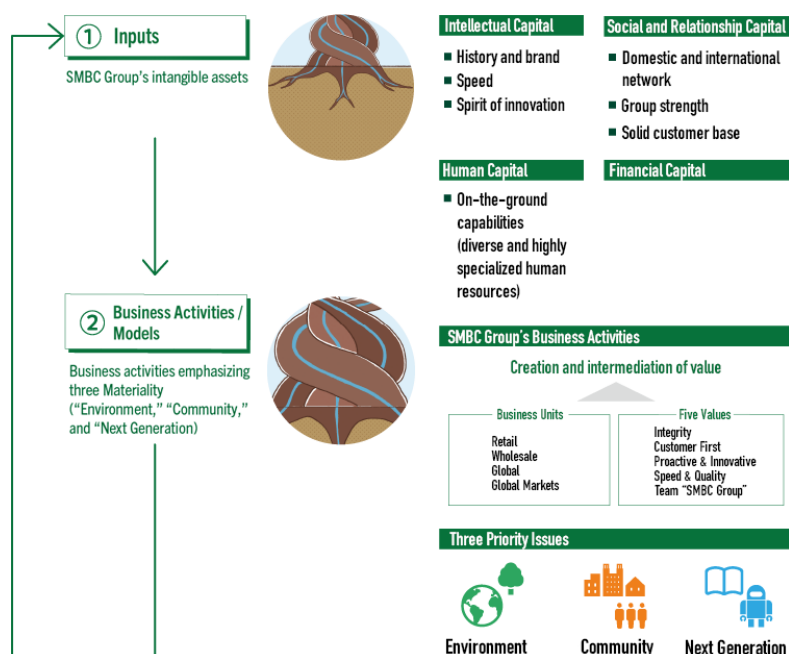
1-1-2 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-0005  
Sumitomo Mitsui Financial Group, Inc.  
Tel: +81-3-3282-8111

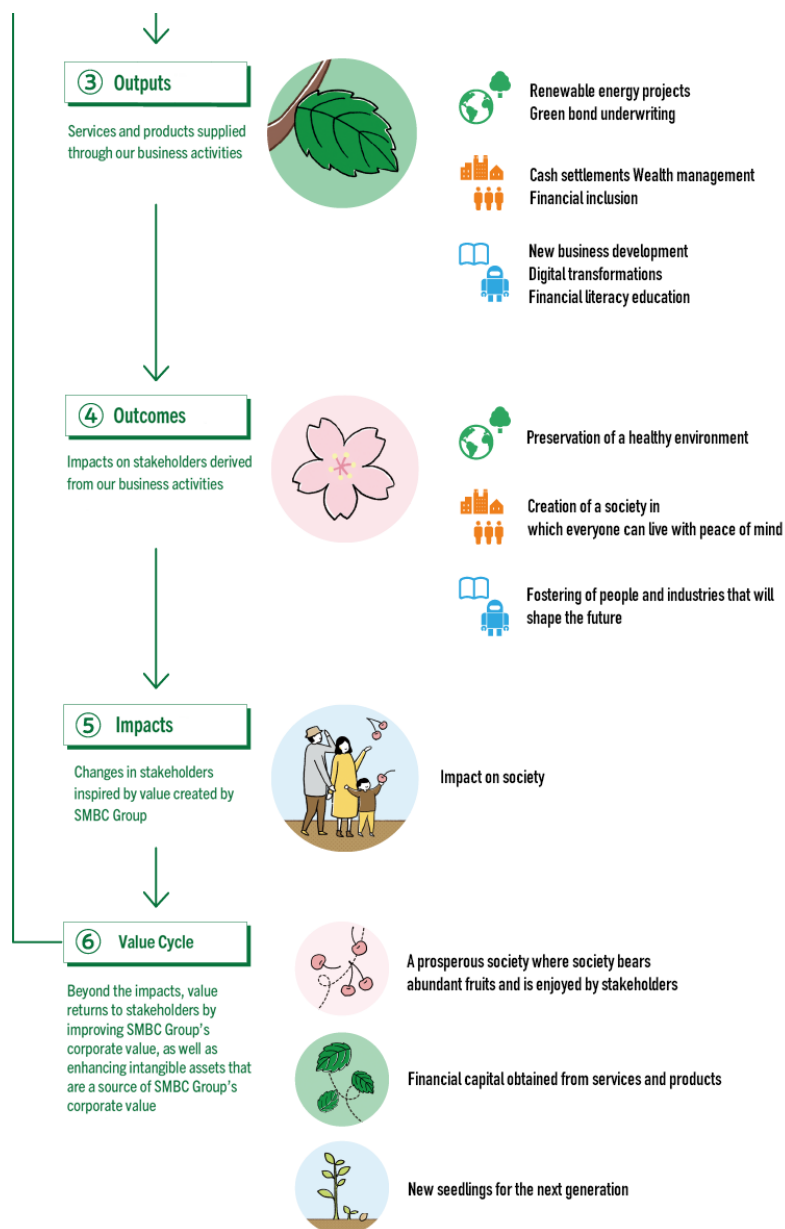
# SMBC Group's Value Creation Process

SMBC Group's Value Creation Process illustrates what value we create through addressing the materiality to grow together with stakeholders.



## SMBC Group's Value Creation Process







# SMBC Group Statement on Sustainability

Throughout its 400-year history, SMBC Group has continuously upheld its commitment to sustainability. We hereby declare that we will drive forward our efforts to make sustainability a reality.

## Definition of Sustainability

SMBC Group defines sustainability as “creating a society in which today’s generation can enjoy economic prosperity and well-being, and pass it on to future generations.”

## Understanding of the Present Situation and Our Role

As a financial institution, we will engage and act together with customers and other stakeholders to contribute to the global transformation into a better society.

SMBC Group Statement on Sustainability(16KB) 

FY2019 Dialogue (1)

The content of the “SMBC Group Statement on Sustainability” and its penetration throughout the company (September 5, 2019)

SMBC Group has established “SMBC Group GREEN×GLOBE 2030”, a ten-year plan that extends to 2030 and is based upon the Sustainability Statement.

SMBC Group GREEN×GLOBE 2030

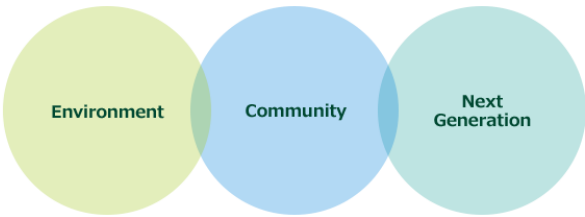
FY2019 Dialogue (2)

Social impacts required for mega bank group required to solve social issues. (November 27, 2019)

## Issues that SMBC Group focuses on

The SMBC Group has “Environment”, “Community”, and “Next Generation” as priority issues, aiming for a society in which everyone can enjoy economic prosperity and well-being.

Make sustainability a reality



For the society we aim to achieve, a healthy “Environment” is the foundation of social sustainability, and “Community” helps society work smoothly as well as being a social safety net. “Next Generation” is a presence which makes society better and passes it on to future generations.

Priority Issues (Materiality) that SMBC Group Should Address

## 400 years of sustainability practice

For more than 400 years, we have consistently regarded sustainability as a cause fundamental to our business operations, and to this day it remains the foundation of our management.

### The predecessor to Mitsui



Uki-e Suruga-chō gofukuya zu  
Mitsui Bunko Collection

As a kimono merchant, Mitsui’s predecessors brought innovation to the conventional business practices of the time and established a new business model. In the Edo period, it became a currency exchanger, and since the Meiji era, as a bank, it has become an important player in the financial infrastructure that underpins economic activities in Japan and the world.

### The predecessor to Sumitomo



Current Besshi Copper Mine  
Sumitomo Forestry Co., Ltd. Collection



Besshi Copper Mine in 1881  
Sumitomo Historical Archives Collection

Sumitomo's predecessors have made Japan one of the world's leading copper producers through technological innovations in copper refining. Sumitomo also noted environmental issues on the other hand. The predecessor grieved the devastation on the mountains and resolved to undertake reforestation and provided abundant greenery for future generations and a safe and secure life for local communities.

# Priority Issues (Materiality)

## Priority Issues (Materiality) that SMBC Group Should Address

SMBC Group has set “Environment”, “Community”, and “Next Generation” as priority issues in order to respond to requests from stakeholders and contribute to solving social issues.

In addition, with a view to 2030, which is the goal of the SDGs, we are clarifying the items and issues to be tackled and working on them.



For the society we aim to achieve, a healthy “Environment” is the foundation of social sustainability, and “Community” helps society work smoothly as well as being a social safety net. “Next Generation” is a presence which makes society better and passes it on to future generations.



Across our history, we have been consistently dedicated to our priority issues  
“Environment” as a corporate citizen that protects the green earth  
“Community” and “Next Generation” as a member of society

The predecessor to Mitsui



Uki-e Suruga-chō gofukuya zu  
Mitsui Bunko Collection

As a kimono merchant, Mitsui’s predecessors brought innovation to the conventional business practices of the time and established a new business model.  
In the Edo period, it became a currency exchanger, and since the Meiji era, as a bank, it has become an important player in the financial infrastructure that underpins economic activities in Japan and the world.

The predecessor to Sumitomo



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## For Environment

### SMBC Group's Approach

#### SMBC Group



The global environment is an important asset that is shared by all of humanity, regardless of region or age, and a healthy environment is prerequisite to the realization of a sustainable society. SMBC Group is earnestly engaging with climate change and various other environmental issues. By helping resolve such issues through our business, we aim to ensure that we can pass on a healthy environment to future generations.



Roadmap Addressing Climate Change/Action Plan

Response to climate change (Working on TCFD Recommendations)

Promotion of Environmental Business

Management of Environmental Risks

Reduction of Environmental Impacts

SMBC Group Green Bond

## For Community

### SMBC Group's Commitment

SMBC Group



We understand a Community where each of the components of our society feels the connection, support and safety among each other is the essence of human life and economic activities. As a responsible member of the Community, SMBC Group continues to make contribution to the society.



Contribution to Achieving and Developing Safe and Secure Communities

Promotion of Social Inclusion in Collaboration

## For Next Generation

### SMBC Group's Approach

SMBC Group



Ensuring the sustainability of our society and economy amid the changing social environment will require the cultivation of human resources who can support society with the necessary knowledge and technologies. SMBC Group is promoting sustainability by fostering the next-generation human resources and industries that will shape the society of the future together with us.



Support for Growth Industries

Promotion of Financial Literacy Education



## Process to Identify Priority Issues (Materiality)

In light of constantly changing social trends and a reassessment of the relative importance of the Group's priority issues among its stakeholders, and in order to adapt our activities to these developments, in fiscal 2013 SMBC Group reviewed our priority issues and have derived three new themes - "Environment," "Community," and "Next Generation" - as our medium- to long-term priority issues that form the core of SMBC Group's activities. In identifying these priority issues, we made use of the G4 sustainability reporting guidelines issued by the Global Reporting Initiative (GRI), and with participation from all Group companies, we derived an order of priority for various social issues. We also engaged in dialog with experts to assess the relative importance assigned by our stakeholders to the issues.



✓ Step 1 Selection and prioritization of issues

✓ Step 2 Reexamination and identification through dialog with experts

✓ Step 3 Reporting to Group top management, and receiving approval

✓ Step 4 Review through engagement

### Step 1 Selection and prioritization of issues

We derived around 150 wide-ranging CSR issues from the GRI Guidelines (G4), utilizing the ISO 26000 framework, and based on the participation of each of the Group companies.

We then assigned an order of priority to these issues from the standpoint of our stakeholders. They were first placed into two categories - "our medium-to long term priority issues (environment, community, and next generation)," and "key issues to be addressed on solid management base."

Standards used for reference in prioritization	
<b>Importance to Stakeholders</b> <ul style="list-style-type: none"> <li>International frameworks such as the GRI Guidelines</li> <li>Items to be researched or pointed by the Socially Responsible Investing (SRI)-related institutions</li> <li>Suggestions from the strategy advisor to the SMBC Group CSR Committee</li> </ul>	<b>Importance to SMBC Group</b> <ul style="list-style-type: none"> <li>Priority issues from 10 Group companies</li> <li>Conformity with SMBC Group's Business Mission, business ethics, and medium-term management plan</li> <li>Assessment of risks and possible business opportunities (potential for enhancing enterprise value) in line with pursuit of sustainability</li> </ul>

## Step 2

### Reexamination and identification through dialog with experts

In February 2014, we conducted a dialog with selected group of experts on our "issues thought likely to be important over the medium-to-long term," and "issues that must be effectively addressed in order to construct a solid management base" to check, from the perspective of social nature, environment and global issues whether sufficient consideration and recognition had been given to all the issues that should be put forward as candidate priority issues, and to ensure that no important issues had slipped through the net.

After carrying out step 2, we conducted revision in line with the opinions expressed, and identified the priority issues to be addressed by SMBC Group after receiving the approval of the experts.

## Step 3

### Reporting to Group top management, and receiving approval

In March 2014, the Group's Management Committee gave approval for the priority issues (Materiality) that SMBC Group should address through the Group CSR Committee and the Corporate Sustainability Meeting.

Moreover, approval was received for the examination of specific methods of addressing priority issues after discussion and review with stakeholders both within and outside the Group and each Group company.

## Step 4

### Review through engagement

Since July 2014, the Group has been gathering informative opinions, both internal and external, from the following: e.g., employee surveys conducted during internal training sessions; external surveys covered in the CSR reports featuring priority challenges to be addressed by SMBC Group, etc. Also, the Group occasionally attempts to review the challenges to be covered as time progresses, through dialogue with all relevant stakeholders.

In September and November 2019, dialogue was held as a step towards compilation of the "SMBC Group Sustainability Declaration," and during the course of time, the said priority challenges were reviewed by the experts involved.

Fiscal 2015	<a href="#"><u>Realizing the "Ten-Year Vision"</u></a>
Fiscal 2016	<a href="#"><u>Verifying Validity of Issues to Be Addressed within Priority Issues (Materiality)</u></a>
Fiscal 2017	<a href="#"><u>Roles and Expectations for Financial Institutions in Terms of the SDGs and ESG Investments</u></a>
Fiscal 2019	<a href="#"><u>The content of the "SMBC Group Statement on Sustainability" and its penetration throughout the company (September 5, 2019)</u></a> <a href="#"><u>Social impacts required for mega bank group required to solve social issues. (November 27, 2019)</u></a>

Refer to the following for details on the stakeholder dialogue.

Stakeholder Engagement

# SMBC Group GREEN x GLOBE 2030

SMBC Group has established "SMBC Group GREEN x GLOBE 2030", a ten-year plan that extends to 2030 and is based upon the Sustainability Statement.

## Basic concept

"Create the future of the earth and humanity with our customers."

### Thoughts in the name

"GREEN" represents SMBC Group's corporate color and the environment while "GLOBE" represents the earth and a borderless world. The two terms are connected by " x " to show the plan's potential being measured in terms of multiplication rather than mere addition.

GREEN	(SMBC Group's corporate color and the environment)
X	(the plan's potential)
GLOBE	(earth and a borderless world)
2030	(duration of SDGs)

## Key Pillars of the plan and 10 years KPIs

SMBC Group GREEN x GLOBE 2030, formulated in April 2020, has the key pillars and sets long-term goals (KPIs) for some of its measures, which we make updates periodically.

### Key pillars of the plan

- 1 Sustainability initiatives that are directed towards our customers/society.
- 2 Internal initiatives that contribute to Sustainability management.
- 3 Enhance engagement with investors.



Key pillars of the plan	KPI we aspire ten years from now through our initiatives
Sustainability initiatives that are directed towards our customers/society	<ul style="list-style-type: none"> <li>● Execute green finance and finance that contribute to realizing sustainability*<sup>1</sup> equivalent to JPY 30 trillion between FY2020 to FY2029 (of which JPY 20 trillion is green finance).</li> <li>● 1.5 million participants in financial education programs held by SMBC Group (FY2020-FY2029)</li> <li>● Publicly release a minimum of one report per year which is based on the results of social impact measurements that target social contribution activities</li> </ul>
Internal initiatives that contribute to Sustainability management	<ul style="list-style-type: none"> <li>● Conduct surveys targeting front office personnel and customers to measure their awareness of SDGs and engagement levels regarding solving social issues (SDGs, etc.)</li> <li>● SMBC Group will become net zero*<sup>2</sup> in its groupwide operations*<sup>3</sup> by 2030</li> </ul>
<p>*1 "Finance that contributes to sustainability" includes financing for the purposes of supporting corporates transition to environmentally conscious businesses models and their social programs.</p> <p>*2 Scope1 and Scope2</p> <p>*3 The basic concept is to directly reduce GHG emissions by switching electricity to renewable sources making use of non-fossil fuel energy certificates, etc. For unavoidable emissions, carbon offsets such as purchasing credits will be considered to achieve net zero.</p>	

The Roadmap Addressing Climate Change and the Action Plan (263KB) [PDF](#)

## Progress Reports

### FY2021

ESG Data Book : P.3 [PDF](#)

Please refer to the link below for the results of our social impact assessment.

[FY2021 Social Impact Assessment Report](#)

## Progress Reports

### FY2020

2021 Annual Report (FY2020) : Initiatives to Realize Sustainability [PDF](#)

Please refer to the link below for the results of our social impact assessment.

[FY2020 Social Impact Assessment Report](#)

# FY2021 Social Impact Assessment Report

In FY2021, we conducted a social impact assessment to visualize the social impact of the Promise Financial and Economic Education Seminar as last year. The Seminar is at the core of SMBC Group's social contribution activities. This assessment was conducted based on an awareness that corporations have become required to bring about social impact through their business activities.

Through this assessment, we will fulfill our duty for stakeholder accountability about the project outcomes while also working to make a more effective program structure and improvements to the program based on the proposals and insights gained.

[FY2021 Social Impact Assessment Report of Promise Financial and Economic Education Seminar \(906KB\) PDF](#)

[FY2021 Social Impact Assessment Report of Promise Financial and Economic Education Seminar\(Appendix\) \(1,356KB\) PDF](#)

▼ 1.Assessment summary

▼ 2.Overview of the subject project

▼ 3.Overview of the Social Impact Assessment

▼ 4.Main results of the analysis of the Social Impact Assessment

▼ 5.Considerations

## 1. Assessment summary

In FY2021, our social impact assessment on the effectiveness of the “Promise Financial and Economic Education Seminar” project is based on the logic model proven to be effective in the FY2020 assessment. To estimate the social impact brought about by the project as a whole (cumulative total participants of 1,200,000 to date), we compared the results of a questionnaire survey of more than 1,500 students from 11 high schools and interviews of selected students who participated in the seminar against responses from the control group consisting of students who did not participate in the program. The following are insights gained from this assessment and our recommendations for the program.

## ● Insights gained from the social impact assessment

### 1.Improved financial literacy through the project

- We believe the project was effective in improving financial literacy, given a significant improvement in scores on objective financial literacy (categories in the financial literacy map) after taking the seminar. The project will highly likely improve the objective financial literacy of first-year students in high schools, students in ordinary schools and those in specialized programs.
- Compared to nonparticipating students, students who attended the seminar showed an improvement in scores on subjective financial literacy. The project is considered highly effective in improving the subjective financial literacy of specific demographics, such as first-year students in high school, students in specialized programs and female students.

### 2.Appropriateness of program contents

- The project provides programs specifically targeted to high school students including: life planning & family budget management program, loan & credit program, and financial problem program. After taking these programs, students scored better in many categories in the financial literacy map and items in the behavior and attitude segment. Thus, we believe the program contents were adequately effective.

### 3.High interest in finance and economics among high school students who participated in the seminar

- The results of our qualitative survey showed that there was an increase in the number of students who recognize the importance of learning finance and economics at school or who are interested in various financial and economic fields. The project was considered effective in raising the interest of students.

## 2. Overview of the subject project

### Project name

Promise Financial and Economic Education Seminar

### Project developer

SMBC CONSUMER FINANCE CO., LTD.

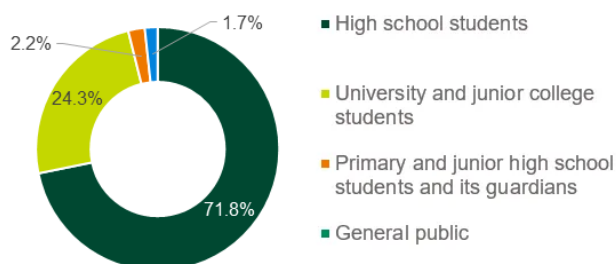
### Project contents

Supporting students and local people responsible for the future to acquire accurate knowledge concerning money so that they can make appropriate decisions by holding free financial and economic education seminars at the customer service plazas or local schools.

### Achievements

Cumulative total participants Approx. 1,010,000 people(FY2011 to FY2020)

### [Demographics of participants]



SMBCCF : Initiatives for Financial and Economic Education (Japanese only) 

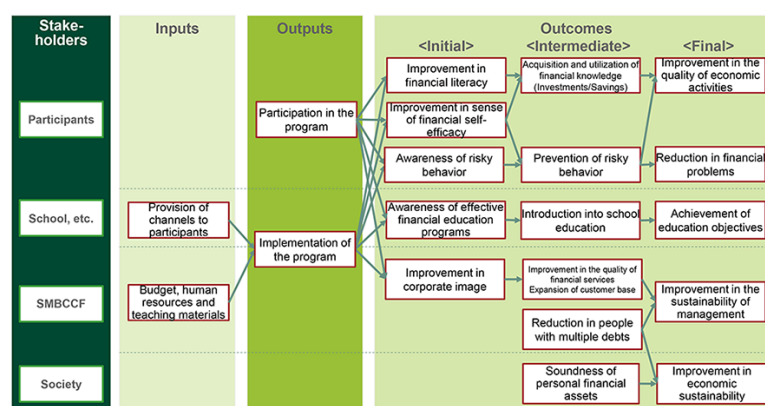
### 3. Overview of the Social Impact Assessment

#### ● The social impact brought about by financial and economic education

- \* The expected social impact is as listed below (1. to 3. are from the report of the Study Group on Financial Education)
  1. Improvement in life skills and realization of prudent household finances
  2. Improvement in the quality of financial services
  3. Supply risk money necessary for economic growth by changing the structure of Japan's wealth building
  4. Improvement in response to and prevention of financial trouble

#### ● Anticipated logic models

- \* From previous studies and the program's materials, logic models that show the expected social impact of financial and economic education anticipate the below.



#### ● Overview of implementation

- \* Our FY2021 assessment was targeted at high school students. They account for a substantial part of the project's target audience. We estimated the social impact of the program on this segment through the enhanced methodology with improved accuracy.

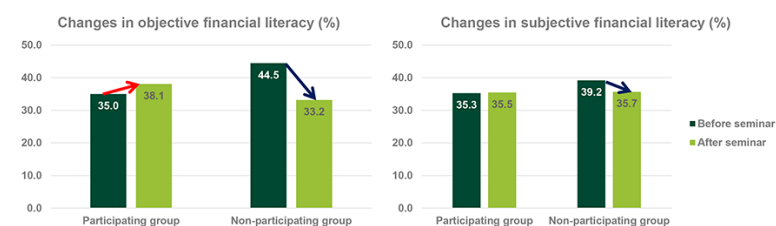
Item	Overview
Name of assessment	Social impact assessment of Promise Financial and Economic Education Seminar for high school students
Subjects	a. Seminar participants: High school students who participated in the seminar (the "participating group") b. Non-participants: High school students who did not participate in the seminar (the "non-participating group")
Assessment methodology	① Questionnaire survey: Students were assigned to the participating group and non-participating group (those who have a similar profile to seminar participants but have not participated in seminars (item b above)) and requested to give responses to both online and paper-based questionnaires. ② Interview: Students who took the seminar were interviewed.
Assessment overview	<ul style="list-style-type: none"> <li>We measured initial outcomes (financial literacy, behavior and attitude, and sense of self-efficacy) of seminar participants.</li> <li>In order to evaluate the impact of the seminar on participants, we conducted a questionnaire survey both on participants and on non-participants to understand their levels of knowledge and understanding of financial literacy, financial behavior and attitude, and sense of self-efficacy.</li> <li>Based on the collected questionnaires we analyzed the change in the performance of assessment items before and after the seminar. We also conducted a segment analysis (by school type, program type and gender) to understand what types of program content would influence initial outcomes for specific types of participants.</li> <li>We interviewed seminar participants to obtain qualitative data.</li> <li>Based on this assessment, we recommended that social impact assessment should be conducted on an ongoing basis. We also proposed projects for content development for the future.</li> </ul>

## 4. Main results of the analysis of the Social Impact Assessment

### Changes in financial literacy that occur as a result of take the seminar

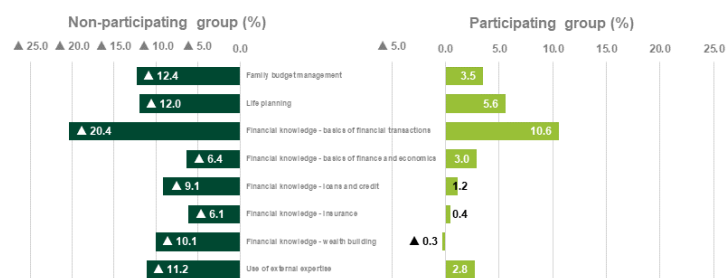
- \* We compared changes in scores in objective and subjective financial literacy before and after the seminar both for the participating and non-participating groups. After the seminar, scores improved for the participating group while dropping for the non-participating group.

Changes in financial literacy (before and after)



### Changes in financial literacy map items after the seminar

Changes in financial literacy map items, before and after



## 5.Considerations

- The following are insights gained from the FY2021 assessment and our recommendations for the FY2022 seminar and onwards

	Insights gained from the assessment	Recommendations for the program
Assessment	<p><u>The project's confirmed benefits to improve the financial literacy of students</u></p> <ol style="list-style-type: none"> <li>① Improvement in objective financial literacy</li> <li>② We observed substantial positive effects on students with the following demographic attributes.               <ol style="list-style-type: none"> <li>(1) First-year high school students (objective/subjective)</li> <li>(2) General high schools (objective)</li> <li>(3) Specialized program (objective/subjective)</li> <li>(4) Female students (subjective)</li> </ol> </li> </ol> <p>(objective: objective financial literacy, subjective: subjective financial literacy)</p>	<p><u>Need for ongoing social impact assessment</u></p> <ol style="list-style-type: none"> <li>① Measuring intermediate outcomes by follow-up survey</li> <li>② Nationwide monitoring</li> <li>③ Providing financial and economic education to customers</li> <li>④ Providing financial and economic education to the socially vulnerable</li> </ol>
Implementation approach and program contents	<p><u>Confirmation of the appropriateness of program contents</u></p> <ul style="list-style-type: none"> <li>➢ Significant improvement observed in financial literacy map items corresponding to program contents.</li> </ul> <p><u>Necessity of programs that influence behavior and attitude</u></p> <ul style="list-style-type: none"> <li>➢ Moderate improvement was observed in behavior and attitude, compared to that in financial literacy.</li> </ul> <p><u>High interest in finance and economics among high school students who are the audience of the seminar</u></p> <ul style="list-style-type: none"> <li>➢ High interest in related fields were confirmed in the interview.</li> </ul>	<p><u>Narrowing down target schools to those which would highly benefit from the seminar</u></p> <p>Focus on schools with a high likelihood of improvement based on data</p> <p><u>Diversification of program contents</u></p> <ol style="list-style-type: none"> <li>① Creating continuous program contents by combining multiple contents</li> <li>② Enhancement of program contents to guide students towards appropriate consumer behavior and risk aversion (addition of participatory contents involving active learning, etc.)</li> </ol>



# SMBC Group Environmental and Social Framework

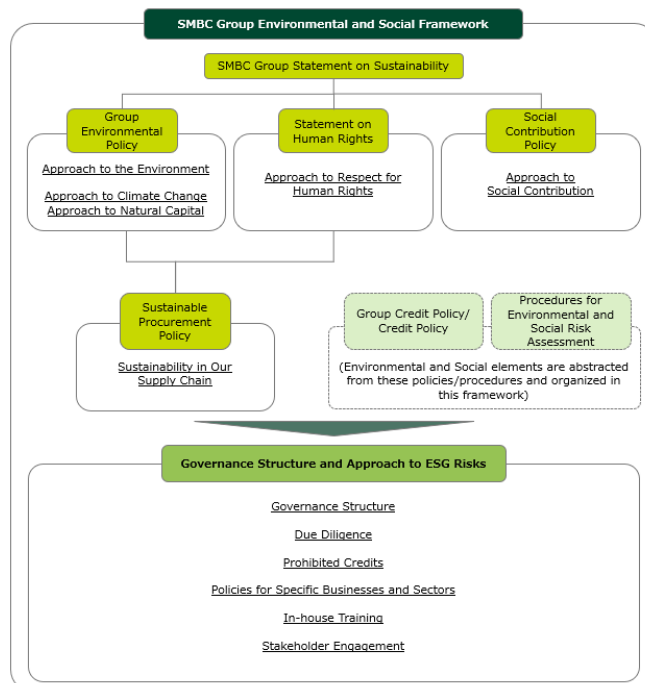
## SMBC Group Environmental and Social Framework

SMBC Group has established the “SMBC Group Environmental and Social Framework” in order to articulate its comprehensive stance to the environment and society and contributing to the realization of a sustainable society.

The framework unifies the Group's internal policies and rules regarding the environment and society, and was established and announced after deliberation by the Management Committee. It will be proactively reviewed on an ongoing basis in light of the revision or abolition of specific policies, rules, or procedures, deliberations by the Sustainability Committee or other bodies, changes in the external environment surrounding the Group's business activities, and the results of regular reviews conducted (once a year, in principle) as part of internal audit.

Stances/approaches expressed in this framework are those of the Group as a whole, and group companies implement this framework in line with each of their businesses.

SMBC Group Environmental and Social Framework [PDF](#)



# Sustainability Management System

## SMBC Group Sustainability Management System

### SMBC Group

Under the guidance of **the Group CSO (Chief Strategy Officer, a member of the board)** and **the Group CSuO (Chief Sustainability Officer)** who oversees and promotes our sustainability-related initiatives groupwide, the Sustainability Division has been established to consolidate functions and knowledge at the group level, and is responsible for the planning and promotion of both corporate and business initiatives.

The Corporate Sustainability Committee, which is chaired by the **Group CEO**, discusses matters pertaining to the spread of sustainability management throughout the Group as well as measures necessary for promoting sustainability. Moreover, we have established the Sustainability Committee as an internal committee of the Board of Directors. The Group CSuO and the Group CRO (Chief Risk Officer) will periodically report to the Sustainability Committee and the Risk Committee. We are continuously enhancing our corporate governance and management frameworks.

Furthermore, SMBC Group has incorporated quantitative indicators related to ESG initiatives into executive compensation schemes to accelerate sustainability management.



# SMBC Group Businesses and SDGs

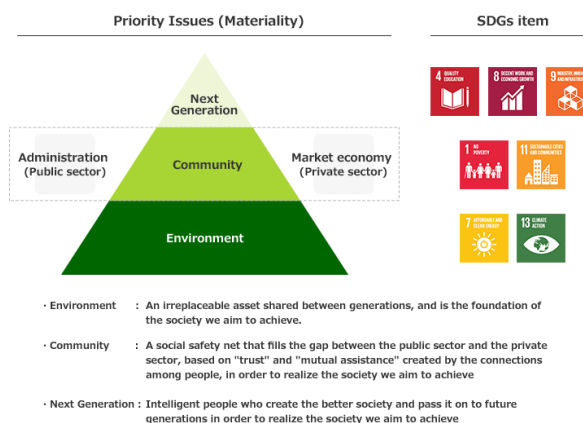
## About SDGs

"SDGs" stand for "Sustainable Development Goals." They are a set of global goals enshrined under the 2030 Agenda for Sustainable Development, which was unanimously adopted at the United Nations Summit in September 2015. With the above 17 goals that are further subdivided into 169 targets, the Agenda is aimed at delivering a world where "No one is left behind" by 2030.



## SDGs for SMBC Group

SMBC Group has designated goals from among the United Nations Sustainable Development Goals (SDGs) as areas of focus in 2018, addressing them within the three priority issues of "Environment," "Community," and "Next Generation,." Under the strong commitment of top management, SMBC Group will seek to contribute to the resolution of social issues around the world to accomplish the SDGs through its business activities as a global financial group.



Priority Issues (Materiality) that SMBC Group Should Address

# SMBC Group's Main Products and Service Related to ESG/SDGs

SMBC Group proactively endeavors to solve environmental and social problems through the core businesses of the respective Group companies.

## Green/Social/Sustainability Loans

### SMBC

SMBC provides Green/Social/Sustainability Loans which the proceeds will exclusively applied to businesses that will contribute to resolving environmental and social issues.

Recently, Green Loans which the proceeds are solely used for business with environmental benefits, Social Loans which the proceeds are solely used for business contributing to positive social outcome, and Sustainability Loans which the proceeds are solely used for businesses that have both environmental and social aspects have been attracting attention globally.

Based on the standards such as Green Loan Principle, Social Loan Principle provided by international financial industry group, LMA, LSTA, APLMA, and Sustainability Bond Guideline provided by ICMA, we confirm that the finance requirements are met and simultaneously obtain evaluation from external evaluation and rating agencies while collaborating with customers.

### (Japanese Only) Green/Social/Sustainability Loans

#### ※1 LMA (Loan Market Association)

Loan market association in UK. Established in 1996 to promote growth in the loan markets in Europe, the Middle East and Africa (EMEA).

#### ※2 LSTA (Loan Syndications and Trading Association)

Financial services industry group to enhance the development and running the syndicated loan market in North American region.

#### ※3 APLMA (Asia Pacific Loan Market Association)

Loan Market Association in Asia Pacific region. Established in 1998 to promote growth in the syndicated loan markets in Asia Pacific. Headquartered in Hong Kong.

#### ※4 ICMA (International Capital Market Association)

Established in 1968 in Europe, with the aim of securing the soundness of the international bond market and promoting a functional, globally coherent cross-border bond market to ensure the stable financing necessary for sustainable economic growth and development.

#### ※5 Finance requirements

Certain requirements are set in SMBC for Green/Social/Sustainability finance and is based on "Green Loan Principles", "Social Loan Principles", Sustainability Bond Guideline. Details are as follows:

##### (1) To satisfy all below criteria

- ① Use of Proceeds
- ② Process for Project Evaluation and Selection
- ③ Management of Proceeds
- ④ Reporting

##### (2) To obtain evaluation from external evaluation and rating agencies

#### ※6 External evaluation and rating agencies

We currently adopt the three agencies and expecting to expand in the future.

- Japan Credit Rating Agency, Ltd.
- Rating and Investment Information, Inc.
- The Japan Research Institute, Limited

## Sustainability Linked Loans

SMBC

Sustainability Linked Loans (hereinafter SLLs) are loans which incentivize the borrowers' achievement of sustainability performance goals. These goals are set as sustainability performance targets (SPTs) and will be set in alignment with their ESG strategy. SLL framework has been established in the international guideline, "Sustainability Linked Loan Principles". Sumitomo Mitsui Banking Corporation's SLL is in line with this framework.

(Japanese only) Sustainability Linked Loans 

## Housing Loan for Environmentally Friendly House (ZEH)

SMBC

ZEH stands for "net Zero Energy House", and promotion of ZEH is one of the concrete initiatives to realize carbon neutrality. Sumitomo Mitsui Banking Corporation offers special interest pricing for housing loan for ZEH, and support energy saving and decarbonization.

(Japanese Only) SMBC Green Project Housing Loans 

## SDGs Bonds

SMBC Nikko

SDGs Bonds are issued to raise funds which will be exclusively applied to businesses that will contribute to SDGs. This includes bonds that will have positive impact on the environment and society and are in alignment with the principles which are accepted as a standard, such as principles and guidelines published by ICMA, as well as bonds issued by institutions that its entire business will contribute to SDGs and information on its positive impact is properly disclosed.

## Green Bonds

Green bonds are bonds issued to raise funds in which the proceeds are exclusively applied to projects with environmental benefits, such as countermeasures for global warming, and renewable energies.

## Social Bonds

Social bonds are bonds issued to raise funds in which the proceeds are used for positive social outcome, such as hygiene, welfare and education. They are in alignment with the Social Bond Principles provided by International Capital Market Association (ICMA). Our record of underwriting can be found in the following link.

Credentials of Sustainable Finance 

## ESG Investing

### SMBC Nikko

ESG Investing, is an investment method to take environment, social, and governance aspect into consideration in addition to financial aspect in its management process.

Please follow the link to find SMBC Nikko's ESG/SDGs related funds.

(Japanese Only) SMBC Nikko Securities: ESG/SDGs Related Funds 

## Chikyuni Yasashii Card

### SMBC Finance Service

SMBC Finance Service has been issuing the "Chikyuni Yasashii Card" in English, Earth Friendly Card from 1991 to allow people to make donations for the environment through simple daily usage. When people use the "Chikyuni Yasashii Card" for shopping, SMBC Finance Service automatically donates 0.5% of the card usage amounts to conservation and research organizations through "The Defense of Great Earth Foundation".

Approximately 12 million yen was donated in fiscal 2021, a cumulative total of approximately 786 million yen.

For details, please refer to the following website.

(Japanese only) Chikyuni Yasashii Card SMBC Finance Service 

## Atom Card

### SMBC Finance Service

SMBC Finance Service issues the "Atom Card" named after a famous cartoon character since 2003 for social contribution through its credit card operations together with cardholders. When members use their cards, a portion of the spent money will be donated to charities that qualify as "activities making children's dreams come true" and "activities helping children" with no cost bearing to the members. "Approximately 2 million yen was donated in fiscal 2021, a cumulative total of approximately 60 million yen.

For details, please refer to the following website.

(Japanese only) Atom Card SMBC Finance Service 



# Social Contribution

## Social Contribution Policy

SMBC Group has established the Social Contribution Policy to realize our Mission “We contribute to a sustainable society by addressing environmental and social issues”.

- Based on the “SMBC Group Statement on Sustainability”, SMBC Group commits to its role as a good corporate citizen working for and with the society.
- SMBC Group regards its social contribution activities as voluntary contributions to solve social issues by taking advantage of its financial foundation, brand value, domestic and international networks and its diverse and highly professional employees, which were all been cultivated for more than 400 years.  
SMBC Group defines social contribution as “voluntarily contributing to the resolution of social issues by making use of our managerial resources expecting nothing in return.”
- SMBC Group supports our diligent and highly-motivated employees to engage in social contribution activities, regarding them as opportunities for personal development.
- SMBC Group will actively disclose its stance and efforts regarding social contribution and work on promptly identifying and resolving social issues by engaging with stakeholders.

## Priority Areas in our Social Contribution Activities

We will carry out social contribution activities focusing on our priority issues (materiality), “Environment”, “Community” and especially “Next Generation”, which priority areas are as follows.

- Education
- Environment
- Social Welfare
- Culture and Art
- Sports
- etc.

## Social Contribution Activities

Our social contribution activities in line with our priority issues are shown below.

Contribution Activities to Environment

Contribution Activities to Community

Contribution Activities to Next Generation

# Contribution Activities to Environment

## Main Measures

- ✓ Sponsoring for the Furano Field
- ✓ Tree Planting in Areas Damaged by the Great East Japan Earthquake of 2011
- ✓ Issuing "SAFE," an environmental magazine

## Sponsoring for the Furano Field

### SMBC

Having started at the site of a former golf course in the spring of 2006, Furano Field, led by So Kuramoto (book author) comprises two categories of activities: the "nature restoration project," which involves reconstruction of an original forest through tree planting; and the "educational program on the environment," in which the field at the site itself is used as a classroom. SMBC supports these activities as the "SMBC Environmental Program: NPO C.C.C. Furano Field" based on a deep compassion for Mr. Kuramoto's thoughts and vision.

[Furano Field\(Japanese only\)](#) 

(You will be taken to the Furano Field site.)



## Tree Planting in Areas Damaged by the Great East Japan Earthquake of 2011

### SMBC Group

The SMBC Group continues to pursue tree planting activities as a part of volunteer work to support areas damaged by the Great East Japan Earthquake of 2011. Every year, volunteer officers and employees undertake weed uprooting at planting sites to create tide prevention forests and seedling planting thereon in Yamamotocho, Watari-gun, Miyagi Prefecture, which was significantly damaged by the tsunami, in cooperation with the NPO Watari Green Belt Project.



## Issuing "SAFE," an environmental magazine

### SMFG

SMFG has regularly published "SAFE" magazine since 1996, which contains a variety of articles such as top interviews with companies advanced in handling environmental issues, and articles on business trends and recent legal/regulatory moves that could help promote corporate environmental activities.

Also, since 2015, SMFG has been publishing "JUNIOR SAFE" magazine, which provides children, who will inherit the Earth of the future, with opportunities to learn more about the relationship between money and the environment and about the work being conducted by various companies that are pursuing certain measures to improve the environment. In the Fifth Issue of "JUNIOR SAFE" published in December 2019, "Comparison of ecological living among countries of the world as viewed from card use" was adopted as the main subject, which teaches about the background behind the differences in ways of living between Japan and other countries. It gives readers some episodic triggers to think about issues concerning environmental problems and diversity in the world in an enjoyable manner, whereby readers can ask themselves: "What type of living is ecological?"; "How are ways that are viewed as ecological in Japan perceived overseas?" and so forth.



## Contribution Activities to Community

### Main Measures

- ✓ Facilitation of Employee Involvement in Volunteering
- ✓ System to Ensure Matching Gifts for Funds Donated by Officers and Employees
- ✓ Participation in or Support through TABLE FOR TWO and WFP
- ✓ Participation in the FIT Charity Run
- ✓ In-company Charity Sales Event
- ✓ Support for the Vitalization of Sports Activities
- ✓ Co-sponsorship of Promise Essay Contest for a Future Filled with Smiles
- ✓ Various Contribution Activities to Local Communities
- ✓ Social Contribution Activities in Emerging Countries
- ✓ Support for Reconstruction in Areas Impacted by Large-scale Natural Disasters

### Facilitation of Employee Involvement in Volunteering

SMBC Group is enhancing its mechanisms to facilitate employee involvement in volunteering by, for example, providing "Volunteer Leave" (1 to 5 days per year) for employees to participate in volunteering and holding programs that employees can join in weekends/lunch time or programs that employees can utilize their skills gained from their career (Pro Bono(\*)).

\*What is Pro Bono?

"Pro bono" is from the Latin "pro bono publico," meaning "for the public good." In practice it is a volunteer activity in which people in the working world utilize the skills and experience they have acquired through sales, planning, development, marketing, PR, and other areas to provide support from a business standpoint, which tends to be a weakness of NPOs. People who lend their talents in this way are said to work pro bono, and in Japan the practice is drawing attention as a new form of social contribution by businesspeople that also raises awareness.

## SMBC Group Pro Bono Project

### SMBC Group

The SMBC Group Pro Bono Project promotes attempts to support NPOs that endeavor to solve various social problems. It was initiated by SMBC in fiscal 2011, and its participation scope was expanded to officers and employees of SMBC Group companies starting in fiscal 2014. The activity range of this Project includes the following: provision of advice and proposals concerning improvement in operational flow needed to manage donated funds and their use as well as operational base improvement (e.g. information management of those who donated funds); pursuit of marketing surveys and analysis to provide basic data necessary for solving social problems and forming mid to long-term strategies, etc.

In fiscal 2019, ten volunteers were chosen from among officers and employees of relevant SMBC Group companies and were grouped into two teams. On behalf of the NPOs that the SMBC Group supports, the participants pursued the program to manage the donated funds as well as the program to evaluate projects in progress, and specific proposals were presented in both cases.

As for the activity report of fiscal 2019, please refer to the following:

[CSR Activity Report for Fiscal 2019\(Japanese only\)](#)

[SMBC Group Pro Bono Project \(Japanese only\)](#) 

(You will be taken to the NPO Service Grant site.)



## Introduction of a Pro Bono Work System

### SMBC Nikko

In March 2020, SMBC Nikko introduced a “pro bono work” system, where part of employees’ working time is sacrificed, a rare case for a Japanese financial institution. Considering the situation with regard to NPOs, which tend to lack manpower, SMBC Nikko is contributing to society through providing certain NPOs with a variety of support, leveraging the characteristics of the securities business during weekday working hours.

A total of 124 executives and employees have participated so far. (As of June 2022)

[SMBC Nikko: Social Contribution Activities\(Japanese only\)](#) 



# System to Ensure Matching Gifts for Funds Donated by Officers and Employees

## SMBC Volunteer Fund

### SMBC

The SMBC Volunteer Fund is a donation fund that collects money from willing SMBC officers and employees on a monthly basis through automatic debit from their salary. As of March 2020, there were about 8,200 participating members. It is operated as per the "matching gift" scheme, where SMBC donates an additional amount of money on top of the total amount of funds gathered from members.

For this Fund, participating officers and employees can proactively get involved in the process of selecting fund recipients. Moreover, participation by certain external institutions and experts is also encouraged from the viewpoint of leveraging their expertise. After the implementation of donations, reporting opportunities are provided for each of the recipients of the donated funds to directly provide a briefing on their activities. Also, starting in fiscal 2013, a new program commenced in relation to the Fund whereby willing officers and employees participate in volunteer works available from recipients of the donations.

Note that the total amount of donated funds in fiscal 2019 was ¥15.5 million.

SMBC: SMBC Volunteer Fund(Japanese only) 

## "Yakusoku no Mori" Initiatives

### SMBCCF

SMBC Consumer Finance introduced the "Yakusoku-no-Mori" donation matching program\* in 2007 to enable employees to think about and participate in social contributions in a more familiar way. Through the "Yakusoku-no-Mori" program, support is provided for grants to children's homes that help children, the bearers of the future, (Zenkoku Jido Yougo Shisetsu Kyogikai), for assistance in helping children become self-reliant (Zenkoku Jiritsu Enjo Home Kyogikai), and for the breeding and training of hearing assistance dogs (Japan Hearing Dogs for Deaf People). In addition, nine "donation vending machines" have been installed in the company's offices, and a portion of their takings are donated to support Japan Hearing Dogs for Deaf People.

\* "Yakusoku-no-Mori" is a donation matching program that enables the company's employees to determine donation recipients and the amount of monthly contributions. Money is raised by making deductions from employees' salaries, and the company provides an additional gift of a certain amount on top of that. The total is then donated to the recipient organization.

# Participation in or Support through TABLE FOR TWO and WFP

## Participation in the "TABLE FOR TWO" Program

SMBC	SMFL	SMBC Nikko	SMCC	SMBCCF	JRI	SMBC Finance Service	SMBC Trust
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"Table for two" means two people sharing the same table for a meal, and based on this concept the TFT movement seeks to bring health both to children in developing countries suffering from hunger or a lack of nutrition and people in developed countries suffering from lifestyle diseases such as obesity. When employees purchase one of the healthy meal options at the staff cafeteria, a donation of 20 yen, worth one school lunch in a developing country, is made via the NPO "TABLE FOR TWO International." SMBC has introduced this program at all of its domestic offices and branches and its New York Branch\*.

Sumitomo Mitsui Card has done likewise at five offices including the head office, while SMBC Consumer Finance, the Japan Research Institute and SMBC Finance Service have introduced this program at their respective head offices.

In addition, "Global Connection TABLE FOR TWO" vending machines make it possible to donate just by buying a low-calorie drink, sports drink or other high-function beverage or a vegetable juice or healthy 100% juice drink, for example. The vending machines have been installed at SMBC group companies, including SMBC, SMFL, SMBC Nikko Securities and SMBC Trust Bank.

\* Participates through a bento lunch box sales provider that is a partner company of TFT



## Donation to WFP School Meal Programs

### SMBC Trust

SMBC Trust Bank donates a portion of sales from beverage vending machines (10 yen per drink) located in the Okinawa Office to the School Meals Program\* operated by the United Nations World Food Programme (WFP).

\*The United Nations WFP School Meals Program has provided school meals in developing countries for more than 40 years. A donation of 30 yen provides a day's worth of meals, and providing these meals improves the nutritional status of children. In addition, parents can send their children to school because they can eat free meals there, which also leads to better learning opportunities for children.

School feeding 

## Participation in the FIT Charity Run

SMBC Trust SMBC Nikko

SMBC Trust Bank and SMBC Nikko are participating members of the FIT Charity Run (Financial Industry in Tokyo for Charity Run), whose mission is to contribute to society through running activities. The program was started and is being run by certain volunteers who work for companies in the financial service sector or who are deploying related businesses. The companies support organizations involved in socially valuable activities through donating sponsorship fees for FIT Charity Run events and admission fees paid by participating officers and employees.

## In-company Charity Sales Event

### Holding a vocational program products sale

SMFL

SMFL has held special sales of vocational program products produced by the Setagaya Community Workshop and Cookie Studio Orange house for a total of 16 times since fiscal 2015, and each time many employees have purchased their products. Vocational program products are products produced as a part of work training programs at local community centers and facilities for people with disabilities. A portion of the sales proceeds from the products is used to pay the wages of the people with disabilities who make them, and so the program also helps the workers establish independence. Through purchases of vocational training products by employees, SMFL will continue this effort to help build a society where everyone can live together safely and securely.

## Support for the Vitalization of Sports Activities

### Support for GoalBall

SMBC Trust

SMBC Trust Bank has supported the Japan Goalball Association since August 2016, and has become the official top partner since April 2022. SMBC Trust Bank supports the expansion and further development of goalball and sports for people with disabilities by hosting trial sessions, sending employee volunteer staff to tournaments, and other efforts.



## Donation to Japanese Para-Sports Association (JPSA)

### SMBC Trust

SMBC Trust Bank has been donating to the Japan Para-Sports Association (JPSA) since fiscal 2016 with the aim of contributing to the spread and development of sports for people with disabilities.

JPSA trains and develops players who can be active on the global stage, and the association is also a member of the GoalBall Association, which the bank has become the official top partner. Through JPSA, donations are used to support the smooth operation of the athletic bodies that partner with the Japanese Paralympic Committee, to improve programs, to train and develop candidate athletes, and other initiatives.

## Support for Blind Soccer

### SMBC Nikko

SMBC Nikko is supporting blind soccer as part of its support for parasports. The Japan Blind Football Association envisions realizing a society through blind soccer in which people with and without visual impairments interact with each other as a matter of course, and this aspiration matches SMBC Nikko's management philosophy of respect for diversity and its stance towards diversity. SMBC Nikko and the Japan Blind Football Association have concluded a partnership agreement, and company executives and employees volunteer as staff at tournaments and at kids' training events.



## Consulting Partner Agreement with the Japan Football Association

### JRI

JRI and the Japan Football Association (a public interest incorporated foundation; JFA) mutually exchanged a consulting partner agreement concerning the improvement and promotion of football grounds and related facilities as well as a supporter agreement for the "JFA Youth & Development Programme" (hereinafter "JYD"). The JYD program commenced in 2016 for the purpose of further enhancing the visibility of football and nurturing next-generation players. JRI will continue to support various related projects for the purpose of improving the athletic environment for football going forward.

## Co-sponsorship of Promise Essay Contest for a Future Filled with Smiles

SMBCCF

SMBC Commercial Finance has co-sponsored the Promise Essay Contest held by the Sankei Shimbun since the first time it was held in FY1995.

The contest was started based on the idea of re-examining life and the importance of human relationships in contemporary society and reaffirming the importance of promises. The contest solicits essays on promises, whether promises to oneself, promises to loved ones, or promises for the future.

Over 7,000 essays are submitted each year from students and others in a wide range of age groups. In fiscal 2018, the SMBC Group established the Promise Customer Service Plaza Award to contribute toward regional revitalization and inspire young people.



[Promise Essay Contest Website \(Japanese only\)](#)

## Various Contribution Activities to Local Communities

### Regional contribution event utilizing the Rising Square in the East Tower building and the open space in the Kobe Head Office building

SMBC

As part of our contribution to the local community, we hold symphony orchestras' and musicians' concerts, opera for children, art and regional revitalization events at Rising Square in the East Tower building and open space in the Kobe Head Office building.

### Lending paintings to museums

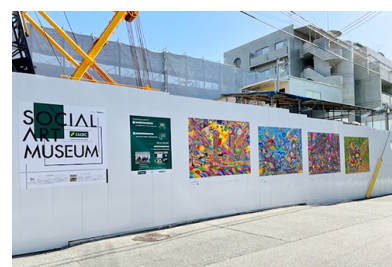
SMBC

SMBC lends its works of art to museums and holds tours as one of its contribution activities to the local community.

### Exhibition of art works on temporary enclosures at construction sites

SMBC

By exhibiting the works of artists created by artists with intellectual disabilities on temporary enclosures at construction sites in our owned buildings, we are contributing to the connection of artists with the local society and supporting the activities of artists, their PR activities, and regional interactions.

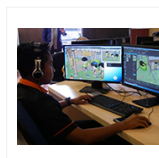
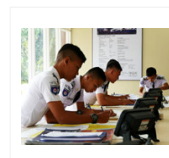


## Social Contribution Activities in Emerging Countries

### Signing a Memorandum of Understanding on CSR Activities with Indonesian Company

#### SMBC

In Indonesia, SMBC is promoting vocational training programs at the national and regional government level for the purpose of economic development. On March 26, 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia (current BTPN) 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, the two banks have collaborated to support training program improvements and made monetary donations, or employees have donated items, to vocational schools in various types of industries, including maritime, nursing and animation schools, contributing in the education field. In 2017, the respective training schools were recognized as model cases in the country, and SMBC's initiatives were evaluated favorably at their locations. Going forward, we intend to carry out CSR activities in various fields, such as supporting human resource development and Japanese language education.



Supported  
vocational  
schools  
6 curricula



Number of  
enrolled student  
Approx. 2,400  
(total)



### Supporting Developing Countries by Purchasing Fairtrade Products and Delivering to Customers

#### SMBC Trust

By purchasing products from FAIRTRADE International certified companies and organizations, and delivering them to customers (\*) who spend a certain amount each year with GLOBAL PASS® (Multi Currencies Visa Debit with Cash Card), SMBC Trust Bank contributes to sustainable development goals (SDGs) for developing countries and promotes measures that contribute to sustainability together with our customers.

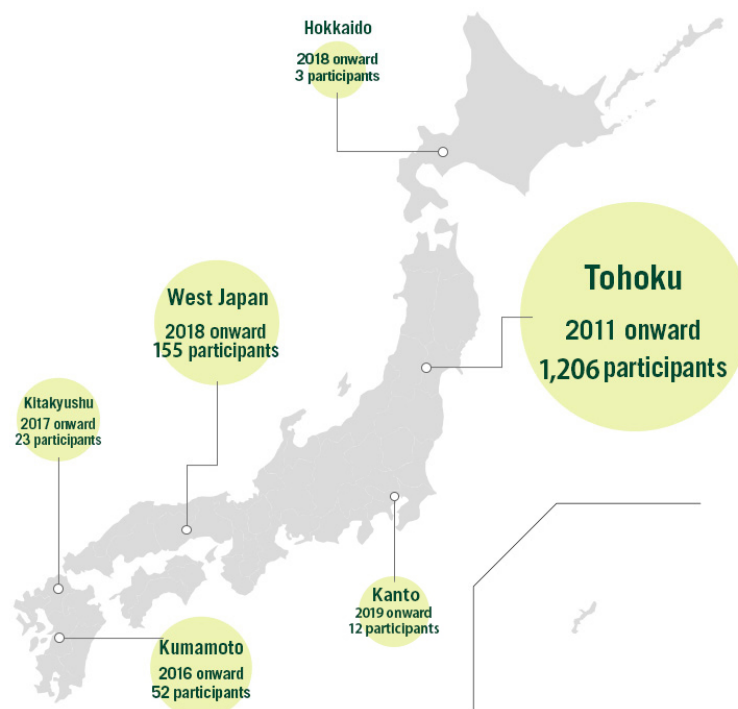
\* Individual customers residing in Japan who spend more than the designated amount at merchants in Japan using GLOBAL PASS, during the program period.



## Support for Reconstruction in Areas Impacted by Large-scale Natural Disasters

### SMBC Group

SMBC Group provides areas extensively damaged by large disasters with a wide range of support. The Group provides support not only through the core businesses of the respective Group companies (e.g. support for recovery via lending, resettlement through favorable modified terms for repayment) but also support through fund donation and volunteer work by officers and employees. During the period between 2011 and the end of fiscal 2019, a cumulative total of 1,451 officers and employees of SMBC Group companies plus their family members devoted their time and energy to volunteer work in disaster-stricken areas.



### Measures Being Taken by Relevant SMBC Group Companies

#### Measures Being Taken by Relevant SMBC Group Companies

SMBC	Since November 2013, the SMBC Group has been sponsoring the "Tour de Tohoku" for the purpose of supporting Tohoku's recovery and redevelopment by having a bicycle tour every year where people can directly get a feel of the current situation in the region.
JRI	JRI is working to support reconstruction assistance through our support of "mimorone," a brand of silk fabrics created by "Ukifune no Sato," a non-profit organization organized by people affected by the nuclear disaster.  <div>mimorone (Japanese only) </div>

## Contribution Activities to Next Generation

### Main Measures

- ✓ Promotion of Financial Literacy Education
- ✓ Provision of Educational Materials on SDGs for Children
- ✓ Music Concerts for Children Presented by SMBC
- ✓ Support through the SMBC Foundation for International Cooperation
- ✓ Support for Young Artists
- ✓ Co-sponsoring Shiki Theatre's "Kokoro no Gekijo"
- ✓ "SAKI", a sustainability human capacity development program free of charge for academia

## Promotion of Financial Literacy Education

SMBC Group seeks to create a society where everyone can live safely, equipped with an accurate knowledge of money, by providing financial literacy education for all ages as a group-wide program. Financial literacy develops an independent-minded stance towards a more valuable life and the creation of a better society. This is because financial literacy helps people understand about money and its various function, think deeply about their own life and society and sophisticate their ways and values of living.

Through the provision of financial literacy education, we are helping people gain skills to “become self-reliant” and “be involved in the society”, usually obtained by working, thinking about cash planning and using money. We receive feedbacks like “I want to live as a responsible adult from next year” and “I recognized that I need early preparation to realize my life plan” from the students of our program.

In “SMBC Group GREEN×GLOBE 2030”, a long term plan until 2030 based on the “SMBC Group Statement on Sustainability”, we are setting a KPI to provide our financial literacy program to 1.5 million people from FY2020 to FY 2029. Also, in FY2020, we conducted a social impact assessment to visualize the social impact of the “Promise Financial and Economic Education Seminar”, a program at the core of SMBC Group's social contribution activities.

Please refer to the link below for our progress of providing financial literacy education.

[Progress Reports](#) 

[Promotion of Financial Literacy Education](#) 

Please refer to the link below for the results of our social impact assessment. In “4. Main results of the analysis of the Social Impact Assessment”, we are showing our quantitative/qualitative results.

[FY2020 Social Impact Assessment Report](#) 

## Provision of Educational Materials on SDGs for Children

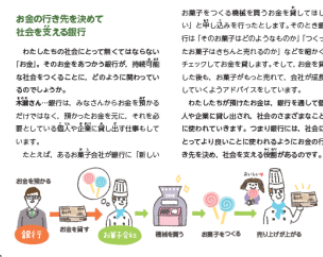
### SMFG

SMFG provides case examples in the form of an “SDGs Start Book,” which is an educational material for children on SDGs. For example, in the SDGs Start Book, an easy-to-understand explanation is given on how banks are working to solve environmental problems (e.g. climate change issue). Copies of the Book are being distributed to elementary schools and junior high schools free of charge. Its content is also disclosed at the “EduTown SDGs” which is a website dedicated for learning about SDGs.

EduTown SDGs: Top page (Japanese only) 

EduTown SDGs: Create a sustainable society through activating “green money flow”(Japanese only) 

(You will be taken to the EduTown SDGs site.)



## Music Concerts for Children Presented by SMBC

### SMBC

SMBC regularly hosts “Music Concerts for Children,” whereby professional musicians are sent to event halls for children or the like in cooperation with the New Japan Philharmonic (a public interest incorporated foundation). The main purpose of these music events is to provide children with opportunities to have direct exposure to real classic music to cultivate a sophisticated mind and senses. In addition to live performances of classical music, the events provide other attractions that can be enjoyed by smaller children, such as a body percussion trial challenge for all participants, and a briefing on the structure of musical instruments.



## Support through the SMBC Foundation for International Cooperation

### SMBC

In 1990, the SMBC Foundation for International Cooperation was established for the purpose of developing capable individuals and facilitating intercultural exchange that could contribute to economic growth in the Asian region. Since its outset, the Foundation has been providing seven or eight Asian graduate students with an opportunity to study at Japanese universities via a scholarship every year. Also, the Foundation provides financial support to research institutions and researchers that are involved in activities for economic growth in developing countries.

SMBC Foundation for International Cooperation(Japanese only) 

## Support for Young Artists

### SMBC Trust

SMBC Trust Bank supports the activities of young artists.

Artworks created by students from Joshibi University of Art and Design are displayed at the Bank's Head Office, as well as works created by students from Osaka University of Arts are displayed in Osaka representative office and some branches ("PRESTIA Art Branch NEXT").



## Co-sponsoring Shiki Theatre's "Kokoro no Gekijo"

### SMBC

### SMBC Nikko

"Kokoro no Gekijo" (Theatre of the Heart) is a project that the Shiki Theatre Company has been running since 2008. Under this project, children from all over Japan are invited to theaters for free, where through drama they learn the importance of life, compassion, and the joy of trusting other people, among other important lessons for life. SMBC Nikko has been a special sponsor since August 2015, and employees volunteer to provide operational support and venue set-up assistance for performances held near SMBC Nikko offices and branches.



Photographer: Atsutoshi Shimosaka

## "SAKI", a sustainability human capacity development program free of charge for academia

### JRI

Center for the Strategy of Emergence of JRI has provided its own sustainability human capacity development program designed for private companies and local governments that are committed to building a sustainable society and to achieve SDGs through their businesses. The program has now been modified for universities and other academia and is available free of charge. The most contents focus on major business risks and opportunities by industry and observes variety of case studies. Students will be able to understand corporate behavior from a sustainability perspective, which will help them not only in their industry research but also in their career development.

# Responsible Investment

Sumitomo Mitsui DS Asset Management Company (SMDAM), as the primary asset management company arm of the Group, announced Principles of Fiduciary Duties and Sustainability as a universal and fundamental policy to guide and drive our business operations in line with our corporate philosophy, and provides high-quality asset management services to its clients while aiming to contribute to a sustainable society. SMDAM inscribes “Consideration of sustainability” in the investment policy and is striving to make a further enhancement of investment management capability, which includes incorporating ESG factors into the investment process.

Among investment products taking ESG into account, those with clear ESG integration that meet certain criteria are certified as Sustainability Focus or Social Contribution-Thematic/Impact Investment. The investment balance of these products as of March 31, 2021, is ¥5,993.3 billion (around 35% of SMDAM AUM on a non-consolidated basis).

Furthermore, SMDAM has identified a set of materiality as key management issues fundamental to sustainability. For issues related to climate change, SMDAM joined the Net Zero Asset Managers Initiative, a global initiative led by asset managers to achieve the long-term common goals set out in the Paris Agreement as we fully endorse the efforts by international community towards net-zero greenhouse gas (GHG) emissions by 2050. As a responsible institutional investor, SMDAM will continue to support the investee companies in their efforts to realize a decarbonized society.

[Responsible Investment](#)

[Our Commitment to Fiduciary Duties and Sustainability](#)

[Sustainability Report](#)

[PRI Public Signatory Reports](#)

[Our Materiality](#)

# Stakeholder Engagement

## Basic policy of SMBC Group



SMBC Group will continue to contribute to the ongoing reform of society through dialogue and joint actions with stakeholders (e.g. our clients) as an entity pursuing the financial service business.

## Build relationships with four sets of stakeholders: customers, shareholders/markets, society and the environment, and employees

- Customers: We shall advance together with our clients by providing highly valued products and services.
- Shareholders and the market: We shall strive to maintain a sound management and maximize shareholder value by having appropriate disclosure of information and improving the internal control system.
- The environment and society: We shall strive to contribute to the society and preserve the earth's environment by consistently and proactively involving and participating in the social and environmental activities and programs.
- Employees: We shall promote free-spirited and open-minded business culture under which individual employees are respected and allowed to exercise each individual's full potential.

# Interaction with Stakeholders



Click to enlarge

## Relationship with Customers

SMBC: Initiatives to Increase Customer Satisfaction (CS)(Japanese only) 

## Relationship with Shareholders and the Market

IR Calendar  
IR Events & Presentations

## Relationship with the Environment and Society

Dialogue with Stakeholders

## Relationship with Employees

Initiatives for Diversity & Inclusion  
Creating a Pleasant Work Environment for All Employees (Work-Life Balance)



## Sustainability in Our Supply Chain

SMBC Group has formulated the “Sustainable Procurement Policy” to promote responsible procurement activities that consider the environment and society throughout the supply chain. This policy is based on the 10 principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and other international principles.

In line with this policy, SMBC Group's procurement activities are carried out in accordance with fair, impartial, and transparent procedures based on free competition, and in compliance with relevant laws and regulations.

[Sustainable Procurement Policy](#) PDF

## Dialogue with Stakeholders

SMBC Group holds Stakeholder Dialogue sessions as an opportunity to communicate with our stakeholders about the initiatives for sustainability that we should be pursuing as a financial group.

### Dialogue with Stakeholders 2019

The content of the "SMBC Group Statement on Sustainability" and its penetration throughout the company (September 5, 2019)

Social impacts required for mega bank group required to solve social issues. (November 27, 2019)

### Dialogue with Stakeholders 2017

Toward a Sustainable Society-Expected Actions on SDGs and ESG for Financial Institutions(January 18, 2018)

### Dialogue with Stakeholders 2016

Verification of Action Plan for Tackling Priority Issues (Materiality)  
(October 19, 2016)

### Dialogue with Stakeholders 2015

Clarifying Matters and Issues That SMFG Should Address in Order to Get to “Where We Want to be Ten Years from Now” (May 12, 2015)

## Dialogue with Stakeholders 2013

External Assessment Committee 4: SMBC Environmental Assessment Loan/Private Placement Bond aimed at developing solutions for customers through core financial businesses. (July 26,2013)

# Participation in Initiatives and Reference Guidelines

## The significance of taking part in, and supporting initiatives in Japan and overseas

The term "initiative" means taking a leading role, and refers to companies' principles and codes of conduct. SMBC Group supports a range of initiatives in Japan and overseas, such as the United Nations Global Compact.

Seamless cooperation between various organizations is essential to solve problems on a global scale and create a sustainable society. Mindful of the social impact as a financial institution, SMBC Group declares such intentions to the society by taking part in these initiatives, and will take an active role as a member of the global community.

Particularly concerning climate change issues, we are committed to achieving net zero emissions across our overall investment and loan portfolio by 2050, in addition to achieving net zero emissions in our groupwide operation by 2030. In light of these commitments, we are participating in the discussions of the workstreams in "Glasgow Financial Alliance for Net-Zero" and the "Net-Zero Banking Alliance (NZBA)", and to drive forward our efforts to realize our net zero targets, we are also participating in the "Taskforce on Scaling Voluntary Carbon Markets (TSVCM)" and the "Partnership for Carbon Accounting Financials (PCAF)". Particularly, in the GFANZ and NZBA, we are a member of the Sectoral Pathway workstream and the Financing and Engagement workstream, and are involved in the discussions of making suggestions to the industry regarding net zero transition as the finance sector, and in the establishment of transition finance guidelines, etc. In the PCAF, we are contributing to the discussions to elaborate calculation methods of Financed Emissions. As such, by actively participating in these global initiatives, we are striving to realize a decarbonized society.

Moreover, Sumitomo Mitsui Banking Corporation (SMBC), the core banking subsidiary of SMBC Group, is a member of the Japanese Bankers Association (JBA). In December 2021, JBA introduced the "Carbon Neutrality Initiative (CNI)" to enhance such activities as the banking industry in Japan. SMBC performed a leading role in developing the CNI as the chair bank of the association at the time.

SMBC Group will further enhance its activities towards the achievement of the net zero target and contribute to leading the realization of a decarbonized society by actively being in part of discussions concerning climate change both domestically and globally.

- **Participation in the "Net-Zero Banking Alliance" and Other Global Initiatives**
- **Participation in the newly established PCAF Japan coalition**
- **JBA's introduction of the "Carbon Neutrality Initiative (CNI)" (Japanese Only)**
- **Roadmap Addressing Climate Change and Action Plan**

## Initiatives supported by the SMBC Group



### United Nations Global Compact

Ten principles proposed by the United Nations concerning human rights, labor, environment and corruption prevention.

#### ■ Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

#### ■ Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

#### ■ Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### ■ Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

[Links to related website](#) 



### Sustainable Development Goals (SDGs)

The SDGs are a set of 17 goals and 169 targets for achieving human and global prosperity adopted at the "United Nations Sustainable Development Summit."

SMBC Group will contribute to the achievement of these goals as a member of the Global Compact Network Japan.

Please refer to the following link for information about SMBC Group's initiatives on the SDGs.

[SMBC Group Businesses and SDGs](#) 

[Links to related website](#) 



### UNEP Finance Initiative (UNEP FI)

Organization which pursues, develops and promotes the ideal financial institutions which pay attention to the environment and sustainability.

[Links to related website](#)

Signatory of:



### Responsible investment Principles (PRI)

The principle which is intended to improve long-term investment performance by incorporating environmental, social and corporate governance (ESG) issues into investment decision making for customers and the beneficiaries.

Announced in April 2006 by UN Secretary-General Kofi Annan (at that time).

[Links to related website](#)

Founding Signatory of:



### Principle of Responsible Banks (PRB)

The principle which is intended to promote transparent disclosure.

Signatories is encouraged to set goals and strategy in line with the social goals set out in the SDGs and the Paris Agreement to achieve sustainable development of society.

[Links to related website](#)

[First Report](#) PDF

[Second Report](#) PDF



### Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board established this task force in April 2015. The task force seeks individual companies to use financial reporting to disclose the impact of climate change. The SMBC Group declared its support for the One Planet Summit held in Paris in December 2017

[Links to related website](#)



Net-Zero Banking Alliance

## Net-Zero Banking Alliance (NZBA)

A global alliance convened by the United Nations Environment Programme Finance Initiative (UNEP-FI), aiming to achieve net zero greenhouse gas emissions from loans and investments portfolio by 2050, through setting science-based medium-to long-term reduction targets and disclosing the progress, launched in April 2021.



## Partnership for Carbon Accounting Financials (PCAF)

A collaboration between financial institutions worldwide to enable harmonized assessments and disclosures of greenhouse gas emissions financed by loans and investments, launched in December 2015

SMBC Group is a member of the PCAF Japan coalition, promoting the adoption and expansion of the measurement and disclosure of greenhouse gas emissions from loans and investments by Japanese financial institutions.



## CDP

Initiatives which measures, manages and reduces effects of climate changes by prompting institutional investors and business managers to have dialogues regarding such climate changes.

[Links to related website](#)



## Poseidon Principles

A framework for integrating climate considerations into lending decisions to promote international shipping's decarbonization.

From SMBC Group, Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Finance and Leasing are signatories to the Principles.

[Links to related website](#)



## Equator Principles

Environmental and social standards which are set forth based on the International Finance Corporation (IFC) guidelines for large-scale project finance projects.

[Links to related website](#)



## Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)

Principles of action for financial institutions in Japan adopted in October 2011 for the purpose of expanding and improving the quality of environmental finance.

\*As of July 2020, the principles had been signed by 285 financial institutions, including companies from SMBC Group; SMBC, Sumitomo Mitsui Finance and Leasing, and SMBC Nikko Securities and Sumitomo Mitsui DS Asset Management. SMBC has participated since fiscal 2012 as a steering member and co-chairman from fiscal 2018 for the Steering Committee of the principle.

[Links to related website](#) 

## Guidelines Used for Reference

### SMBC Group

SMBC Group refers to the following guidelines in its disclosure of initiatives to realize sustainability.

▼ GRI Standard

▼ SASB Standard

▼ Stakeholder Capitalism Metrics

### GRI Standard

SMBC Group refers to the GRI Standard, a global information disclosure standard provided by the Global Reporting Initiative (GRI) to deliver reporting on the organization's impacts to the economy, environment and society, and its contribution to a sustainable development.

The following table indicates where we disclose information that corresponds to the standard.

Standard	Disclosure		Location
GRI 2: General Disclosures 2021	2-1	Organizational details	● <a href="#">Corporate Information</a> 
	2-2	Entities included in the organization's sustainability reporting	● <a href="#">Corporate Information</a> 
	2-3	Reporting period, frequency and contact point	● <a href="#">Event Calendar</a> 
	2-4	Restatements of information	
	2-5	External assurance	● <a href="#">Reduction of Environmental Impacts</a> 
	2-6	Activities, value chain and other business relationships	● <a href="#">Corporate Information</a> 







Standard	Disclosure		Location
GRI 2: General Disclosures 2021	2-7	Employees	● <a href="#">ESG Data Book P11</a>
	2-8	Workers who are not employees	
	2-9	Governance structure and composition	● <a href="#">Corporate Governance</a>
	2-10	Nomination and selection of the highest governance body	● <a href="#">Corporate Governance</a>
	2-11	Chair of the highest governance body	● <a href="#">Corporate Governance</a>
	2-12	Role of the highest governance body in overseeing the management of impacts	● <a href="#">Corporate Governance</a>
	2-13	Delegation of responsibility for managing impacts	● <a href="#">Sustainability Management System</a>
	2-14	Role of the highest governance body in sustainability reporting	● <a href="#">Sustainability Management System</a>
	2-15	Conflicts of interest	● <a href="#">Summary of Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group</a>
	2-16	Communication of critical concerns	● <a href="#">Compliance</a>
			● <a href="#">Risk Management</a>
	2-17	Collective knowledge of the highest governance body	● <a href="#">Stakeholder Engagement</a>
	2-18	Evaluation of the performance of the highest governance body	● <a href="#">Corporate Governance</a>
	2-19	Remuneration policies	● <a href="#">Corporate Governance</a>
	2-20	Process to determine remuneration	● <a href="#">Corporate Governance</a>
	2-21	Annual total compensation ratio	● <a href="#">Corporate Governance</a>
	2-22	Statement on sustainable development strategy	● <a href="#">SMBC Group Statement on Sustainability</a>
	2-23	Policy commitments	● <a href="#">Customer-Oriented Initiatives</a>
			● <a href="#">Compliance</a>
			● <a href="#">Respect for Human Rights</a>
	2-24	Embedding policy commitments	● <a href="#">Sustainability Management System</a>
			● <a href="#">Customer-Oriented Initiatives</a>
			● <a href="#">Compliance</a>
			● <a href="#">Respect for Human Rights</a>
	2-25	Processes to remediate negative impacts	● <a href="#">Statement on Human_Rightsx</a>
	2-26	Mechanisms for seeking advice and raising concerns	● <a href="#">Compliance</a>



Standard	Disclosure		Location
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	● <b>Compliance</b>
	2-28	Membership associations	● <b>Participation in Initiatives and Reference Guidelines</b>
	2-29	Approach to stakeholder engagement	● <b>Stakeholder Engagement</b>
	2-30	Collective bargaining agreements	● <b>ESG Data Book P10</b>
GRI 3: Material Topics 2021	3-1	Process to determine material topics	● <b>Priority Issues (Materiality)</b>
	3-2	List of material topics	● <b>Priority Issues (Materiality)</b>
	3-3	Management of material topics	● <b>Sustainability Management System</b>
			● <b>Priority Issues (Materiality)</b>

Economic			
Standard	Disclosure		Location
GRI201:Economic Performance 2016	201-1	Direct economic value generated and distributed	● <b>Financial Results</b>
	201-2	Financial implications and other risks and opportunities due to climate change	● <b>Response to climate change(Working on TCFD Recommendations)</b>
	201-3	Defined benefit plan obligations and other retirement plans	● <b>Consolidated Financial Statements</b>
	201-4	Financial assistance received from government	
GRI202:Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	● <b>Global HR Development</b>
GRI203:Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	● <b>Contribution Activities to Community</b>
	203-2	Significant indirect economic impacts	
GRI204:Procurement Practices 2016	204-1	Proportion of spending on local suppliers	
GRI205:Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	● <b>Compliance</b>
	205-2	Communication and training about anti-corruption policies and procedures	● <b>Compliance</b>
	205-3	Confirmed incidents of corruption and actions taken	

Economic			
Standard	Disclosure		Location
GRI206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI207: Tax2019	207-1	Approach to tax	● <b>Group Tax Policy</b> 
	207-2	Tax governance, control, and risk management	● <b>Group Tax Policy</b> 
			● <b>Risk Management</b> 
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	

Environmental			
Standard	Disclosure		Location
GRI301:Materials 2016	301-1	Materials used by weight or volume	
	301-2	Recycled input materials used	● <b>Reduction of Environmental Impacts</b> 
	301-3	Reclaimed products and their packaging materials	● <b>Reduction of Environmental Impacts</b> 
GRI302:Energy 2016	302-1	Energy consumption within the organization	● <b>Reduction of Environmental Impacts</b> 
	302-2	Energy consumption outside of the organization	● <b>Reduction of Environmental Impacts</b> 
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	● <b>Reduction of Environmental Impacts</b> 
	302-5	Reductions in energy requirements of products and services	
GRI303:Water and Effluents 2018	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	● <b>Reduction of Environmental Impacts</b> 

Environmental			
Standard	Disclosure		Location
GRI304:Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI305:Emissions 2016	305-1	Direct (Scope 1) GHG emissions	● <b>Reduction of Environmental Impacts</b> 
	305-2	Energy indirect (Scope 2) GHG emissions	● <b>Reduction of Environmental Impacts</b> 
	305-3	Other indirect (Scope 3) GHG emissions	● <b>Reduction of Environmental Impacts</b> 
	305-4	GHG emissions intensity	● <b>Reduction of Environmental Impacts</b> 
	305-5	Reduction of GHG emissions	● <b>Reduction of Environmental Impacts</b> 
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
GRI306: Waste2020	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
GRI308:Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	

Social			
Standard	Disclosure		Location
GRI401:Employment 2016	401-1	New employee hires and employee turnover	● <a href="#">ESG Data Book P09</a> 
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	● <a href="#">ESG Data Book P12</a> 
GRI402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	
GRI403:Occupational Health and Safety 2018	403-1	Occupational health and safety management system	● <a href="#">Health management</a> 
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	● <a href="#">Health management</a> 
	403-5	Worker training on occupational health and safety	● <a href="#">Health management</a>  t
	403-6	Promotion of worker health	● <a href="#">Health management</a> 
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8	Workers covered by an occupational health and safety management system	● <a href="#">Health management</a> 
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI404:Training and Education 2016	404-1	Average hours of training per year per employee	● <a href="#">ESG Data Book P10</a> 
	404-2	Programs for upgrading employee skills and transition assistance programs	● <a href="#">Human Resource Strategy</a> 
	404-3	Percentage of employees receiving regular performance and career development reviews	● <a href="#">Human Resource Strategy</a> 










Social			
Standard	Disclosure		Location
GRI405: 2016	405-1	Diversity of governance bodies and employees	● <b>ESG Data Book P11,13,17</b> 
	405-2	Ratio of basic salary and remuneration of women to men	
GRI406:Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI407:Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	● <b>Statement on Human_Rights</b> 
GRI408:Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	● <b>Statement on Human_Rights</b> 
GRI409:Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	● <b>Statement on Human_Rights</b> 
GRI410:Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	
GRI411:Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
GRI413:Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI414:Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	
GRI415:Public Policy	415-1	Political contributions	
GRI416:Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	● <b>Customer-Oriented Initiatives</b> 
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI417:Marketing and Labeling 2016	417-1	417-1 Requirements for product and service information and labeling	
	417-2	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3	417-3 Incidents of non-compliance concerning marketing communications	
GRI418:Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	

## SASB Standard

SMBC Group refers to the SASB Standard, a global information disclosure standard issued by the U.S. Sustainability Accounting Standards Board (SASB) in October 2018.

The following table indicates where we disclose information that corresponds to the standard for Commercial Banks (FN-CB) and Investment Banking & Brokerage (FN-IB).

Sector	Topic	Code	Metric	Location
CB	Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	
CB		FN-CB-230a.2	Description of approach to identifying and addressing data security risks	<ul style="list-style-type: none"> <li>● <a href="#">Cybersecurity Annual Report 2021 P111</a></li> <li>● <a href="#">Privacy Policy</a></li> </ul>
CB	Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	
CB		FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	
CB		FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	
CB		FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	<ul style="list-style-type: none"> <li>● <a href="#">Promotion of Financial Literacy Education</a></li> <li>● <a href="#">Annual Report 2021 P87</a></li> </ul>
CB	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	● <a href="#">Annual Report 2021 P264</a>
IB		FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	● <a href="#">SMBC Group Green Bond</a>
IB		FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of	● <a href="#">SMBC Group Green Bond</a>
CB/IB		FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	● <a href="#">Management of Environmental Risks</a>

Sector	Topic	Code	Metric	Location
CB/IB	Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	● <b>Compliance</b> 
CB/IB		FN-CB-510a.2	Description of whistleblower policies and procedures	● <b>Compliance</b> 
CB/IB	Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	● <b>Leverage ratio Data Book P13</b> 
CB/IB		FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	● <b>Risk Management</b> 
IB	Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	● <b>ESG Data Book P11</b> 
IB	Professional Integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	
IB		FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	
IB		FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	● <b>Compliance</b> 
IB		FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	● <b>Customer-Oriented Initiatives</b>  ● <b>Customer-Oriented Initiatives</b> 
IB	Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	
IB		FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	
IB		FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	● <b>Description of the valuation techniques and inputs used to measure fair value Form 20-F P48</b> 

Sector	Topic	Code	Metric	Location
CB	Activity Metrics	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	● <a href="#">Annual Report 2021 P117</a>
CB		FN-CB-000.B	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	● <a href="#">Annual Report 2021 P117</a>
IB		FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	● <a href="#">Investors Meeting FY 3/2021 Presentation Material P73</a>
IB		FN-IB-000.B	(1) Number and (2) value of proprietary investments and loans by sector	
IB		FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	

## United Nations Global Compact, COP (Communication on Progress), Advanced Level Criteria

SMBC Group supports the 10 principles of the "United Nations Global Compact," in the areas of human rights, labor standards, environment and anti-corruption measures. We also refer to the 24 criteria presented for achieving "Advanced Level" in creating Communication on Progress reports for the execution status of the principles.

## Stakeholder Capitalism Metrics

In September 2020, the World Economic Forum (WEF) published a report through the International Business Council (IBC), a subordinate community of business leaders within the forum, entitled "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation", where a corporate reporting framework for non-financial information is outlined. The recommended metrics are organized under four pillars that are aligned with the SDGs and principal ESG domains: Principles of Governance, Planet, People and Prosperity.

SMBC Group has been a proactive member in the process of developing the metrics by the IBC. The following table indicates where in our report we disclose information that corresponds to each of the IBC metrics.



Principles of Governance		
Theme	Core metrics	Reference
Governing purpose	Setting purpose	<ul style="list-style-type: none"> <li>Corporate Governance </li> <li>Internal Audits </li> <li>Compliance </li> <li>Our Group Mission, Vision, and Values </li> </ul>
Quality of governing body	Governance body composition	<ul style="list-style-type: none"> <li>Corporate Governance </li> <li>SMFG: Board of Directors, Corporate Auditors and Executive Officers (Annual Report) </li> <li>SMBC: Board of Directors, Corporate Auditors and Executive Officers (Annual Report) </li> <li>SMFG Directors (Annual Report) </li> <li>ESG Data Book </li> </ul>
Stakeholder engagement	Material issues impacting stakeholders	<ul style="list-style-type: none"> <li>Corporate Governance </li> <li>Stakeholder Engagement </li> <li>Sustainability Management System </li> <li>Priority Issues (Materiality) That SMBC Group Should Address </li> </ul>
Ethical behaviour	Anti-corruption	<ul style="list-style-type: none"> <li>Compliance </li> </ul>
	Protected ethics advice and reporting mechanisms	<ul style="list-style-type: none"> <li>Compliance </li> </ul>
Risk and opportunity oversight	Integrating risk and opportunity into business process	<ul style="list-style-type: none"> <li>Priority Issues (Materiality) </li> <li>SMFG's Value Creation Process </li> <li>Risk Management </li> </ul>

Planet		
Theme	Core metrics	Reference
Climate change	Greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> <li>Reduction of Environmental Impacts </li> <li>Environmental Impact Data of SMFG Group Companies </li> <li>ESG Data Book </li> </ul>
	TCFD implementation	<ul style="list-style-type: none"> <li>Response to climate change(Working on TCFD Recommendations) </li> </ul>
Nature loss	Land use and ecological sensitivity	<ul style="list-style-type: none"> <li>Working with the Equator Principles </li> </ul>
Freshwater availability	Water consumption and withdrawal in water-stressed areas	-

People		
Theme	Core metrics	Reference
Dignity and equality	Diversity and inclusion	<ul style="list-style-type: none"> <li>● <a href="#">SMFG: Board of Directors, Corporate Auditors and Executive Officers (Annual Report)</a></li> <li>● <a href="#">SMBC: Board of Directors, Corporate Auditors and Executive Officers (Annual Report)</a></li> <li>● <a href="#">SMFG Directors (Annual Report)</a></li> <li>● <a href="#">ESG Data Book</a></li> </ul>
	Pay equality	● <a href="#">Gender pay gap report 2019</a>
	Wage level	-
	Risk for incidents of child, forced or compulsory labour	<ul style="list-style-type: none"> <li>● <a href="#">Participation in Initiatives and Reference Guidelines</a></li> <li>● <a href="#">Sustainability Management System</a></li> <li>● <a href="#">Creating a Pleasant Workplace for All Employees (Work-Life Balance)</a></li> </ul>
Health and well-being	Health and safety	● <a href="#">Health Management</a>
Skills for the future	Training provided	● <a href="#">ESG Data Book</a>

Prosperity		
Theme	Core metrics	Reference
Employment and wealth generation	Absolute number and rate of employment	<ul style="list-style-type: none"> <li>● <a href="#">SMBC Group initiatives in figures</a></li> <li>● <a href="#">ESG Data Book</a></li> </ul>
	Economic contribution	● <a href="#">Financial Results</a>
	Financial investment contribution	● <a href="#">SEC Filings</a>
Innovation of better products and services	Total R&D expenses	● <a href="#">SEC Filings</a>
Community and social vitality	Total tax paid	● <a href="#">Financial Results</a>

# List of Policies and Statements

## List of Policies and Statements

### Sustainability

SMBC Group Statement on Sustainability  
SMBC Group Environmental and Social Framework  
Social Contribution Policy  
**Sustainable Procurement Policy**  
Responsible Investment

### Environment

Group Environmental Policy  
Governance Structure and Approach to ESG Risks  
Roadmap Addressing Climate Change and Action Plan

### Social

The Basic Policy for Customer-Oriented Business Conduct  
Statement on Human Rights  
Diversity and Inclusion Statement

### Governance

Corporate Governance Guideline  
SMFG Executive Compensation Policy  
Principles of Action on Compliance and Risk  
Policies and Measures for Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Adhering to Economic Sanctions Regulations  
Privacy Policy  
SMFG Group Policies for Anti-Bribery Compliance and Ethics  
Group Tax Policy  
  
Disclosure Policy  
Cyber Security Management Statement

# Net Zero Transition Plan

## Our approach against climate change

Since the adoption of the Paris Agreement, the imperative to address climate change concerns continues to grow. In October 2020, the Japanese Government announced a net zero emissions goal for 2050, committing to achieving a transition toward a decarbonized society.

Given these circumstances, we are committed to achieving net zero emissions across our overall investment and loan portfolio by 2050, as well as in our groupwide operations by 2030.

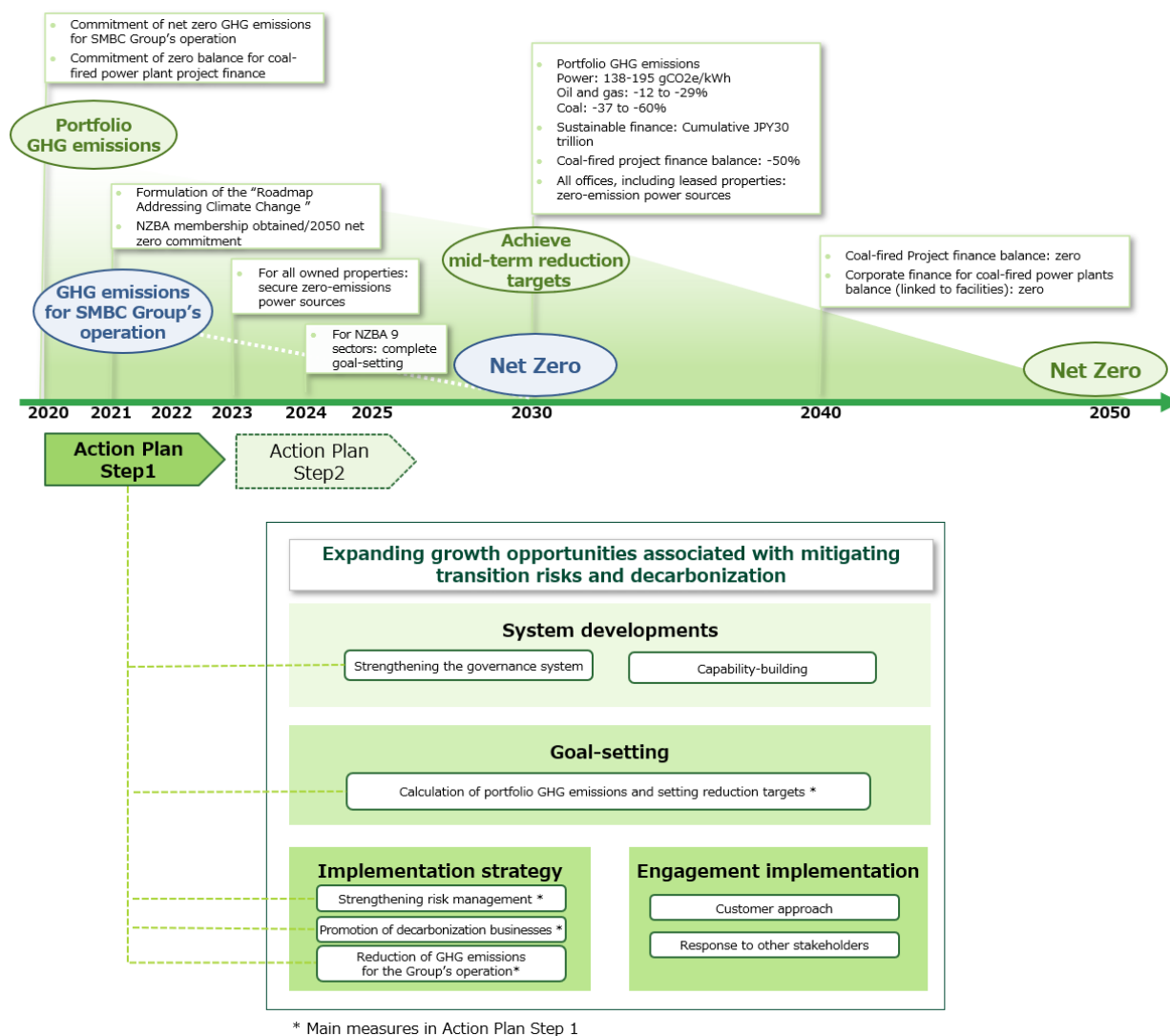
We endorse the Government's policy and strive to achieve greenhouse gas ("GHG") emissions reductions in line with the goals of the Paris Agreement. Moreover, we will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

**News Release: "Commitment to Achieve Net Zero Emissions"** [PDF](#)

## Net Zero Transition Plan

SMBC Group formulated the "Roadmap Addressing Climate Change" and the "Action Plan" in 2021 and has been accelerating efforts to secure resilience to climate change and capture growth opportunities. In the "Roadmap Addressing Climate Change," the five measures to be implemented during the period of the current mid-term management plan are positioned as "Action Plan Step 1." These five measures are strategic initiatives that will serve as the axes for promoting net zero emissions.

In August 2022, we have updated the "Roadmap Addressing Climate Change" as a "Transition Plan" and systematized a series of goals and actions for SMBC Group to achieve net zero emissions. Note that it is planned to include the measures of "Action Plan Step 2" starting from FY2023 in the transition plan. By executing the transition plan, we will strive to reduce transition risks and expand growth opportunities associated with decarbonization, aiming to achieve net zero emissions.



Please refer to the links below for detailed information and progresses.

**News Release: "Reinforcing Efforts against Climate Change (May 12th, 2021)"** [PDF](#)

**News Release: "Strengthening Efforts against Climate Change (May 13th, 2022)"** [PDF](#)

**(Appendix) Strengthening Efforts against Climate Change** [PDF](#)

**News Release: Publication of the "SMBC Group TCFD Report 2022" (August 31st, 2022)** [PDF](#)

## SMBC GROUP ANNUAL REPORT

SMBC Group TCFD Report

## Response to climate change (Working on TCFD Recommendations)

Since the adoption of the Paris Agreement, the imperative to address climate change concerns continues to grow. In October 2020, the Japanese Government announced a net-zero emissions goal for 2050, committing to achieving a transition toward a decarbonized society.

Given these circumstances, SMBC Group is committed to achieving net zero emissions across its overall investment and loan portfolio by 2050, as well as in its groupwide operations by 2030.

We endorse the Government's policy mentioned above and strive to achieve greenhouse gas (GHG) emissions reductions in line with the goals of the Paris Agreement. Moreover, we will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

### Working on the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

SMBC Group announced its support to the TCFD (\*1) at the "One Planet Summit" held in Paris in December 2017. We will continuously support our customers in their efforts to reduce GHG emissions by such measures as promoting the introduction of environment-friendly technologies through their business operations. Being committed to reducing GHG emissions, we will conduct business in a manner that contributes to the growth of both our customers and society, and will further enhance our actions towards climate change.

For more information please refer to SMBC Group TCFD Report.

[SMBC Group TCFD Report 2022 \(6,486KB\) PDF](#)

[SMBC Group TCFD Report 2021 \(3,753KB\) PDF](#)

[SMBC Group TCFD Report 2020 \(679KB\) PDF](#)

(\*1) The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board(FSB) in April 2015 to urge individual companies to disclose their impact on climate change in their financial reports.

## Summary of Disclosure Consistent with the TCFD Recommendations

Summary of our initiatives in line with the four thematic areas of disclosure (Governance, Strategy, Risk Management, Metrics and Targets) set out by the TCFD Recommendations are below. For more information, please refer to the SMBC Group TCFD Report.

Governance	● Established supervisory and execution framework for our climate change-related efforts	
	Supervision	● Supervision/Deliberation regarding sustainability initiatives at Board of Directors, Sustainability Committee, and other relevant committees.
	Execution	● Group CSuO reports to the Board of Directors and Sustainability Committee ● Group CRO reports to the Board of Directors and Risk Committee ● Deliberations, etc. by the Management Committee, Corporate Sustainability Committee, and other relevant committees
	● Introduced executive compensation framework that has ESG (including climate change) as an evaluation item	
Strategy	● Promotion through the establishment of the Sustainability Division and Climate Change Working Group	
	● Risk awareness based on scenario analysis	
	● Forecast of capital investments required for decarbonization/awareness of opportunities that reflect SMBC Group's businesses areas	
	● Established sector-based risk and opportunity heatmap	
	● Established Net Zero Transition Plan	
	System Developments	● Enhanced employee literacy and governance regarding the progress of a transition plan
	Target-Setting/ Transition Pathway	● Established reduction targets based on NZBA guidelines ● Shared awareness with customers regarding the direction of emission reductions
	Implementation Strategy	● Enhanced risk management (expanded the scope of scenario analysis, enhanced credit balance and individual customer credit management) ● Promoted decarbonization business on a Group basis ● Reduced GHG emissions resulting from our operations (accelerated transition of electric power to renewable energy sources)
	Engagement Activities	● Supported customers' transition and create growth opportunities for them ● Participated in the establishment of climate related initiatives and guidelines
	Risk Management	● Positioned climate change risk as Top Risks, and executed scenario and sector-based risk control according to the Risk Appetite Framework
● Executed category-based risk management		
● Conducted due diligence (understand and apply customers' non-financial data when determining credit and evaluate environmental and social risk for each transaction)		
● Established policies for sectors that have a material impact on climate change		

Metrics	Targets	Recent Results
GHG emissions in SMBC Group	Net zero by 2030	176.1 ktCO <sub>2</sub> e
Portfolio GHG emissions	Net zero by 2050	—
Power	FY2030 138-195gCO <sub>2</sub> e/kWh	332gCO <sub>2</sub> e/kWh (FY2020)
Oil and Gas	FY2030 -12~-29%	56.9 MtCO <sub>2</sub> e (FY2020)
Coal	FY2030 -37~-60%	13.9 MtCO <sub>2</sub> e (FY2020)
Sustainable Finance	JPY 30 trillion by 2030	Total of JPY 8.2 trillion (FY2021)
Green Finance	JPY 20 trillion by 2030	Total of JPY 7.5 trillion (FY2021)
Loan balance for coal-fired power generation	Net zero by FY2040 Project finance/ Facility linked corporate finance	Project finance : JPY 260 billion (FY2021) Facility linked corporate finance JPY 80 billion (FY2021)

## Promotion of Environmental Businesses

SMBC group considers that environmental businesses are means to preserve and improve the global environment in its core business operations as a financial institution.

We will outline our environmental businesses, including solar power-based renewable energy operations and investment projects with a positive environmental contribution, as well as other environment-related products and services.

### Main Measures

✓ Measures Being Taken for Green Finance

✓ Environmental business creation

✓ Initiatives for Environmental Conservation Through Financial Products

✓ Initiatives for Environmental Protection Through Investment

### Measures Being Taken for Green Finance

#### SMBC Group

SMBC Group proactively endeavors to solve environmental and social problems through the core businesses of the respective Group companies. A goal has been set to execute green finance and finance that contribute to realizing sustainability equivalent to JPY 30 trillion between FY2020 to FY2029 (of which JPY 20 trillion is green finance).

For instance, in the area of power generation via renewables (where certain forms of nature's power are employed, e.g., solar energy, wind power), various services are being provided by relevant Group companies leveraging their respective advantages, for example, lending by SMBC; trust service by SMBC Trust Bank concerning power generation facilities, construction sites, etc.; provision of leases by SMFL for power generation facilities; and equity investment by SMBC Nikko Securities. Altogether, we will pursue such initiatives as an integrated group for general financial services.



## Project Financing for Renewable Energy

SMBC

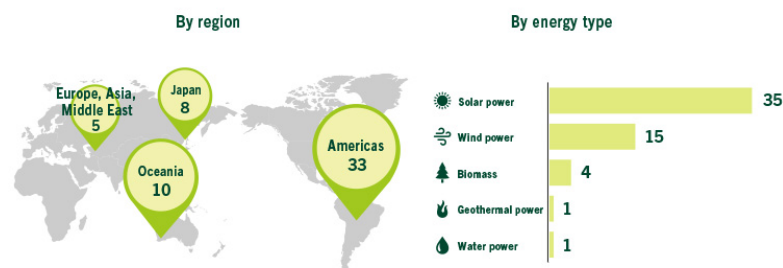
For many years now, SMBC has been providing project finance for renewable energy businesses such as solar power generation and wind power generation in Japan and overseas. The bank has a strong track record in this area. Since no carbon dioxide is emitted in renewable energy in principle, these operations are deemed to reduce CO2 emissions because the power they generate can replace energy from non-renewable sources such as coal, oil and natural gas. Support for such projects contributes to reductions in CO2 emissions and environmental impact.

For further details on project finance, please refer to the following website.

SMBC: Project Finance (Japanese only) 

## Fiscal 2021 results

SMBC has conducted **56** renewable energy projects in fiscal 2021



## FY2021: CO2 emissions reductions from renewable energy projects (\*)

Renewable energy projects in fiscal 2021 contributed to total reductions in CO2 emissions equivalent to **15,079,782 tons (29,728,083 tons in fiscal 2020)**.



(\*) Estimated volume of reduction in carbon emissions: The estimated volume of power generation is calculated by referencing the type of renewable-based generation and employing generation capacity as well as the operation rate of target facilities by country; then the estimated volume of power generation is multiplied by the emissions coefficient for the power generation sector of the respective countries to calculate the estimated reduction volume in carbon emissions. Note that for the above calculations, the share of loans extended by SMBC among the total project budget was not considered.

Source: In terms of facility operation rate, data were quoted from Wind Europe "Wind Energy in Europe in 2019 - Trends and Statistics" concerning wind power generation (overseas), with a breakdown for offshore vs. onshore; and data were additionally quoted from the "Report on Validation of Power Generation Cost, as Submitted to the Subcommittee of the Outlook on the Long-term Energy Supply-Demand Balance (held on May 26, 2015)" concerning PV, wind power (domestic), water power, and geothermal power. Regarding biomass power generation, operation rates were calculated by referencing the information disclosed by respective companies.

The emissions coefficient for the power generation sector: Quoted from IEA, European Environment Agency, United States Environmental Protection Agency, Ministry of the Environment, etc.

## Initiatives for Renewable Energy Through Business

### SMBC Trust

SMBC Trust Bank conducts renewable energy business initiatives that include receiving on trust for solar power facilities and site usage rights (ownership, leasehold, and surface rights) and managing them as trust assets as the trustee paying dividends to beneficiaries on income from the electricity sold.



## Initiatives for Solar power Energy Services (PPA)

### SMFL

SMFL Mirai Partners, a strategic subsidiary of Sumitomo Mitsui Finance and Leasing, provides on-site solar energy services (PPA model).

SMFL Mirai Partners will implement solar power generation equipment on the roofs of customers' buildings, etc., in order to materialize CO2-free electricity procurement of customers (energy service).

SMFL Group also provides other decarbonization solutions such as off-site solar energy services, energy-efficient equipment leasing, subsidy consulting, and LED rentals to help customers reduce Greenhouse Gas emissions.

## Sustainability-linked leases/loans

### SMFL

Sumitomo Mitsui Finance and Leasing (hereinafter "SMFL") offers "Sustainability linked leases/loans," in which the lease fee/interest rate is linked to the CO2 emission reduction of vessels.

In January 2021, SMFL became the first leasing company in the world to sign the Poseidon Principles, which were developed to promote the decarbonization of the shipping industry as a financial institution. This initiative is linked to the lease fee/interest rate to the valuation formula of the same principle.

Through the Poseidon Principles initiative, we will enhance our commitment to the decarbonization agenda, and support our maritime clients' financing needs in the context of contributing to the efforts to build a carbon-free and renewable energy based society.

## Launch of NEWNO, a new real estate brand

### SMFL

SMFL Mirai Partners, a strategic subsidiary of Sumitomo Mitsui Finance and Leasing, has launched NEWNO, a new brand in its real estate business in July 2021. The project aims to create highly functional buildings that contribute to a sustainable society through environmental considerations, such as the use of electricity that does not emit greenhouse gases (GHG) in the power generation process, and safety and security measures, such as improving ventilation efficiency on each floor in accordance with the intended use of the building from the perspective of preventing infectious diseases. We will continue our efforts to develop real estate with superior comfort and to revitalize local communities, taking into consideration the environment and the health of users.

## Support for Green Bond Issuance

### SMBC Nikko

SMBC Nikko formed the SDGs Finance Dept. in September 2018, and expanded it to the Sustainable Finance Dept. in September 2021, which is responsible for providing advice on funding through SDG bonds (e.g. green bonds) and presenting related proposals. Also, SMBC Nikko became a member of the Climate Bonds Partners Programme(\*), which is run by the Climate Bonds Initiative (CBI), in order to further promote support for activities related to the SDGs and climate change problems. SMBC Nikko will continue to support many green bond issuance deals and pursue relevant investments going forward as well while strengthening the collaboration with CBI through its membership in the said Programme.

(\*) The Programme is being promoted by the Climate Bonds Partners membership to support activities of relevant investors and stakeholders as well as related educational projects, for the purpose of ensuring sustainable growth of the green bond market which can contribute to adequate adaptation to climate change and effective investments for carbon reduction

SMBC Nikko:underwriting such as SDGs bonds (Japanese Only) 

## Environmental business creation

### Initiatives Towards a Decarbonized Society

#### SMBC

SMBC has been taken a close look at hydrogen as one of the key technologies toward decarbonization and taken various activities to support it.

In 2020, together with Japanese hydrogen related companies, SMBC Group established Japan Hydrogen Association, aiming to realize hydrogen society, as a joint representative.

In addition, SMBC joined a power plant project which combines solar PV with hydrogen storage and battery in French Guiana as the sole non-French commercial lender selected. This project is the first non-recourse financing for green hydrogen globally.

### Initiatives for Growth Sectors

#### SMBC

SMBC has promoted business activities related to emissions trading since 2005.

Specifically, SMBC has been providing financial support for energy conservation and renewable energy development projects conducted overseas with environmental technologies from Japan in connection with the Joint Crediting Mechanism (JCM), a new framework promoted by the Japanese government in the post-Kyoto Protocol era. Since fiscal 2010, the bank has conducted various financing schemes.

In addition, SMBC joined Carbonplace, the new settlement platform for carbon credits, as a founding member in 2022. It is developed by a group of banks committed to finding a collaborative solution to strengthen the voluntary carbon market and drive climate action at scale. SMBC will provide its wide and diverse client base direct access to voluntary carbon credits through the platform.

\* A mechanism utilized to achieve Japan's reduction targets that involves quantitatively assessing Japan's contribution to greenhouse gas reduction and absorption realized through promotion of low-carbon technologies, an area of specialty for Japanese companies, in developing countries and contributing to measures to combat global warming at the global level.

## General Contractor Business for the Disposal of Facilities and Plant Sites

### SMFL

SMFL and SMFL MIRAI Partners started a general contractor business for the disposal of facilities and plant sites, through the establishment of SMART Incorporated jointly with ARBIZ Corporation. Concerning machines and facilities for which the lease period expired or is held by our clients but no longer needed, reusable items would be employed by SMFL for resale, while items that cannot be reused would be purchased or taken over free of charge by the new company. Machines and facilities to be disposed of would then be segregated into marketable items (e.g. metal scrap; waste plastics) and industrial waste. Marketable items are sold to scrap traders, while industrial waste is handed over to waste treatment dealers. Through facilitating the reuse of recycled items, companies are curbing the volume of industrial waste and adequately supporting final disposal processes, while promoting 3R activities by leveraging knowledge and know-how concerning a wide range of tangible products that are advantageously held by leasing companies, to contribute to the realization of a circulating type of society.

## Consultation for Environment-Related Business

### JRI

#### Environmental Advisory Business

It engages in numerous environmental projects mainly in the energy and smart community fields.

It strives to contribute to the resolution of global-warming issues and development of environment-friendly businesses by the creation of new businesses.

### JRI

#### Proposals for Energy-Related Policies

JRI makes recommendations and proposals for energy systems of next-generation and energy strategies for Japan. For detailed examples from JRI, please refer to the following website.

JRI: Economy & Policy report(Environment, Energy) (Japanese only) 

## Overseas Alliances Related to Environmental Business

### SMBC

In emerging countries, the need for economic development that is balanced with the global environment is driving remarkable progress in local environmental business markets. SMBC has signed multiple memorandums of understanding (MOUs) for building bridges with Japanese companies with environmental technologies in emerging countries, financing environment-related projects, and providing know-know on emissions credit trading.

In addition, SMBC completed the accreditation process for the Green Climate Fund (GCF), the world's largest multilateral fund set by the United Nations Framework Convention on Climate Change, and received approval to act as an Accredited Entity (AE), an institution that is able to develop funding proposals to GCF and access GCF funding. In collaboration with GCF, SMBC will contribute to expand sustainable finance with wider support for climate-related actions in developing countries and innovative projects such as developments in hydrogen toward the realization of decarbonization and sustainable society.

Through these and other efforts, the bank continues to work to strengthen its environmental business networks with emerging countries.

Going forward, we will utilize our environmental business knowledge and experience as a diverse financial group to meet a variety of needs in environment and energy and other fields.

## Initiatives for Environmental Conservation Through Financial Products

### SMBC Group

SMBC Group develops and supplies financial solutions and products for customers engaged in addressing various social issues, notably climate change and other environmental issues through promotion of energy and resource conservation and countermeasures for global warming.

Please visit the link below for more details on SMBC Group's financial solutions lineup

[SMBC Group Businesses and SDGs](#)

## Initiatives for Environmental Protection Through Investment

### SMBC

In October 2017, SMBC invested in Tokyo Green Bonds (\*) issued by the Tokyo Metropolitan Government, an initiative for contributing to society through asset management.

\*Green bonds are bonds issued to raise funds for green projects. Tokyo Green Bonds have been assessed by an independent institution as being consistent with the characteristics of "green bonds" as defined by the International Capital Market Association (ICMA).

SMBC plans to allocate funds raised through the issue of Tokyo Green Bonds to environmental measures, urban development projects based on smart energy and a vision of the cool, clean and pleasant city, and projects for adapting to the impact of climate change.

<b>Bond name</b>	Tokyo Green Bond (5-yr. / 30-yr.), first issue
<b>Ratings</b>	A+ (S&P)
<b>Total amount issued</b>	¥10.0 billion

SMBC will continue to contribute to the Sustainable development of society as a whole through initiatives for the environment, which SMBC Group has specified as one of its key priority issues, and will continue to work to secure investment income and raise corporate value through diverse investment initiatives for more highly advanced, multifaceted forms of investment and by demonstrating its core functions as an institutional investor.

SMBC: Invested in Tokyo Green Bonds issued by the Tokyo Metropolitan Government (Japanese only) 

## Management of Environmental Risks

"Managing environmental risks" is one of the SMBC Group's three key environmental themes, articulated in the Group's environment policy. As a global financial group, SMBC is working to strengthen its structure for managing environmental and social risks.

Moreover, SMBC Group has established the "SMBC Group Environmental and Social Framework" in order to articulate its comprehensive stance to the environment and society and contributing to the realization of a sustainable society.

### Environmental and Social Risks That Financial Institutions Should Address

Financial institutions confront various types of environmental risk including:

- Credit risks associated with a deterioration in the customer's debt repayment capability. This can be attributed to such factors as the suspension of business operations due to a breach of environmental regulations and restoration expenses incurred as a result of soil pollution.
- Credit risks associated with declining financial performance of customers due to lower profitability or decreases in the value of assets held, in the transitioning to a decarbonized society.
- The risk of a decline in the value of assets due to the disclosure of soil pollution or asbestos in real estate as collateral.
- Lender liability risks that accrue to the lender in connection with business and other loan proceeds that adversely impact the environment and respect for human rights, etc.
- Reputation risks attributable to any of the aforementioned.

## SMBC Group Environmental and Social Framework

SMBC Group has established the “SMBC Group Environmental and Social Framework” in order to articulate its comprehensive stance to the environment and society and contributing to the realization of a sustainable society.

The framework unifies the Group's internal policies and rules regarding the environment and society, and was established and announced after deliberation by the Management Committee. It will be proactively reviewed on an ongoing basis in light of the revision or abolition of specific policies, rules, or procedures, deliberations by the Sustainability Committee or other bodies, changes in the external environment surrounding the Group's business activities, and the results of regular reviews conducted (once a year, in principle) as part of internal audit.

Stances/approaches expressed in this framework are those of the Group as a whole, and group companies implement this framework in line with each of their businesses.

SMBC Group Environmental and Social Framework

## Governance Structure and Approach to ESG Risks

### Governance Structure

SMBC Group has established the Sustainability Committee, an internal committee of the Board of Directors, as a supervisory body and the Sustainability Promotion Committee as an executive body to manage our sustainability initiatives and to deliberate on responses to environmental and social issues. The Sustainability Committee deliberates on matters related to the progress of the Group's sustainability promotion measures, matters related to domestic and overseas trends surrounding sustainability, and other important matters related to sustainability. It reports and provides advices to the Board of Directors on a regular basis. The Sustainability Promotion Committee, meanwhile, deliberates and decides on plans to realize sustainability. These plans are put together in a groupwide basis by the Corporate Sustainability Department of SMFG.

In addition, the Risk Committee, which is an internal committee of the Board of Directors, acknowledges the environment and risks surrounding the Group, and discusses matters related to the handling of risk appetite, matters related to the implementation structure for risk management, and other important matters related to risk management, as well as giving advices to the Board of Directors. Regarding climate change issues, the Sustainability Committee deliberates on the formulation and progress of overall climate change countermeasures. At the Risk Committee, meanwhile, the Group CRO (Chief Risk Officer) regularly reports on the awareness of environment and risks, risk appetite in connection with climate change issues, and the execution of risk management measures related to climate change countermeasures. The Risk Committee deliberates on these matters and provides advices to the Board of Directors.

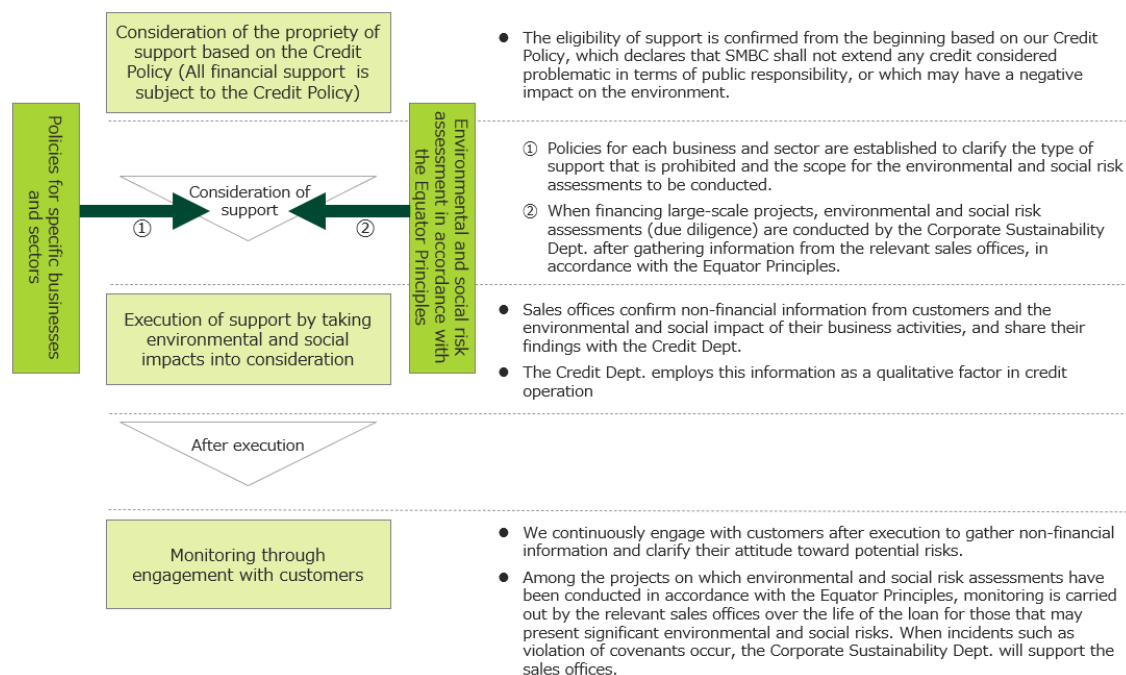
For specific transactions with substantial environmental and social risks that would likely impact enterprise value adversely or result in a loss of trust in SMBC Group, a body in which Management Committee officers participate, from the perspective of complex risk management, discusses whether to proceed with the transaction as necessary.



## Due Diligence

In SMBC Group's Group Credit Policy, which contains overall financing policy, guidelines and rules, the Group declares not to extend any credit considered problematic in terms of public responsibility, or which may have a negative impact on the environment.

Sumitomo Mitsui Banking Corporation, which handles the Group's core credit operations, obtains non-financial information from customers and utilizes it qualitatively in credit operation, as explained below. Moreover, by conducting environmental and social risk assessments on specific transactions, it properly identifies environmental and social risks and manages them through periodic monitoring.



## Understanding non-financial information

At Sumitomo Mitsui Banking Corporation, we recognize our customers' environmental and social impacts from their business activities by understanding not only their financial information, but also non-financial information represented by ESG, by engaging in dialogues with them. With respect to businesses and sectors that are likely to have an impact on environmental and social risks, we find out about their GHG emissions and what they are doing to address environmental and social risks such as climate change risks, and employ this information as a qualitative factor in credit operation. This non-financial information is updated regularly through monitoring.

In parallel to this, environmental and social risk assessments based on the Equator Principles are also conducted, making our due diligence even more sophisticated and broad reaching.

By gathering non-financial information, we will deepen the quality of engagements with customers concerning ESG risks, actively support their environmental and social efforts, and work together to address risks that are a cause for concern.



## Environmental and social risk assessment

For large-scale projects which may potentially exert a major impact on the environment and society, Sumitomo Mitsui Banking Corporation will continue to comply with the Equator Principles, a set of guidelines developed by private-sector financial institutions for managing environmental and social risks related to financing large-scale projects. Sumitomo Mitsui Banking Corporation will conduct appropriate environmental and social risk assessments by performing due diligence in the Corporate Sustainability Department.

Through this, we expect project companies to conduct activities for environmental and social consideration, including climate change and human rights, such as addressing the TCFD Recommendations and respecting the FPIC (free, prior and informed consent) of local residents.

For further details about the Equator Principles, please refer to the following link.

[Working with the Equator Principles](#) 

## Prohibited Credits

At Sumitomo Mitsui Banking Corporation, which handles the Group's core credit operations, the Credit Policy, which contains our overall financing policy, guidelines and rules, clearly states that credits must not be extended to the following cases:

- Credits which may breach social norms such as laws and regulations
- Credits considered problematic in terms of public responsibility, such as credits in conflict with public order and morals and credits which may have negative impacts on the environment\*
- ※ Including large-scale development or construction projects which sites are subject to Ramsar wetlands or UNESCO World Natural Heritage Sites or that may have significant negative environmental impacts, and large-scale development or construction projects for which no appropriate environmental impact assessment have been conducted or no environmental management plan formulated even though such projects may significantly destroy the habitats of endangered species.

## Policies for Specific Businesses and Sectors

SMBC Group is introducing policies for businesses and sectors which are likely to have significant impacts on the environment and society. These policies are rolled out to SMBC Group companies, including Sumitomo Mitsui Banking Corporation, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing Company and SMBC Nikko Securities, in line with their businesses, and to enhance their risk management system continuously.

### 1. Coal-Fired Power Generation

#### ■ (Policy)

Support for newly planned coal-fired power plants and the expansion of existing plants are not provided.

In addition, among companies whose main businesses are coal-fired power generation, we will not provide support for those that do not have any existing transactions, including but not limited to lending, with SMBC Group.

#### ■ (Understanding of the Business/Sector)

SMBC Group expects our customers to establish and publicly announce long-term strategies aimed at realizing a carbon neutral business model and other initiatives to address climate change. Moreover, SMBC Group will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

## 2. Hydroelectric Power Generation

### ■ (Policy)

For those cases in which financing is used for hydroelectric power generation projects, SMBC Group carefully monitors whether appropriate mitigation measures against the impact on biodiversity and local communities caused by resettlement have been implemented and conducts environmental and social risk assessments when we consider lending.

### ■ (Understanding of the Business/Sector)

As the transition to a decarbonized society progresses, hydroelectric power generation will play a greater role in power supply. However, when constructing a hydroelectric power plant, it is important to consider the impact on biodiversity associated with dam construction and also on local communities caused by resettlement.

## 3. Oil and Gas

### ■ (Policy)

The scope of environmental and social risk assessments that take into account Equator Principles is to be expanded for the following business and sectors when we consider lending. After identifying and evaluating environmental and social risks, appropriate measures are considered.

#### (1)Oil Sand

Oil sand (tar sand) has relatively high carbon intensity and large environmental impacts are associated with its development. As such, SMBC Group conducts environmental and social risk assessments, paying close attention to soil and water pollution caused by wastewater, deforestation, and efforts to protect biodiversity and indigenous communities, when we consider lending.

#### (2)Shale Oil and Shale Gas

During shale oil and shale gas development, the use of hydraulic fracturing methods is assumed to cause groundwater contamination and induce earthquakes. SMBC Group carefully monitors whether appropriate mitigation measures have been implemented for these issues, and then we conduct environmental and social risk assessments when we consider lending.

#### (3)Oil and Gas Mining Projects in the Arctic

The Arctic Circle (an area north of the 66°33' latitude) is home to rare ecosystems and indigenous people with a unique culture. For mining projects in this region, SMBC Group conducts environmental and social risk assessments, paying close attention not only to environmental considerations but also to measures to protect biodiversity and indigenous communities, when we consider lending.

#### (4)Oil and Gas Pipelines

Pipelines are expected to have a wide range of environmental impacts due to oil spills and deforestation, as well as social impacts on indigenous communities, not only at the time of construction but also when completed. SMBC Group carefully monitors whether appropriate mitigation measures have been implemented for these issues, and then we conduct environmental and social risk assessments when we consider lending.

### ■ (Understanding of the Business/Sector)

Oil and gas will continue to be an important source of energy, and we actively consider measures that contribute to the transition to a decarbonized society. On the other hand, as the transition to a decarbonized society progresses, it is important to consider the risk of stranded assets that will cause the value of the assets owned to decline in the future, measures to reduce the environmental impact associated with development, and give proper consideration to the residents of the development area.

## 4. Coal Mining

### ■ (Policy)

Support for newly planned and the expansion of thermal coal mining projects, as well as those using the Mountain Top Removal (MTR) method are not provided. Support for newly planned and the expansion of infrastructure developments that are dedicated to above-mentioned projects are not provided either. When considering lending for coal mining projects other than the above, the scope of environmental and social risk assessment that takes into account the Equator Principles is to be expanded, and environmental and social risks are identified and evaluated.

In addition, among companies whose main businesses are thermal coal mining or linked infrastructure development, we will not provide support for those that do not have any existing transactions, including but not limited to lending, with SMBC Group.

### ■ (Understanding of the Business/Sector)

In addition to the risks of stranded assets associated with the transition to a decarbonized society, it is important to consider human rights with respect to the elimination of illegal labor and child labor in coal mines and biodiversity issues associated with mining.

SMBC Group expects our customers to establish and publicly announce long-term strategies aimed at realizing a carbon neutral business model and other initiatives to address climate change. Moreover, SMBC Group will support the activities of our customers contributing to the transition toward and realization of a decarbonized society.

## 5. Tobacco Manufacturing

### ■ (Policy)

With regard for support for tobacco manufacturers, Sumitomo Mitsui Banking Corporation has confirmed that particular issues including health hazards and considering of human rights to eliminate illegal labor and child labor are being addressed.

### ■ (Understanding of the Business/Sector)

Smoking can cause health hazards, such as lung cancer and respiratory dysfunction. In addition, with the cultivation of leaf tobacco (a raw material of cigarettes), it is important to consider human rights to eliminate illegal labor and child labor.

## 6. Nature Conservation Areas

### ■ (Policy)

SMBC Group does not provide support for new projects that are perceived to have a significant negative impact on wetlands specified in the Ramsar Convention and UNESCO-designated World Natural Heritage sites.

## 7. Palm Oil Plantation Development

### ■ (Policy)

For palm oil plantation development projects, whether they have been certified by the Roundtable on Sustainable Palm Oil (RSPO), which is given for palm oil produced with environmental and social consideration, is confirmed. Support is only provided after confirming that forest resources and biodiversity are protected when new plantations are developed and that there are no human rights violations, such as child labor. For those customers that have not yet been certified, obtaining certification is encouraged and supported, and submission of a plan to acquire certification is required.

For customers who have no plans to acquire RSPO certification, we encourage their acquirement, and require actions according to the same standard as RSPO certification.

In addition, we will require our business partners to publicly declare their compliance with NDPE (No Deforestation, No Peat, No Exploitation). We also encourage them to enhance their supply chain management and improve traceability to obtain RSPO certification and comply with NDPE through their supply chain.

## 8. Deforestation

### ■ (Policy)

For any business involving deforestation, we provide them with support only after having confirmed as per the laws and regulations of respective country that there is no illegal deforestation, burning, nor illegal labor.

Among them, especially regarding large-scale farm (\*1) development projects, we will require them to publicly declare their compliance with NDPE.

\*1 Farm of 10,000 ha or more (e. g. business aimed at cultivating soybeans, natural rubber, coffee, etc., or using it as a grazing land for livestock)

When supporting forest management projects (\*2) in countries other than high-income OECD member countries, we will require them to obtain FSC (Forest Stewardship Council) certification or PEFC (Programme for the Endorsement of Forest Certification Scheme) certification, and to declare NDPE compliance. If certification is yet to be acquired, we encourage and support their acquirement, and request them to submit a plan to acquire certification. We also encourage them to enhance their supply chain management and improve traceability to obtain such certification and comply with NDPE through their supply chain.

\*2 A forest management business refers to business that nurtures and manages forests, which involves cutting down forest trees for the purpose of harvesting and selling them. This policy does not apply to businesses that only cut trees (thinning) for the purpose of forest conservation without the purpose of harvesting and selling them.

In addition, when considering financing for any large-scale project not limited to the above projects, we will surely conduct environmental and social risk assessments as per the Equator Principles, while closely monitoring the applicant's stance on the following points: impact on virgin forests and ecosystems; mitigation measures for the foregoing; inclusion of peatland development; considerations for workers and local residents, etc.

## 9. Manufacturing of Cluster Bombs and Other Weapons of Destruction

### ■ (Policy)

Cluster bombs are considered inhumane, therefore SMBC Group prohibits credit to those manufacturers. In addition, it is confirmed that loans are not used for manufacturing of other weapons of destruction.

### In-house Training

SMBC Group regularly organizes study sessions for sales offices and the Credit Department to spread awareness of environmental and social risks internally and enhance understandings of policies for businesses and sectors that are likely to have significant impact on the environment and society, due diligence flow, and environmental and social risk assessment procedures.

Details of study sessions held in FY2021 at Sumitomo Mitsui Banking Corporation are as follows:

### ■ FY2021

Description	No. of times held	Subjects
Study session on practice of environmental and social risk assessments	3 times	Domestic and overseas sales offices
Study session on specific sectors	1 time	Domestic and overseas sales offices
Study session on identification of ESG risks	12 times	Domestic and overseas sales offices / Business Planning Dept. / Credit Dept.

### Stakeholder Engagement

SMBC Group engages with various stakeholders, including not only customers but also investors, environmental NGOs, local communities, and international initiatives in managing environmental and social risks. Based on the opinions of stakeholders obtained through engagements, we will continuously improve our risk management structure and policies so as to enhance their effectiveness.

## Working with the Equator Principles

✓ Background to SMBC's adoption of the Equator Principles (SMBC)

✓ What are the Equator Principles? (SMBC)

✓ SMBC's approach to the Equator Principles (SMBC)

✓ Transactions Subject to the Equator Principles (SMBC)

✓ What we have done till now (SMBC)

✓ Future Perspective and Focus (SMBC)

### Background to SMBC's adoption of the Equator Principles (SMBC)

Large-scale development projects may have significant impacts on society and the environment; therefore, international civil society requires financial institutions to assess the environmental and social impacts of projects when providing financial support. Financial institutions often encounter environmental and social issues that are both complex and challenging, with respect to projects in both emerging countries and developed countries.

SMBC, as a member of SMBC Group, assigns a high management priority to environmental issues. Our Group Environmental Policy sets out SMBC Group's basic action guidelines. As the policy's basic concept recognizes the importance of realizing a sustainable society, SMBC Group 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.

In line with this policy, SMBC adopted the Equator Principles in January 2006, in order to not only ensure that the projects we finance are developed in a manner that is socially and environmentally responsible but to also fulfill SMBC's corporate social responsibility (CSR) and provide high quality financial services across the globe.

We are confident that the adoption of and the compliance with the Equator Principles will provide significant benefits to ourselves and various stakeholders such as our borrowers and local communities.

### What are the Equator Principles? (SMBC)



The Equator Principles are a set of guidelines developed by private financial institutions for managing environmental and social risks related to financing large-scale development projects. The Equator Principles apply to [project finance](#) transactions, project-related corporate loans, [bridge loans](#) that are intended to be refinanced to project finance or corporate loans, project-related [refinance](#), project-related [acquisition finance](#), and [project finance advisory services](#), regardless of the country or the sector. The Equator Principles are based on [the environmental and social policies and guidelines of International Finance Corporation \(IFC\)](#), the private sector arm of the World Bank. These policies and guidelines cover a variety of issues such as the environmental and social impact assessment process, pollution prevention, consideration of local communities and natural resources.

Financial institutions that adopt the Equator Principles are required to establish their own internal environmental and social guidelines and procedures in accordance with the Equator Principles, and to conduct environmental and social risk assessment.

The Equator Principles Association is the unincorporated association of member Equator Principles Financial Institutions whose object is the management, administration, and development of the Equator Principles. As of the end of June 2022, 134 financial institutions have adopted the Equator Principles.

The Equator Principles apply to the following financial products when supporting a new project:

1. Project Finance Advisory Services where total Project capital costs are US\$10 million or more.
2. Project Finance with total Project capital costs of US\$10 million or more.
3. Project-Related Corporate Loans (including Export Finance in the form of Buyer Credit) where all three of the following criteria are met:
  - i. The majority of the loan is related to a single Project over which the client has Effective Operational Control (either direct or indirect).
  - ii. The total aggregate loan amount and The Equator Principles Financial Institution's individual commitment (before syndication or sell down) is at least US\$50 million.
  - iii. The loan tenor is at least two years.
4. Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described above.
5. Project-Related Refinance and Project-Related Acquisition Finance, where all of the following three criteria are met:
  - i. The underlying Project was financed in accordance with the Equator Principles framework.
  - ii. There has been no material change in the scale or scope of the Project.
  - iii. Project Completion has not yet occurred at the time of the signing of the facility or loan agreement.

The financial products within the scope of the Equator Principles are required to follow all of the principles below.

Principle 1: Review and Categorisation

Principle 2: Environmental and Social Assessment

Principle 3: Applicable Environmental and Social Standards

Principle 4: Environmental and Social Management System and Equator Principle Action Plan

Principle 5: Stakeholder Engagement

Principle 6: Grievance Mechanism

Principle 7: Independent Review

Principle 8: Covenants

Principle 9: Independent Monitoring and Reporting

Principle 10: Reporting and Transparency

For details, please visit the Equator Principles' official website at

[Equator Principles](#) 

Since November 2021, SMBC has been a steering committee member of the Equator Principles Association consisting of the Equator Principles Financial Institutions. The Equator Principles Association Steering Committee coordinates the administration, management and development of the Equator Principles on behalf of the Equator Principles Financial Institutions. SMBC strives to develop the Equator Principles as an Equator Principles Steering Committee member.

SMBC published the first practical guidebook published in Japan on the Equator Principles together with the MUFG Bank and Mizuho Bank. This book explains the contents of each principle, as well as the activities of the Equator Principles Association, and other Export Credit Agencies' frameworks on environmental and social considerations.

## SMBC's approach to the Equator Principles (SMBC)

### Establishment of Internal Procedures

Since adoption of the Equator Principles in January 2006, SMBC has made efforts to establish its own internal procedures and has completed the Procedures for Environmental and Social Risk Assessment (the "Procedures"). The Procedures set the internal policy and procedures for environmental and social risk assessment in accordance with the Equator Principles, and they have been implemented since June 2006. And the Procedures have been revised as required, such as revision in line with the update to Equator Principles IV.

### Risk Assessment Structure and Process

Corporate Sustainability Department (CSD) is responsible for SMBC's overall operations in relation to environmental and social risk assessment for transactions subject to the Equator Principles all over the world. The risk assessment process is summarized as follows:

#### 1. Environmental Screening

When considering financing for large-scale development project related loans that are subject to the Procedures, the lending branch will submit the Environmental Screening Form to CSD. The Environmental Screening Form is a checklist to understand the potential environmental and social impacts of the project. Based on the Environmental Screening Form and related information, CSD categorizes the project as one of the following:

Category	Definition
Category A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
Category B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Category C	Projects with minimal or no adverse environmental and social risks and/or impacts

## 2. Environmental Review

CSD confirms that projects meet the requirements of the Equator Principles by Category and if needed, conducts site visits.

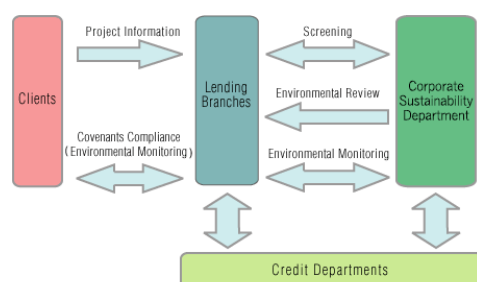
In addition, CSD prepares an Environmental Review Sheet based on our original sector checklists for all category A projects and category B projects that have been determined to have special needs.

The Environmental Screening Form and the Environmental Review Sheet which reflect the results of the environmental and social risk assessments, are shared with the Credit Department and this information becomes an important factor in the credit approval process.

## 3. Environmental Monitoring

Based on the result of environmental screening and environmental review, covenants to be observed by the client with respect to the environmental and social considerations are included in the financing documents. The lending branch and CSD monitor the client's compliance with these covenants to ensure ongoing consideration of environmental and social issues.

< Flow Chart of Environmental and Social Risk Assessment in SMBC >



## Training and Dissemination of Information

Internal training such as group training in our overseas offices, online training and seminars by external consultants have been conducted to help related officers understand the established environmental and social procedures. Over 2,800 officers and employees including senior management, employees from front, credit, and audit have attended the training. In addition, to improve our capability on an ongoing basis, CSD issues reports sharing the latest trends on the global environment and noteworthy environmental and social risks.

## Transactions Subject to the Equator Principles (SMBC)

Transactions subject to the Equator Principles (EPIII and EP IV) in 2021\* are explained here. The numbers of transactions 1)~4) (marked with a 📄) have been reviewed and assured by Ernst & Young ShinNihon LLC.

\* The Effective date of EP IV : Oct 1st, 2020.

- 1) Project Finance transactions (by Category)
- 2) Project Related Corporate Loans (by Category)
- 3) Project Related Refinance and Project Related Acquisition Finance
- 4) Project Finance Advisory Services

[Independent Assurance Report \(English\) 📄](#)

[Independent Assurance Report \(Japanese\) 📄](#)



## 1. Project Finance Transactions 🏆

The total number of Project Finance transactions that reached Financial Close in 2021 was 79. The breakdown is as follows:

	Total Number of projects by Category		
	Category A	Category B	Category C
	7	50	22
	Breakdown of Projects by Category		
Sector	Category A	Category B	Category C
Mining	0	0	0
Infrastructure	1	5	6
Oil & Gas	1	6	0
Power	5	38	0
Others	0	1	16
Region	Category A	Category B	Category C
Americas	0	28	4
Europe / Middle East / Africa	2	8	9
Asia & Pacific	5	14	9
Country classification	Category A	Category B	Category C
Designated Country	1	37	19
Non-Designated Country	6	13	3
Independent Review	Category A	Category B	Category C
Implemented	7	48	13
Not implemented	0	2	9

## 2. Project Related Corporate Loans

The total number of Project Related Corporate Loans that reached Financial Close in 2021 was 8. The breakdown is as follows:

	Total Number of projects by Category		
	Category A	Category B	Category C
	4	4	0
	Breakdown of Projects by Category		
Sector	Category A	Category B	Category C
Mining	1	0	0
Infrastructure	3	0	0
Oil & Gas	0	2	0
Power	0	0	0
Others	0	2	0
Region	Category A	Category B	Category C
Americas	2	1	0
Europe / Middle East / Africa	0	0	0
Asia & Pacific	2	3	0
Country classification	Category A	Category B	Category C
Designated Country	1	2	0
Non-Designated Country	3	2	0
Independent Review	Category A	Category B	Category C
Implemented	4	1	0
Not implemented	0	3	0

### 3. Project Related Refinance and Project Related Acquisition Finance

The total number of Project Related Refinance and Project Related Acquisition Finance that reached Financial Close in 2021 was none.

	Project Related Refinance	Project Related Acquisition Finance
<b>Total Number of projects</b>	0	0
<b>Sector</b>		
Mining	0	0
Infrastructure	0	0
Oil & Gas	0	0
Power	0	0
Others	0	0
<b>Region</b>		
Americas	0	0
Europe / Middle East / Africa	0	0
Asia & Pacific	0	0
<b>Country classification</b>		
Designated Country	0	0
Non-Designated Country	0	0

#### 4. Finance Advisory Transactions

The total number of Project Finance Advisory Services mandated in 2021 was 24. The breakdown is as follows:

	Total Number of Projects
	24
	Breakdown of Projects by Sector and Region
Sector	
Mining	0
Infrastructure	6
Oil & Gas	4
Power	14
Others	0
Region	
Americas	3
Europe / Middle East / Africa	16
Asia & Pacific	5

## What we have done till now (SMBC)

Activities	What we have done till now
Establishment of internal environmental and social risk assessment process	<ul style="list-style-type: none"> <li>Developed the Procedures for Environmental and Social Risk Assessment</li> <li>Incorporated the revised Equator Principles into the Procedures</li> <li>Prepared the sector checklists</li> </ul>
Implementation of environmental and social risk assessment	<ul style="list-style-type: none"> <li>Reported the results of environmental and social risk assessment to management and shared the information with the relevant departments</li> <li>Conducted site visits in the environmental review and monitoring process</li> </ul>
Internal training and ongoing improvement	<ul style="list-style-type: none"> <li>Conducted training for related departments</li> <li>Provided online training for domestic and overseas departments to disseminate knowledge of the Procedures</li> <li>Provided updated and related information through newsletters</li> <li>Participated in international and domestic conferences and seminars on environmental and social risk assessment, to reflect internal operation.</li> </ul>
Encouragement of understanding of the Equator Principles	<ul style="list-style-type: none"> <li>Spoken at CSR or environmental seminars, conferences, and academic societies (UNEPFI, The Japan Section of the Regional Science Association International) about the Equator Principles</li> <li>Given lectures on environmental and social risk to universities</li> <li>Introduced the Equator Principles and SMBC's experience to business partners all over the world</li> <li>Held an environmental seminar for our corporate clients, inviting experts on environmental risk management</li> <li>Published a practical guidebook on implementation of the Equator Principles in Japanese</li> <li>Contributed an article about the Equator Principles on the "Guidebook for Exporting Infrastructure System" published by the Japan Machinery Center for Trade and Investment</li> </ul>

## Future Perspective and Focus (SMBC)

- To keep updating our environmental and social risk assessment operation by incorporating international best practices
- To enhance awareness of environmental and social risk assessment with continued training for all related officers and employees
- To enhance awareness of environmental and social considerations among project stakeholders including financial institutions and borrowers through SMBC's active participation in improving the content of the Equator Principles, and in encouraging development of the Equator Principles by working together with other Equator Principles financial institutions.

SMBC will endeavor to realize a sustainable society through its environmental and social considerations of the projects it takes part in.

For details regarding Initiatives for managing environmental risks, please see the link below.

[Management of Environmental Risks](#)

## Glossary of Terms

- **Project Finance**  
Project Finance is a method of funding in which the lender looks primarily to the cashflows generated by a project as the source of repayment, and it is different from corporate finance in which the lender looks mainly to the creditability or collateral of the borrower.
- **Bridge Loans**  
Bridge Loan is an interim loan given to a business until the longer term stage of financing can be obtained.
- **Refinance**  
Refinance is the process of replacing an existing loan with a new loan, where the new loan will be used to pay out (retire) an existing loan, and that loan is not near or in default.
- **Acquisition Finance**  
Acquisition Finance is provision of financing for the acquisition of a Project or a Project company which exclusively owns, or has a majority shareholding in a Project, and over which the client has Effective Operational Control.
- **Project Finance Advisory Services**  
Project Finance Advisory Services is the provision of advice on the potential financing of a development where one of the options may be Project Finance.
- **Environmental and Social Policies and Guidelines of International Finance Corporation (IFC)**
  1. **IFC Performance Standard (PS)**  
IFC PS define IFC clients' responsibilities for managing their environmental and social risks. IFC PS consists of the following 8 standards:
    - PS1 – Assessment and Management of Environmental and Social Risks and Impacts
    - PS2 – Labor and Working Conditions
    - PS3 – Resource Efficiency and Pollution Prevention
    - PS4 – Community Health, Safety and Security
    - PS5 – Land Acquisition and Involuntary Resettlement
    - PS6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources
    - PS7 – Indigenous Peoples
    - PS8 – Cultural Heritage

Please refer to IFC's website for more details:

[IFC's website](#) 

2. The World Bank Group Environmental, Health and Safety (EHS) Guidelines

The World Bank Group EHS Guidelines are technical reference documents containing examples of Good International Industry Practice (GIIP) as described in the IFC Performance Standards. They contain the performance levels and measures that are normally considered acceptable for Projects in Non –Designated Countries, as well as being achievable in new facilities at reasonable costs by existing technology. Two sets of guidelines are used: The General Environmental, Health and Safety Guidelines and The Industry Sector Guidelines.

Please refer to the IFC's website for the details of the EHS Guidelines:

IFC's website 

- Effective Operational Control

Effective Operational Control includes both direct control (as operator or major shareholder) of the Project by the client and indirect control (e.g. where a subsidiary of the client operates the Project).

- Environmental and Social Assessment

Environmental and Social Assessment is a process that determines the potential environmental and social risks and impacts (including Human Rights and climate change risks and impacts, if applicable) of a proposed Project in its area of influence.

- Environmental and Social Management System (ESMS)

Environmental and Social Management System (ESMS) is the overarching environmental, social, health and safety management system which may be applicable at a corporate or Project level. The system is designed to identify, assess and manage risks and impacts in respect to the Project on an ongoing basis. The system consists of manuals and related source documents, including policies, management programs and plans, procedures, requirements, performance indicators, responsibilities, training and periodic audits and inspections with respect to environmental or social issues, including Stakeholder Engagement and grievance mechanisms.

- Equator Principles Action Plan (EPAP), or Environmental and Social Action Plan (ESAP)

Equator Principles Action Plan (EPAP), or Environmental and Social Action Plan (ESAP), is prepared, as a result of the EPFI's due diligence process, to describe and prioritise the actions needed to address any gaps in the Assessment Documentation, Environmental and Social Management Plans (ESMPs)\*, the ESMS, or Stakeholder Engagement process documentation to bring the Project in line with applicable standards as defined in the Equator Principles. The EPAP / ESAP is typically tabular in form and lists distinct actions from mitigation measures to follow-up studies or plans that complement the Assessment.

\* Environmental and Social Management Plans (ESMPs) : ESMP summarises the client's commitments to address and mitigate risks and impacts identified as part of the Assessment, through avoidance, minimisation, and compensation/offset.

- Stakeholder Engagement

Stakeholder Engagement refers to IFC Performance Standards provisions on external communication, environmental and social information disclosure, participation, informed consultation, and grievance mechanisms.

- Independent Review

Independent Review is a review of the Assessment Documentation including the ESMPs, ESMS and Stakeholder Engagement process documentation carried out by an Independent Environmental and Social Consultant who is a qualified independent firm or consultant (not directly tied to the client) and is expertise in evaluating the types of environmental and social risks and impacts relevant to the Project .

## Reduction of Environmental Impacts

The three pillars of the environmental activities of the SMBC Group are Promotion of Environmental Businesses, Management of Environmental Risks, and Reduction of Environmental Impact. Each group company sets targets for Reduction of Environmental Impact and implements diverse measures.

### Main Measures

- ✓ Management Approach (Group Environmental Policy)
- ✓ SMBC Group Environmental Data
- ✓ Reducing greenhouse gas emissions and energy use
- ✓ Reducing Environmental Impact Through Our Businesses
- ✓ Paper less initiatives

### Management Approach

#### SMBC Group's Approach

Having recognition of social issues, in order to contribute to the realization of a sustainable society, SMBC group has set forth a long-term vision toward 2050 that we as a global financial group will promote financial services consistent with the country's goals to counter global warming, and contribute to global environmental protection by leveraging its financial functions.





## Group Environmental Policy

SMBC Group

### — Basic concepts

Recognizing the importance of realizing a sustainable society, SMBC Group is continuously making efforts to harmonize environmental preservation and pollution control with corporate activities, in order to support the economy and contribute to the betterment of society as a whole.

### — Group Environmental Policy

- 1.We provide environment-friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
- 2.We devise means to reduce environmental risks posed by our own activities and the society.
- 3.We are determined to fulfill our social responsibilities through the conservation of resources and energy, and the reduction of waste.
- 4.We strictly comply with environment-related laws and regulations.
- 5.We will continuously enhance our disclosure related to the Group's environmental activities and consistently improve our efforts to contribute to environmental preservation by communicating with our staff as well as the third parties.
- 6.We thoroughly educate our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
- 7.We actively and effectively implement "environmental management," and make continuous efforts to improve our system to deal with environmental issues by setting goals and targets for every fiscal year and reviewing them as deemed necessary.
- 8.These policies are disclosed on the Group's website, and the printed version is available upon request.

## Environmental Policies of SMBC Group Companies

Sumitomo Mitsui Finance and Leasing Environmental Policy (Japanese only) 

SMFL Rental Company, Limited Environmental Policy (Japanese only) 

SMBC Nikko Securities Environmental Policy (Japanese only) 

Sumitomo Mitsui Card Company Environmental Policy (Japanese only) 

SMBC Finance Service Environmental Policy (Japanese only) 

SMBC Consumer Finance Environmental Policy 

Japan Research Institute Environmental Policy (Japanese only) 

## — SMBC Group's Environmental Management

- SMBC Group's environmental management is based on our environmental policy and ISO14001. As for our financial services, we promote our business based on international principles such as UN Global Compact and the Equator principles.
- SMBC Group regards three pillar points in Group Environmental Policy: "Environmental Business" "Environmental risk" and "Reduction of Environmental Impacts". Every year, we set environment targets for, such as reducing greenhouse gas emissions, conserving resources and promotes global warming countermeasures, in accordance with the PDCA cycle.

In 1998, SMBC was the first bank in Japan to obtain the environmental management certification of ISO14001. Since then, it has been expanded to the group companies and continued to be operated, and the certification has been maintained through an examination by an external organization. Although certification has been withdrawn since October 2019, we have continued our own EMS that meets the requirements of ISO14001 and continue to promote environmental efforts.

From fiscal 2021, we have been strengthening our environmental management system furthermore. In particular, under the oversight of Group CSuO (Chief Sustainability Officer), we have integrated our environmental management including GHG (Greenhouse Gas) reduction and resource conservation to the activities of the Operational GHG Reduction Working Group, and have been implementing the PDCA cycle with further maneuverability, based on our Roadmap Against Climate Change. To achieve our 2030 net zero operations target, SMBC Group will continue making efforts to resolve climate change and other environmental issues.

Moreover, SMBC Group is holding a training program called the "Sustainability University" in an annual basis for all employees, to cultivate more and more awareness on environmental issues and sustainability.

# SMBC Group Environmental Data

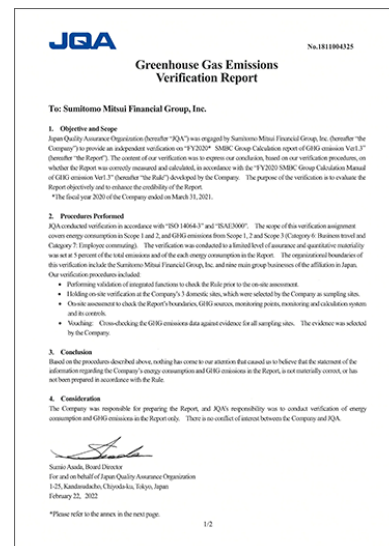
## SMBC Group

SMBC Group is working to further promote environmental activities by its visualization. As a part of this process, we have been disclosing environmental data from company office activities. We are obtaining third-party certification of our data from the Japan Quality Assurance Organization. SMBC is disclosing its environmental accounting data as well.

Environmental Data of SMBC Group (ESG Data Book) 

Environmental Data of SMBC Group Companies 

Environmental Accounting at SMBC 



Fiscal 2020 Greenhouse Gas Emissions Verification Report (1.  11MB)

## Reducing greenhouse gas emissions and energy use

### Reduction targets for greenhouse gas emissions

#### SMBC

SMBC Group has set a target of "SMBC Group will become net zero in its groupwide operations by 2030" in its long-term plan, "SMBC Group GREEN x GLOBE 2030", and is making efforts to achieve it.

To achieve this goal, the basic concept is to directly reduce GHG emissions by switching electricity to renewable sources making use of non-fossil fuel energy certificates, etc. For unavoidable emissions, carbon offsets such as purchasing credits will be considered to achieve net zero.

### Compliance with Amended Energy Saving Act

#### SMBC

As a company (enterprise) with annual energy consumption (crude oil equivalent) of 1,500 kiloliters or more, under the Energy Saving Act SMBC is required to develop an energy management system, create a medium/long-term plan and reduce its energy consumption intensity by 1% or more each year. SMBC is not only firmly fulfilling these obligations but also conducting measures that include management practices based on the act and reduction of energy consumption at individual branches and offices.

## Publication of Carbon Reduction Report for Small and Medium-Sized Facilities

SMBC

Global warming countermeasures at offices and branches in Tokyo are reported along with CO<sub>2</sub> emissions in accordance with the Tokyo Metropolitan Government's Tokyo Carbon Reduction Reporting Program.

## Reducing Environmental Impact through Products and Services

### Paperless Initiative Through Devices in Store Operations

Paperless application procedures not only reduce environmental impact and raise customer convenience, they also eliminate the risk of information leaks connected with disposal of paper application forms. Rigorous management of the digitized data through access restrictions and other measures also further strengthens protection of customers' personal information. There are advantages in terms of administrative efficiency as well, such as a smoother screening process, so a number of Group companies are actively involved in this initiative.

SMBC

SMBC has been undertaking efforts to improve hospitality by implementing paperless branches that utilize cutting-edge technology to improve services for our customers. The Ginza branch that was reopened inside GINZA SIX in April 2017 achieved digitalization of store services by using in-store transaction navigation, electronic signatures, and electronic seals.

In addition, this initiative was evaluated by the Japan Institute of Information Technology and received an award of excellence in the Service & Hospitality Awards from the Institute in 2017, and the highest award of merit for the same program in 2018.



### Making the Entire Company Paperless

SMBC Nikko

SMBC Nikko aims to reduce paper consumption by 80% from the fiscal 2019 level and is implementing a company-wide "paperless" policy as one of its measures to reduce environmental impact. We have eliminated the use of printed materials for internal meetings and reports and are promoting paperless meetings and reports via information equipment terminals. In addition, we provide the Electronic Mail Delivery Service and the Electronic Delivery Service, which allow customers to view documents from offering circular and other products via e-mail and the Internet. In fiscal 2021, we achieved a 66% cumulative company-wide paper reduction (compared to fiscal 2019).

## Paperless Application Procedures

SMBC

SMBC Finance Service

SMBCCF

SMBC Finance Service has been promoting conversion from conventional duplicate application forms to paperless credit card application tools that reduce environment impact. The company provides affiliated merchants with systems and so forth for completing applications using Internet products and tablet devices, such as the online credit system Cedyna C-Web, which enables applications to be completed online, and the Digital Pen ECO pen with an infrared camera, which is used with a specialized contract form (application form). When a tablet device is used, the entry method is simple, corrections are easy, and member application procedures are simplified, which reduces the burden on customers as well.

SMBC Consumer Finance is improving customer convenience through digitalization as well as reducing the consumption of resources by actively expanding the App Loans service to promote cardless transactions. The SMBC account opening app for smartphones allows customers to open an account easily with just ID and a smartphone. All of these services not only offer greater convenience to our customers, but help to cut usage of paper resources.



## Paperless Statements

SMBC

SMCC

SMBC Finance Service

SMBCCF

SMBC Trust

SMBC, SMCC, SMBC Finance Service, SMBC Consumer Finance and SMBC Trust Bank encourages customers to switch to the "Web Account Statement Service" and "Web passbook" which allow customers to view their statements online rather than receiving a paper version by mail, as a way for them to participate in environmental initiatives.

SMBC provides an e-report service that enables customers to use the Internet to view reports that would normally be sent in the mail, such as for investment products and loan products.

## "SMBC Green Program" through Selling JGBs to Retail Clients

SMBC

SMBC is pursuing the "SMBC Green Program" through selling JGBs to retail clients, in which SMBC implements certain measures to reduce carbon emissions (e.g., donations for tree-planting projects) by using part of the profit earned in such sales. In this Program, SMBC endeavors to ensure environmental conservation for the Earth jointly with clients through the following: ① reduction in carbon emissions equal to 100kg; or ② tree planting for the equivalent of 1m<sup>2</sup> of forest (forest improvement, etc.) per client.

Please refer to the link below for more details:

SMBC: "SMBC Green Program" (JGB sales to retail clients) (Japanese Only) 

## Issue of Chikyuni Yasashii Card for Environmental Contributions through Credit Cards

### SMBC Finance Service

SMBC Finance Service issues the Chikyuni Yasashii Card from 1991 to allow people to make donations for the environment through simple, everyday use. The company issues 14 types of cards based on specific themes related to global environmental protection. When people use the Chikyuni Yasashii Card for shopping, SMBC Finance Service automatically donates 0.5% of the card usage amounts to protection and research organizations based on those themes through The Defense of Great Earth Foundation. Total amount of donation in FY2020 was about JPY 12 million, and the accumulated total has been about JPY 7.9 billion.

For details regarding various activities, please refer to the following website

SMBC Finance Service: Initiatives for the environment through business activities (Japanese only) 

## Environmental Considerations in Leasing

### SMFL

Sumitomo Mitsui Finance and Leasing is completely in compliance with environment-related laws and regulations to prevent contamination of the environment due to illegal disposals of industrial waste materials triggered by the expiration of leases. In addition, multi-phased assessments of disposal contractors, mainly in terms of compliance, local research and interviews, are conducted annually in order to prudently select the most appropriate company that handles transportation and disposing of waste materials at the time of the expiration of a lease.

For details regarding various activities, please refer to SMFL's website.

# Reduction of environmental impact within the company

## Environmental Features in Buildings

### SMBC

In April 2022, we switched all the power used at our four head offices buildings (Head Office, East Tower, Osaka Head Office, Kobe Head Office) to renewable energy, resulting in an annual reduction of approximately 10,000 tons of greenhouse effect gas (GHG) emissions.

In addition, SMBC Kawasaki Mega Solar Place, the first mega bank to establish a mega solar power generation equipment, will be newly constructed in company-owned idle spaces. By this, we aim to reduce GHG emissions by approximately 440 tons per year. We are also promoting the implementation of one of the largest offsite corporate PPA (※) as a Megabank, aiming to reduce GHG emissions by approximately 2,300 tons per year.

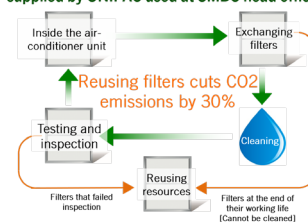
(※) Contracts to transmit electricity from a remote power generation equipment through transmission/distribution networks, and for the customer to receive long-term environmental value from the power generation. These are recently becoming popular in Europe and North America.

In addition to the renewable energy implementation, we are actively introducing environmentally friendly buildings as offices.

The Head Office building has rainwater storage tanks, solar power facilities, a rooftop garden and human sensors, and makes use of recycled materials. These various environmental features and facilities are designed to give the building 30% lower annual GHG emissions than the average leased office building in Tokyo.

For example, SMBC reduces 187 tons in GHG per year as a result of recycling high efficiency filters for air conditioning systems and energy-saving effects.

Cleaning and recycling system for air-conditioner filters supplied by UNIPAC used at SMBC head office



SMBC East Tower, which opened in the summer of 2015, has the environmental features on the head office building with the addition of all LED lighting and high-performance exterior walls performance. These features enable a 35% reduction in annual GHG emissions compared to the average leased office building in Tokyo. Thanks to these environmental facilities and features, the building has earned an "S" rank in the CASBEE rating system for building environmental performance and a "Platinum" rating from LEED-CI, an international environmental certification program.



The Osaka Head Office building underwent a major renovation that finished in fiscal 2015. We installed high performing exterior wall frames, LED lighting, and solar panels to substantially improve the environmental performance while retaining the original charm of the facilities.



Initiatives are also being conducted overseas to select and use buildings with environmental features and facilities. The Brussels Branch in Belgium is housed in a building certified through the BREEAM method (Building Research Establishment Environmental Assessment Method) for assessing building environmental performance.



### Other Initiatives

✓ company rules to reduce environmental impact	✓ Green Purchasing	✓ Nurturing employee's environmental awareness
✓ Internal Recycling of Documents that are No Longer Needed	✓ Ban on Plastic Straws	✓ Utilizing monitors and recycling office supplies
✓ Promotion of paper files	✓ Recycling of PET bottle caps	✓ Recycling of disposable heating pads
✓ Reducing food loss	✓ Recycling kitchen waste	

**company rules to reduce environmental impact**

SMBC   SMCC   SMBC Finance Service   SMBCCF   SMBC Trust

Within the Group, various measures for resource-saving are being pursued concerning merchandise, ranging from the procurement stage to use, disposition and recycling stages.

For instance, at the stage of purchasing paper sheets in large quantity for use in copiers, SMBC selects and purchases sheets that are environment-friendly (e.g., products that meet the requirements of the Act on Promoting Green Purchasing) after confirming that material procurement and production were carried out adequately for the products in accordance with the environmental conservation criteria publicly disclosed by suppliers. Also, at the use stage, SMBC endeavors to reduce the quantity of use as per the rules specifically set internally (e.g., through the promotion of paperless meetings). At the stage of disposition and recycling as well, SMBC takes certain measures to achieve targeted reduction in the volume of paper waste to be processed.

Also, each individual company, including Sumitomo Mitsui Card, SMBC Finance Service, SMBC Consumer Finance and SMBC Trust Bank, endeavors to ensure resource-saving, energy-saving and waste segregation by type in compliance with the internal rules specific to each respective company.



### Green Purchasing

SMBC

SMBC Nikko

SMCC

SMBC Finance Service

Concerning the purchase of office goods, etc., a “green purchasing” system is adopted by the Group, whereby it is ensured that items that impose less of a burden on the environment are chosen and purchased to the extent possible, for the purpose of protecting the environment.

### Nurturing employee's environmental awareness

SMBC

SMBC Trust

We utilize our internal SNS and SDGs booth in our rest area to post our initiatives reducing environmental impacts and to improve environmental awareness among employees.

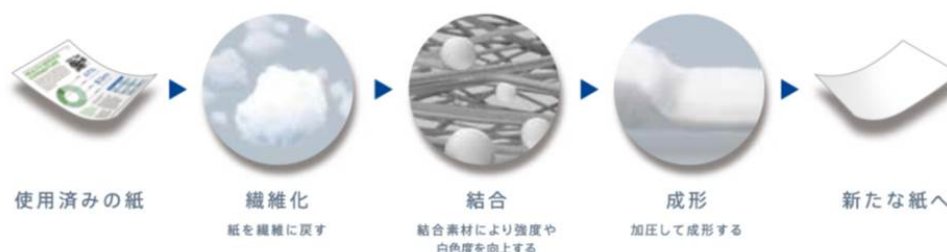
### Internal Recycling of Documents that are No Longer Needed

SMBC

In addition to proactively pursuing measures such as reduction in waste volume and promotion of paperless customs processing, we are attempting to recycle parts of documents no longer needed at the head office to produce new paper for reuse within the bank by setting a “PaperLab” (an office-use paper production machine) in the head office building.

Developed by Seiko Epson, “PaperLab” can produce new paper by recycling documents no longer needed, without having to ship old documents externally for recycling. It enables a significant reduction in the volume of water used for production compared to conventional paper producing machines. Such a process will enable a greater decline in the level of environmental burden during procurement than purchasing new paper sheets.

As for the paper produced through such recycling, not only is effective use promoted both inside and outside the bank, but the system can also function as a trigger to raise employees’ awareness of waste segregation and recycling from the viewpoint of the importance of recycling in the office.



### Promotion of paper files

SMBC

SMBC Trust

JRI

To reduce plastic usage, we are promoting the use of paper files instead of plastic clear files for internal use. We also collect used clear files and contribute to the recycling of plastic products.

### Recycling of PET bottle caps

SMBC

We are working on a resource-efficient utilization by sorting and collecting PET bottle caps and recycling them into garbage bags.

**Recycling of disposable heating pads**

SMBC

By providing used hand warmers to recycle them into raw material, which is used to purify water, we are working to reduce waste and improve resource efficiency.

**Reducing food loss**

SMBC

SMBC Trust

SMCC

SMBC Finance Service

SMDAM

We provide emergency food supplies to children's cafeterias, and are working to reduce food loss and waste.

**Recycling kitchen waste**

SMBC

By recycling kitchen waste from employee cafeterias into livestock feed and other products, we are working to reduce waste and improve resource efficiency.

**Ban on Plastic Straws**

SMBC

The use of plastic straws was banned in the dining and cafeteria areas for employees. (This applies only to the head office building.)

**Utilizing monitors and recycling office supplies**

SMBC Trust

Various measures for resource saving and for reducing waste volume are being pursued: e.g., reduction of printing needs through more effective use of PC monitors; reduction in the number of paper sheets through encouraged use of dual-sided printing; installation of a recycle box or some recycling boxes in the office for stationery items.

## SMBC Group Green Bond/Loan

SMBC Group strives to further contribute to the sustainability and improvement of the global environment through green bonds issuance and loans execution.

SMBC Group applies the net proceeds of green bonds and green loans to finance qualifying renewable energy generation and energy efficiency projects.

SMBC Group has a strong track record in providing project finance for renewal energy (solar energy, wind energy, etc.) both domestically and internationally.

### Track Record of Green Bond Issues

In October 2015, SMBC, SMBC Group's main operating bank, issued USD denominated green bonds. It was the first green bond issuance among Japanese private financial institutions. Since then, SMBC Group regularly issues green bonds.

[Green Bonds Issuance by SMBC\\_SMFG](#) 

### Green Finance Framework

SMBC Group issues green bonds and executes green loans and manages them based on Green Finance Framework in accordance with "the Green Bond Principles" published by the International Capital Markets Association (ICMA), "the Green Bond and Sustainability Linked Bond Guidelines" published by the Ministry of the Environment of Japan, "the Green Loan Principles" published by the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA), and "the Green Loan and Sustainability Linked Loan Guidelines" published by the Ministry of the Environment of Japan.

Issuer	Framework	Opinion
SMFG, SMBC	<b>SMBC Group Green Finance Framework</b> 	<b>SMBC Group Green Finance Framework-opinion</b> 

## Reporting Archive

From Dec. 2021 to Oct. 2022

Issuer	Framework	Opinion
SMFG, SMBC	<b>SMBC Group Green Bond Framework</b> <a href="#">PDF</a>	<b>SMBC Group Green Bond Framework-opinion</b> <a href="#">PDF</a>

## Annual Reporting

As of Mar.2022

Notes	External Review	Management Assertion	Investor Report
SMFG EUR500mn 0.934% due2024	<b>Sustainalytics Review SMFG 2017</b> <a href="#">PDF</a>	<b>SMFG</b> <a href="#">PDF</a> <b>SMBC</b> <a href="#">PDF</a>	<b>FY3/2022 Annual Report</b> <a href="#">PDF</a>
SMBC USD227.8mn 3.370% due2023  SMBC AUD83.2mn 2.900% due2023	<b>Sustainalytics Review SMBC 2018</b> <a href="#">PDF</a>		
SMFG EUR500mn 0.465% due2024	<b>Sustainalytics Review SMFG 2019</b> <a href="#">PDF</a>		
SMFG USD500mn 0.508% due2024	<b>Sustainalytics Review SMFG 2021</b> <a href="#">PDF</a>		
SMFG USD500mn 2.472% due2029	<b>Sustainalytics Review SMFG 2022</b> <a href="#">PDF</a>	<b>SMFG</b> <a href="#">PDF</a>	

## Reporting Archive

As of Mar.2021

Notes	External Review	Management Assertion	Investor Report
SMFG EUR500mn 0.934% due2024	<b>Sustainalytics Review SM FG 2017</b> <a href="#">PDF</a>	<b>Management Assertion SMFG</b> <a href="#">PDF</a>	<b>FY3/2021 Annual Report</b> <a href="#">PDF</a>
SMBC USD227.8mn 3.370% due2023  SMBC AUD83.2mn 2.900% due2023	<b>Sustainalytics Review SM BC 2018</b> <a href="#">PDF</a>		
SMFG EUR500mn 0.465% due2024	<b>Sustainalytics Review SM FG 2019</b> <a href="#">PDF</a>		
SMFG USD500mn 0.508% due2024	<b>Sustainalytics Review SM FG 2021</b> <a href="#">PDF</a>		

As of Mar.2020

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG Assurance Report</b> <a href="#">PDF</a>	<b>Management Assertion SMFG</b> <a href="#">PDF</a>	<b>FY3/2020 Annual Report</b> <a href="#">PDF</a>
SMFG EUR500mn 0.934% due2024	<b>Sustainalytics Review SM FG 2017</b> <a href="#">PDF</a>		
SMBC USD227.8mn 3.370% due2023  SMBC AUD83.2mn 2.900% due2023	<b>Sustainalytics Review SM BC 2018</b> <a href="#">PDF</a>		
SMFG EUR500mn 0.465% due2024	<b>Sustainalytics Review SM FG 2019</b> <a href="#">PDF</a>		

As of Mar.2019

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG Assurance Report SMB C 2015</b> <a href="#">PDF</a>	<b>Management Assertion on SMFG</b> <a href="#">PDF</a>	<b>FY3/2019 Annual Report</b> <a href="#">PDF</a>
SMFG EUR500mn 0.934% due2024	<b>Sustainalytics Annual Review SMFG 2017</b> <a href="#">PDF</a>	<b>Management Assertion on SMBC</b> <a href="#">PDF</a>	
SMBC AUD83.2mn 2.900% due2023  SMBC AUD83.2mn 2.900% due2023	<b>Sustainalytics Annual Review SMBC 2018</b> <a href="#">PDF</a>		

As of Mar.2018

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG assurance report (4 67KB)</b> <a href="#">PDF</a>	<b>SMBC Green Bonds impact Report 2018</b>	
SMFG EUR500mn 0.934% due2024	<b>Annual Review 2018</b> <a href="#">PDF</a>	<b>SMFG Green Bonds Monitoring Report (As of March 31, 2018)</b>	

As of Mar.2017

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG assurance report (1,261KB)</b> <a href="#">PDF</a>	<b>SMBC Green Bonds impact Report 2017</b>	

As of Mar.2016

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG assurance report (3,210KB)</b> <a href="#">PDF</a>	<b>SMBC Green Bonds impact Report 2016</b>	

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## Customer-Oriented Initiatives

### Our Approach

SMBC Group companies are united in their efforts for customer experience (CX) and quality improvement in line with “Our Mission,” which states “We grow and prosper together with our customers, by providing services of greater value to them.”

### CX Improvement System

We have established the CX Improvement Subcommittee as well as the CX Improvement Committee, through which we are advancing initiatives, reinforcing management systems, and promoting Group coordination related to customer-oriented business conduct.

Outside experts are invited to serve as advisors at meetings of the CX Improvement Subcommittee, where information is exchanged on how to fully entrench a customer-oriented mindset. Meanwhile, the CX Improvement Committee, which shares members with the Group Management Committee, deliberates on concrete measures based on reports from the CX Improvement Subcommittee.

The appropriateness and effectiveness of the “Customer-Oriented Business Initiative” are reviewed and evaluated by the Internal Audit Unit, and the results are regularly reported to the Group Management Committee and the Audit Committee which is an internal committee of the Board. Customers’ feedbacks, including complaints, are also reported regularly to the Audit Committee.

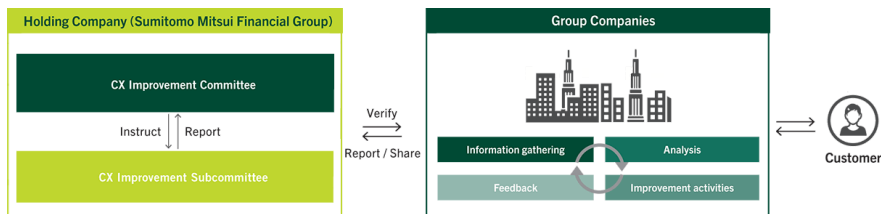
For information on our customer satisfaction and quality improvement initiatives, please refer to the following link.

[Customer Satisfaction-Related Initiatives of SMFG Group Companies](#) 

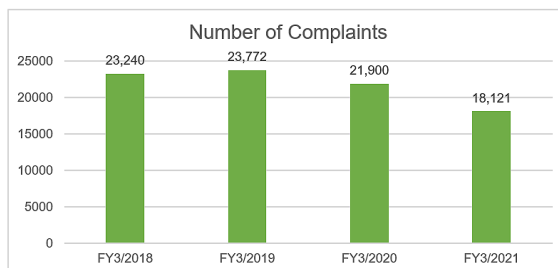
### Utilization of Customer Feedback in Management

SMBC Group considers customers’ “complaints and dissatisfaction” to be their expression of discontent. The Group classifies and analyzes them according to the content and causes of the complaints and dissatisfaction. The results are regularly shared and reported to the CX Improvement Committee, which is composed of members of the Group Management Committee, and its internal subcommittee, the CX Improvement Subcommittee, to discuss various measures necessary to resolve the causes of customer complaints and dissatisfaction.

Based on the results of the analysis, we will strive to further improve our products and services, as well as the responsiveness of our employees.



Number of complaints (total of SMBC, SMBC Nikko Securities and SMBC Trust)



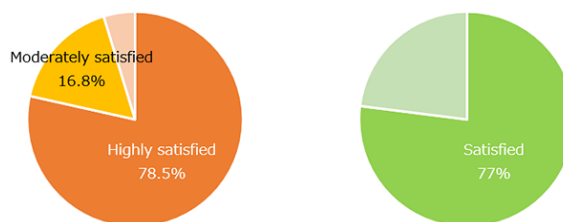
### Declaration of Compliance with ISO 10002

SMBC, SMBC Nikko Securities, and SMBC Consumer Finance have declared their intent to comply with the ISO 10002 (JIS Q 10002) international standard with regard to their processes for incorporating customer feedback into management.

## Customer Satisfaction

We conduct various surveys to measure customer satisfaction. The results are shared among the group and used to improve products and services at the head office, and response to customers through feedback to front offices.

### Results of survey at SMBC(left: individual customers, right: corporate customers)





## Initiatives to improve products and services

In order to provide products and services based on a "customer-oriented" approach, the SMBC Group constantly checks whether sufficient assessments and countermeasures have been taken against possible risks at the planning and development stages, and whether customer needs are being met. In addition, we regularly review the quality of existing services, and at the CX Improvement Committee, which is composed of outside experts and related department managers, we incorporate the opinions of outside experts to verify and discuss the initiatives of each group company and strive to improve the quality of our products and services.

With regard to employee education, we are continuously striving to improve employees' customer response skills and awareness of customer-oriented perspective and customer experience through various training programs, seminars, and study sessions held at sales branches. Training is systematized according to job duties, and training videos are posted on the company intranet to create an environment in which all employees can engage in self-development at all times.

## Customer-Oriented Business Initiative

Based on the Principles for Customer-Oriented Business Conduct (a guideline on fiduciary duties) released by the Financial Services Agency, SMBC Group\* formulated its Basic Policy for Customer-Oriented Business Conduct and the Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit.

\* Group companies subject to this basic policy:

Sumitomo Mitsui Banking Corporation, SMBC Trust and Banking Corporation, SMBC Nikko Securities Inc. Please refer to the following link for the Basic Policy on Customer-Oriented Business Management.

Please see the Appendix for Basic Policy for Customer-Oriented Business Conduct.

[Basic Policy for Customer-Oriented Business Conduct: Appendix | SMBC Group Annual Report 2020 \(66KB\)](#) PDF

## Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit

Based on the Sumitomo Mitsui Financial Group's Basic Policy for Customer-Oriented Business Conduct, the Retail Business Unit shall adhere to the following conduct policies in offering service as a retail company that is responsible for providing wealth management and asset building services for individual customers.

In accordance with these policies, the Retail Business Unit shall implement a plan-do-check-act (PDCA) cycle that entails disclosing specific indicators, confirming and analyzing its status in relation to these indicators, and utilizing this information in the future to improve business practices.

For information on our customer satisfaction and quality improvement initiatives, please refer to the following link.

[Customer-Oriented Initiatives : SMBC Group Annual Report 2020 \(310KB\)](#) PDF

# Respect for Human Rights

## Approach to Respecting Human Rights (SMBC Group)

SMBC Group supports the 10 principles of the "United Nations Global Compact," in the areas of human rights, labor standards, environment and anti-corruption measures. We comply with laws and regulations in the regions and countries where we do business, protect and respect human rights in accordance with international human rights standards, and work to prevent complicity in human rights violations.

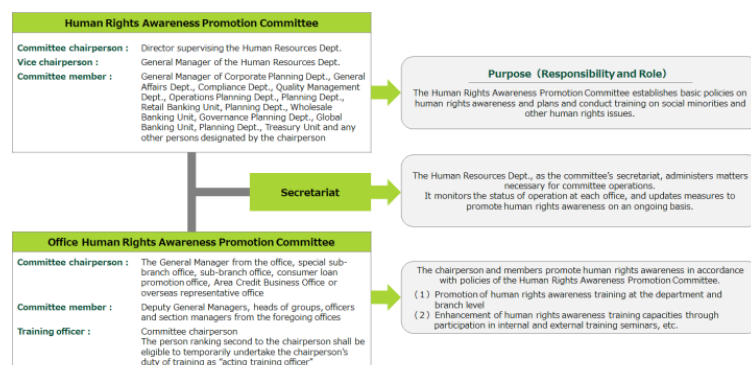
## Policy on Human Rights (SMBC Group)

SMBC Group has established the "Statement on Human Rights" as our premise on respecting human rights.

Statement on Human Rights (91KB) [PDF](#)

## System for Promoting Human Rights Awareness (SMBC)

Sumitomo Mitsui Banking Corporation is working to raise all employees' awareness about human rights in an initiative led by the Human Rights Awareness Promotion Committee chaired by the Executive Officer supervising the Human Resources Dept. The Human Rights Awareness Promotion Committee establishes basic policies on ways to promote human rights awareness for the entire bank. Also, it supports efforts by the Office Human Rights Awareness Promotion Committee of each department or branch to promote human rights awareness by designing training plans and helping related activities proceed smoothly. The Secretariat addresses matters needed to operate the committee, monitors the status of operation at each office, and updates measures to promote human rights awareness on an ongoing basis.



## Enhancing Awareness for Human Rights (SMBC Group)

The SMBC Group is a signatory to the United Nations Global Compact and the ten principles related to human rights, labor, the environment, and anti-corruption. We are also actively raising internal awareness on human rights, with a range of activities across each Group company, such as human rights training and collecting ideas for a promotional slogan.

As a Group, we participate in the "Industrial Federation for Human Rights, Tokyo" which aims to establish respect for human rights as part of core corporate culture through awareness raising and initiatives. By participating in these activities the SMBC Group will continue to engage with stakeholders to seek to identify salient human rights issues.

### Human Rights Awareness Seminars (SMBC)

SMBC conducts the following initiatives to raise awareness of human rights among all employees.

#### (1) Human rights awareness training through group training

Seminars on human rights are held during new recruit training and level-based training, etc. Seminars were held between fiscal 2019 and fiscal 2021 as follows.

(Person)

Training eligibility	FY2019	FY2020	FY2021
New recruit training	676	Canceled*	419
New manager/new executive training	826	608	781
New branch manager training	121	182	113

\* Because of the worldwide spread of COVID-19.

#### (2) Human Rights Awareness Department and Branch Promotion Committee Training Seminar (for Department and Branch Managers)

This seminar is led by experts in the field and is held once a year for all department and branch managers and HR managers at Group companies.

Examples of Training Themes	Lowering the mental barrier: Understand reasonable accommodation
	Mental health and human rights: Not to linger stress to tomorrow
	Power Harassment and Anger Management: How can you scold people without resorting to power harassment?

### (3) Department and Branch Human Rights Training Seminar and Confirmation Test

The Department and Branch Human Rights Training Seminar is held twice a year for discussions on human rights and is led by department and branch managers. Confirmation tests are held periodically over the Intranet to confirm the degree of dissemination of human rights awareness.

Examples of Training Themes	Understand human rights of people with disabilities
	To realize a workplace with zero harassment (harassments caused from gender bias, etc.)
	Think about human rights from the Universal Declaration of Human Rights

### (4) Human Rights Slogan Contest for Employees

Every year SMBC conducts a human rights slogan contest for all employees, including Group companies, as a part of Human Rights Week.

## Initiatives for Improving Workplace Environment (SMBC)

To ensure we maintain a healthy and comfortable work environment, each Group company develops a manual on measure to prevent sexual and power harassment, as well as provides compliance training for all employees.

Additionally, we conduct trainings aimed at raising awareness among managers which includes practical approaches to identifying and preventing harassment using specific case studies, and how to handle harassment reports.

SMBC has a Counseling Dept., a dedicated function that handles various inquiries and consultation requests from employees. Also, SMBC has established a system comprised of an external whistleblowing desk, covered by concerned lawyers, as well as an internal whistleblowing desk with dedicated staff members, for the purpose of ensuring early detection and rectification of any illegal occurrences, actions that violate internal rules, cases of sexual harassment, power harassment, etc. Furthermore, SMBC endeavors to enhance employee engagement level as a united team for the entire bank by conducting a monthly engagement survey, for the ultimate purpose of creating an ideal work environment where every employee can contribute to the Group at full throttle.

## Modern Slavery Act (SMBC)

In response to the Modern Slavery Act 2015 of the United Kingdom, SMBC has published a "Slavery and Human Trafficking Statement", which provides disclosure concerning our efforts to address the issues of slavery and human trafficking.

Corporate Social Responsibility | Sumitomo Mitsui Banking Corporation ([smbc.co.jp](https://smbc.co.jp)) 

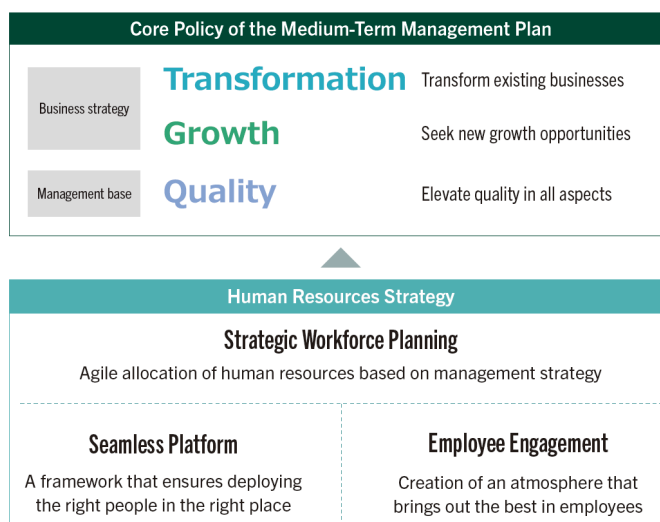
# Human Resource Strategy

## Human Resource Strategies Supporting Value Creation

A financial group's most important resource is its people. The origin of SMBC Group can be traced back to the opening of Mitsui and Sumitomo, which has put an emphasis on "people" for more than 400 years. Since then, the confluence of new individuality and cultures stemmed from business integration and acquisitions has fostered a culture of respect for individuality and diversity. Today, more than 110,000 employees in 40 countries and regions around the world work under the Five Values, the Group's set of shared values.

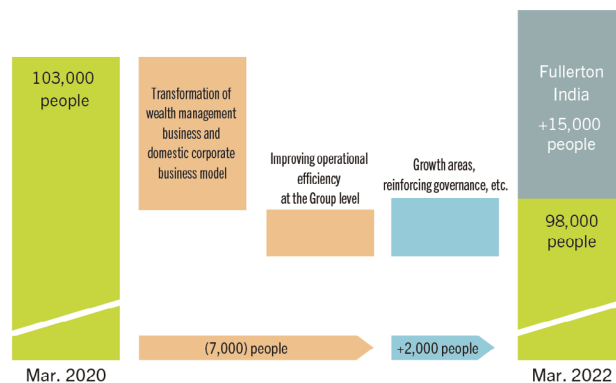
Inheriting the business philosophy of our founders, which is being said in the form "Mitsui is People" and "People are our most important asset," SMBC Group is proactively investing in human capital to enable our diligent and highly motivated employees to fully demonstrate their capabilities, which lead to sustainable value creation for the Group. As part of this, we also focus on personal development, with the entire Group investing ¥4 billion annually in personal development.

**SMBC Group's human resource strategy is based on three pillars: agile allocation of personnel based on management strategy, a framework that ensures the right people in the right place, and the creation of an atmosphere that brings out the best in employees.**



## 1. Strategic Workforce Planning : Agile allocation of personnel based on management strategy

Based on the seven key strategies, we are transforming our business models in the Retail Business Unit and Wholesale Business Unit and reviewing the allocation of human resources as part of streamlining functions across all Group companies. We are also actively allocating resources to new business areas, such as digital solutions and our franchise in Asia.



## 2. Seamless Platform : A framework that ensures deploying right people in the right place

We offer a wide range of development opportunities to our employees, regardless of the timing, location, and/or profile of the person hired. In addition to offering in-house Group development programs, we also conduct mid-career recruitment, particularly in specialized areas, and aim to acquire talents to support the Group's development.

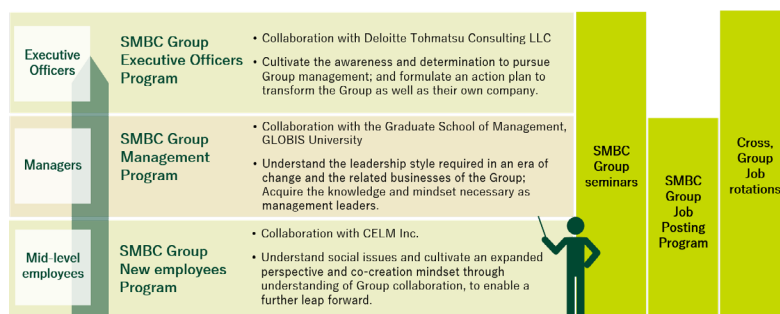
### Development of Enterprise-wide Leaders

Successor candidates are identified for key positions within Group management and assigned for advanced training. As of March 2022, we have approximately seven times as many successor candidates as we do for key position.

Also, through the "Enterprise-wide Leaders Exchange Program", conducted with the objective to deepen the understanding of different businesses, organizations, corporate climate, etc., we are addressing to develop business strategies that incorporate the strengths of the Group. For the next-generation candidates as executive managers, job rotation is assigned across entities, resulting in approximately 20 such employees seconded annually to different Group companies, and to further develop future candidates, layer-specific training programs are offered for the segments of mid-level employees, management officers, executives, etc.

In addition, we conduct "Group Joint Training Programs (developed jointly with Deloitte Tohmatsu Consulting LLC; the Graduate School of Management, GLOBIS University; and CELM Inc.)" offering co-learning experience with colleagues with diverse careers and values, to foster the management mindset necessary to lead the Group, leadership spirit, and sense of unity, as well as "Group Joint Seminars" where bird's-eye views of the Group are developed for such themes as digital, global, sustainability, etc.

Under the strong commitment of the Group CEO and Group CHRO, such training opportunities and seminars include dialogues with Group management members, with persistent message communicated to strengthen the attendees' sense to proactively participate in Group management.



Number of participants in various training programs

		FY2020	FY2021
Overall		136	255
Target layer	Executive Officer	28	36
	Management	54	135
	Mid-level	54	84

## Recruitment and Development of People with Special Expertise

We are focusing on recruiting highly skilled talents in specific business area and students with a strong inclination towards a particular specialism by diversifying our mid-career recruitment approach, such as referral recruiting and direct recruiting, and course-specific recruiting for new graduates.

For example, SMBC has introduced an "expert/specialist framework" to recognize and provide benefits to employees who possess and demonstrate high levels of expertise. (There are 30 recognized areas and 374 recognized employees.)

SMBC Nikko Securities has established the NIB (Nikko Investment Banking) Course and the Market Course, which are specialized positions in the wholesale field, and is using them to recruit specialized talent.

Mid-career recruitment-related KPIs

	FY2020	FY2021	Target for FY2025
Number recruited (%)	246 (17.6%)	255 (19.0%)	Above the FY2020 level
Ratio of management positions*	14.5%	15.6%	Above the level as of March 2021

\* As of the end of the fiscal year

Number of talents certified under expert frameworks

	Mar. 2021	Mar. 2022
Overall	881	1,230
Of which, number of talents in digital field	303	343

## Career Development Support

We have introduced various frameworks and mechanisms to support employees' career development and career changes. For example, we have introduced the SMBC Group eCampus, a comprehensive learning management system, where employees, whether at office or at home, can access the programs that best suit them from more than 550 contents.

SMBC has also prepared different job types and level conversion system for trial ("Career Design Trainee System") for employees willing to advance their careers beyond job types and levels to experience the actual work and its environment, and until now, nearly 100 employees have challenged in the program. For employees who are willing to learn voluntarily, a leave system ("Career Design Leave System") is designed for them in order to go to graduate schools/external educational institution in Japan or abroad and a cost subsidy system ("Career Design Learning Support System") is introduced for self-development while working (an average of approximately ¥580,000 was subsidized per authorized person in FY2021).

SMBC Nikko Securities is trialing an in-company side job program, which allows employees to engage in other departments' job while performing their main businesses.

### Number of participants applied for various career development support program

		FY2020	FY2021
SMBC Group	eCampus (Learning Management System)	71,704	76,658
Sumitomo Mitsui Banking Corporation	Career Design Trainee System*1	85	134
	Career Design Leave System*2	56	66

\*1 A system for employees looking to change careers, allowing them to try out the work they would be doing after changing their positions

\*2 A system allowing for leave of absence for reasons including a spouse's relocation for work, to attend graduate school, and others.

Empowerment of senior employees

## Promoting Diversity and Inclusion

SMBC Group is promoting "Diversity and Inclusion" the core to our growth strategy; and communicates this fact to both internal and external stakeholders. To promote diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the Diversity and Inclusion Department and holds regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we arrange meetings of the Diversity and Inclusion Committee and encourage members of top management to commit to the promotion of diversity and inclusion and to act based on this commitment. In addition, we are providing manager training program to disseminate the importance of management, role expectations, unconscious bias and above all, diversity and inclusion.

### KPIs concerning gender and internationality

		Jun. 21	Jun. 22	Target for FY2025
Number of officers	Females	16	22	25
	Foreign nationals	17	15	25

		Mar. 21	Mar. 22	Target for FY2025
Ratio of management positions	Females	15.8%	17.0%	20.0%
	Foreign nationals*3	87%	91%	Maintaining the level as of March 2021

\*3 Ratio of locally hired employees in management positions at overseas offices

Diversity & Inclusion

### ■ Gender Diversity

We have set a target of 30% for hiring female employees, and are striving to recruit female employees to lead the next generation whilst focusing on a variety of measures geared towards early training and development. The Group is also supporting female employees' career development through leadership training and building awareness among supervisors. For LGBT+ support, we have established a benefit system accessible to same-sex partners, and have set up a consultation service.

Empowerment of women

LGBT Inclusion



## ■ Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has established the Global Talent Management Council as a framework for increasing transparency of promotion of locally hired employees.

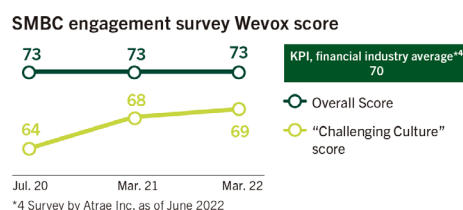
In addition, we offer various development programs for fostering leadership capabilities and networking opportunities in a multi-cultural environment, including a leadership program for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the United States, INSEAD in France, and Group training programs for employees from offices around the globe. Another area of focus is personnel exchanges, promoted through programs such as the Global Japan Program, under which employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,800 employees have participated in these global training programs to date.

Global HR Development

## — 3. Employee Engagement : Creating an environment that brings out the best in employees

We are committed to creating an environment where each and every employee is both physically and mentally healthy, and can put on their best performance.

We are using the engagement survey tool "Wevox" to visualize the state of employee engagement and as a tool for performing PDCA cycles. In addition to organizational improvement activities led not by the Human Resources department but instead by the organization concerned, we have introduced 1-on-1 meetings held approximately once a month to build trust between managers and their employees and to promote growth for both parties. Sumitomo Mitsui Banking Corporation has set maintaining an engagement survey score of 70 or higher as a KPI, and it has achieved its target KPI score.



## SMBC's Human Resource Development Policies

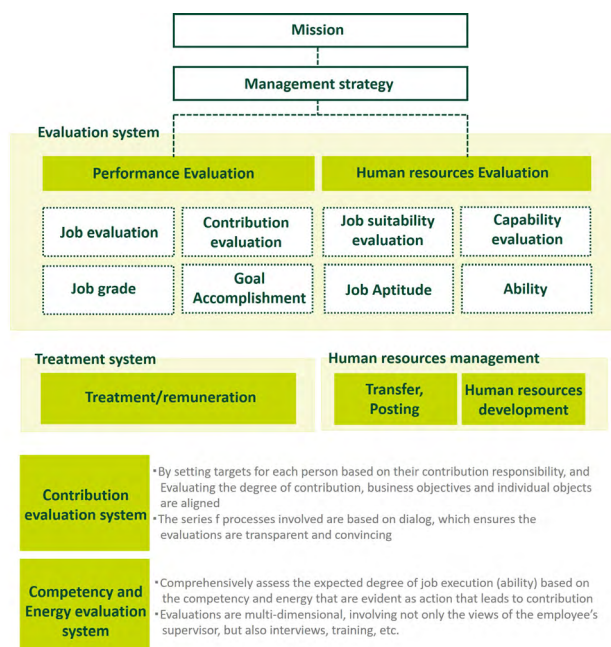
Sumitomo Mitsui Banking Corporation has formulated a "Human Resources Vision" in its Medium-term Management Plan to serve as a long-term strategy for every aspect of personnel development. Guided by this vision, we are transitioning from Human Resources Department-driven development models to more business-oriented, self-driven development models to better support the ambitions of all employees. Also, we are increasing the transparency of human resource evaluations to cultivate an atmosphere in which employees are evaluated based on their contributions.

### Human Resources Vision

**Establish an environment in which professionals who never tire of chasing personal growth set agendas autonomously and are aggressive to take on challenges**

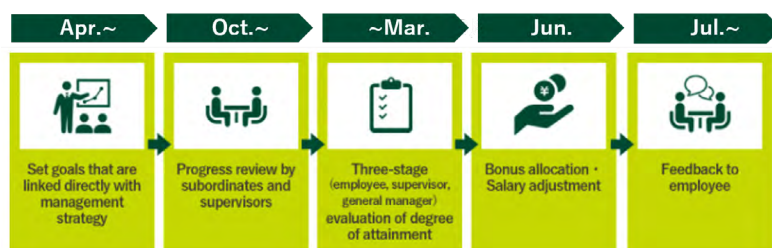
Vision components	Desired state
Never tire of chasing personal growth	<ul style="list-style-type: none"> <li>•Tackle their current duties proactively and feel that they are growing</li> <li>•Receive appropriate feedback to continue stimulating their desire for growth, regardless of rank or seniority</li> <li>•Refuse to rest on their laurels or compromise</li> </ul>
Professionals	<ul style="list-style-type: none"> <li>•Fulfill and execute the responsibilities they have shouldered</li> <li>•Practice the "Five Values"</li> <li>•Take ownership of one's duties and take personal responsibility for fixing it</li> <li>•Possess the ability to demonstrate the character and behavior acquired through their work</li> </ul>
Set agendas autonomously	<ul style="list-style-type: none"> <li>•Having an accurate understanding of the corporate mission vision, and values</li> <li>•Have a thorough understanding of themselves that allows them to determine the right tasks</li> <li>•Analyze their rapidly changing environment themselves to provide clarity about the abilities they should develop and the tasks they should pursue to achieve self-actualization</li> </ul>
Aggressive to take on challenges	<ul style="list-style-type: none"> <li>•A workplace environment that offers constructive support to people with the inclination to take on risks and challenges</li> <li>•A climate in which fear of missing opportunities outstrips fear of failure</li> <li>•Commitment that does not relegate vision and desired state to mere buzzwords</li> </ul>

The following set of evaluation processes are operated on an annual basis in a cycle.



## Contribution evaluation system

- To evaluate employees' contributions and other employees in a transparent and logical manner, and ensure that employees' are subjected to appropriate treatment.
- All forms of "contribution" are evaluated, not only contribution to one's own department/group, but also contribution to the Group as a whole and to other employees.



## Competency/Energy evaluation system

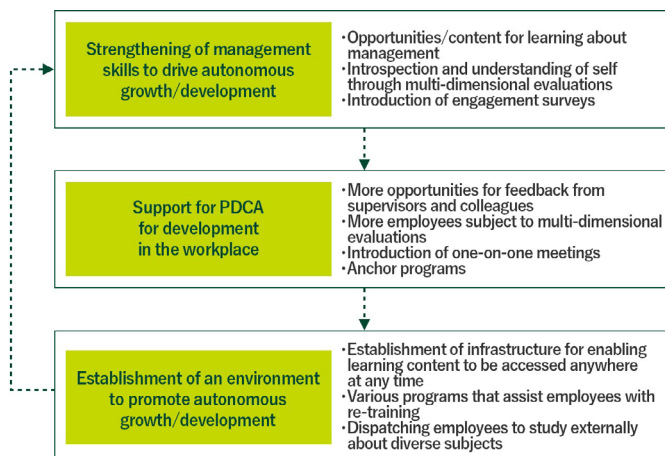
- A system for comprehensive evaluation based on "behavioral analysis (competency)," which will materialize as one's own contributions, and "motivation analysis (energy)," which is unique to each individual.
- To ensure objective and satisfactory C/E Evaluation, information is collected from a wide range of sources not only from the general manager, but also from management from each office, as well as via interviews by HR staff during office visits or training sessions.

Motivation Analysis (Energy)		<ul style="list-style-type: none"> <li>• The "Motivation" trigger one's behavior which materializes contribution</li> <li>• Motivation presents an important factor to evaluate the expectation for one's overall performance in carrying out his/her roles, regardless of specific assignments</li> </ul>
Behavioral Analysis (Competency)		<ul style="list-style-type: none"> <li>• Process of turning motivation into behavior</li> <li>• The characteristics of such behavior are evaluated under the four categories, "characteristics of thought" "influence on others" "specialty" and "baseline behavior"</li> <li>• The Behavioral Analysis evaluates how one materializes contribution, a key element to judge the demonstrated ability</li> </ul>
Evaluation item		Overview
Motivation Analysis (Energy)	Behavioral energy	Source triggering behavior leading to an outcome
	Characteristics of thought	Base (infrastructure) to support behavior leading to an outcome, such as information-gathering, information analysis abilities and planning abilities
Behavioral Analysis (Competency)	Influence on others	Job skills and special knowledge required in performing assigned duties
	Specialty	Job skills and special knowledge required in performing assigned duties
	Baseline behavior	Basic behavioral patterns for performing job duties, such as customer orientation, taking on challenges and speed
<div> <div>Self assessment</div> <div>Assessment by the appraisers</div> <div>Application to human resources department for capability evaluation</div> <div>Evaluation by human resources department</div> <div>Feedback to employee by general manager</div> </div>		

## ■ Acceleration of Experiential Learning Cycle Based on On-the-Job Training

For junior employees, SMBC Group provides frameworks through which new employees receive guidance from more experienced employees ("anchor" system) and is introducing development systems for fostering rigorous self-understanding, gaining insight on basic actions and basic knowledge, and cultivating an appropriately competitive mindset.

In addition, the wevox engagement survey system is utilized on an individual-workplace basis and one-on-one feedback meetings are held at all banks as part of our efforts to accelerate an experimental learning cycle based on on-the-job training.



### Initiatives targeting managerial personnel

The values of employees are changing and their work is becoming increasingly specialized, while attitudes and the environment relating to work styles are being radically transformed. To match this environment, in addition to carrying out newly appointed manager training that covers the expectations of their position, the importance of management, important points regarding human resource development, and the significance of diversity and inclusion, we are supporting all management positions by carrying out initiatives to strengthen management abilities.

Scientific studies are underway on understanding the skills required for management, and such skills have been systemized. Therefore, we have introduced management skill training that makes maximum use of the knowledge of outside specialists, including unconscious bias training, etc. Also, in addition to incorporating diversity (defined as making effective use of subordinates who have a varied sense of values as well as the differences of members to create new value) as one of our managerial evaluation factors, through multifaceted evaluations (SMBC Management Review) from subordinates and coworkers and interviews with superiors held once per year, managers reflect on their own management style from a multi-sided point of view, set their own agenda, develop the necessary skills by themselves, and repeat this cycle.



### Expanding Off JT

The "Basic Education Program" is implemented with the aim of early strategic development of young employees and enhancing the training effect of OJT. For example, "SMBC First Flag Certification" and the "Check Point System" are introduced to evaluate and certify the essential basic knowledge required of young employees and the degree of acquisition and performance of basic behavior in order to create a thorough self-understanding, a thirst for independent growth, and an appropriate competitive environment. And the "anchor system," which is a system that supports the guidance and development of young employees by senior employees, has been introduced to enhance the training effect of combining OJT and Off JT in multiple layers.

In addition, SMBC have introduced a "Digital University," which promotes the cultivation of digital knowledge and skills through e-learning content, and theme-based training programs aimed at intensively strengthening specialized knowledge in areas such as credit and foreign exchange, in addition to position-based training for long-term career prospects, including management positions, and leadership training for leaders who are in charge of management. For leadership training, SMBC has also introduced advanced programs developed jointly with external specialized institutions such as the University of Tokyo, the University of Pennsylvania, and the Wharton School in the United States.

## Cultural Permeation

We are expanding our open recruitment system which allows employees to apply for jobs and posts of their choosing, to support employees to take on new challenges.

SMBC holds the "SMBC Job Forum" annually to learn about the departments and operations of each branch and group companies and holds the open recruitment twice a year (training/job/post).

In 2021, the number of applicants increased to 649, 1.5 times compared to the previous year, and the number of approved applicants also increased to 152 (up to 35.4%), which shows that employees who are grasping their career goals by their own intention is increasing constantly.

<b>SMBC Job Forum</b>	Events to learn about the departments and operations of each branch and group company
<b>Training Entry</b>	A voluntary application system for all kinds of training programs necessary for career formation.
<b>Job Entry</b>	A system for openly recruiting desired jobs for autonomous career development
<b>Post Entry</b>	An open recruitment system to provide motivated and capable employees with the opportunity to challenge management posts (department managers, section managers, etc.)

**Trends in applications through the open application system (SMBC Group)**

	FY2019	FY2020	FY2021
<b>Number of applications</b>	1,142	1,171	1,595
<b>Success rate</b>	24%	31%	32%

SMBC has adopted three basic concepts: "Fair" (a fair human resource system, "Challenge" (a human resource system that encourages taking on new challenges), and "Chance" (a human resource system that provides employees with opportunities to demonstrate the fullest extent of their abilities). In January 2020, SMBC integrated job categories and bands, reviewed its frameworks for employee treatment and evaluation, and revised its human resources system for senior talent. This has resulted, for example, in an approximately three times increase in number of branch managers in their 30s compared to before the system's introduction, with 66 such employees as of April 2022.

We hold that a sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement, and, with the aim of creating an environment where every employee can take on new challenges without being bound by precedent or received wisdom, and have introduced a "Dress Code-Free" policy allowing employees to choose their own attire fitting for their purpose. We have also introduced "Midoriba", a company internal social platform at SMBC and The Japan Research Institute as a platform for individual employees to learn about colleagues and other business fields, to connect with likeminded colleagues and share ideas and opinions with each other, and this is now being progressively rolled out to Group companies. More than 20,000 employees are now using the service, encouraging internal communications, and in December 2021, a new business originated from the Group internal social network was launched.

## Health and Productivity Management

Each Group company has issued a "Statement on Health Management," and under the leadership of the Chief Health Officer, the companies, their health insurance associations and health care center are working together to create an environment in which employees can work in good health.

More than 1,800 employees have now participated in health seminars on topics including sleep and smoking cessation. Other activities include walking events and providing training and expanding systems for women-specific health issues.

SMBC has set a goal of achieving a smoking rate of 12% or less from FY2020, and has introduced a dedicated smoking cessation program.

For the second consecutive year, approximately 80% of participants in the smoking cessation campaign carried out since FY2020 have successfully quit smoking.

In recognition of these initiatives, the Group has been certified as one of the "White 500" outstanding large enterprises in health and productivity management for 2022 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

Health management

Work-style Reform

As the lifestyles and values of individual employees become increasingly diverse, the SMBC Group is developing infrastructure enabling employees to work flexibly without being constrained to a particular location or set hours.

Specifically, in order to support employee self-actualization, we are conducting campaigns to encourage employees to use their leave allowances and leave the office early; while Group companies such as SMBC Nikko Securities and Sumitomo Mitsui Card Company have introduced systems to support side job / concurrent positions and a four-day workweek. In addition, to prevent overwork, we have implemented a system to ensure sufficient intervals between shifts as well as consultations with occupational physicians, and to ensure labor management takes employee health into consideration.

In order that employees can work efficiently regardless of location, together with establishing a dedicated department to improve productivity and promoting operational efficiency through RPA and paperless operations, SMBC is pursuing an optimal mix between remote and office work by creating a manual indicating tasks suitable for remote working on a per-department and per-role basis.

Work-life balance support

Empowerment of people with disabilities


Work style reform





- |                              |                                     |                                   |
|------------------------------|-------------------------------------|-----------------------------------|
| ✓ Message from the Group CEO | ✓ Outline of Diversity Promotion    | ✓ Support for various work styles |
| ✓ Interviews                 | ✓ SMBC Group initiatives in figures | ✓ SMBC Group company initiatives  |
| ✓ Diversity-related topics   |                                     |                                   |

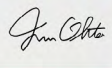
SMBC Group regards "Diversity and Inclusion" as an important strategy for growth. Management is promoting greater diversity and inclusion to create a working environment where people from various backgrounds can fulfill their potential based on strong mutual respect, and where synergy borne of diversity generates new value. In this way, we can help to create greater value for customers.



SMBC Group Message from the Group CEO

### Diversity Is Possibility

Sumitomo Mitsui Financial Group, Inc.  
Director President and Group CEO  
(Representative Executive Officer)




▶ Message from the Group CEO

**SMBC Group Message from the Group CEO**

SMBC Group  
Outline of Diversity Promotion

**A workplace where all employees can continue to grow with high motivation**

▶ Outline of Diversity Promotion



**SMBC Group Outline of Diversity Promotion**

# Creating a corporate culture which derives strength from diversity

## Creating conditions for diverse human resources to support growth

SMBC Group sees diversity in its workforce as a source of growth. We are developing a range of activities to ensure our workplace culture thrives on diversity and enthusiasm. Below we will introduce programs from some of the SMBC Group companies.



Work-life balance support



Empowerment of women



LGBT inclusion



Global HR development



Empowerment of senior employees



Empowerment of people with disabilities

## Creating a dynamic workplace that maximizes the strengths of employees

To maximize the strengths of individual employees, nurture motivation and foster growth, SMBC Group strives to promote healthy work-life balance, workplace reforms and health management.



Work style reforms



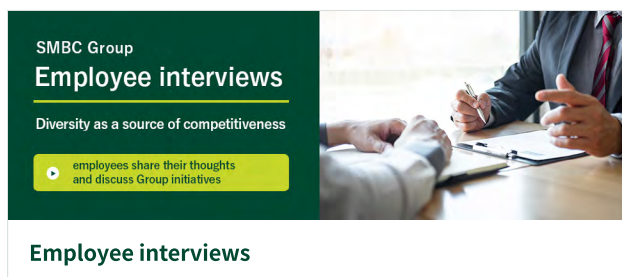
Health management

Confirming initiatives for the human resource strategy



## Interview

### Diversity as a source of competitiveness



## SMBC Group initiatives in figures

### Extracting examples from the ESG Data Book

These figures provide an insight into the promotion of diversity by the SMBC Group.



[Link to details in ESG Data Book](#)

[Click to see historical diversity data](#)

## SMBC Group company initiatives

SUMITOMO MITSUI BANKING CORPORATION	SMBC TRUST BANK	Sumitomo Mitsui Finance and Leasing	SMBC NIKKO
SUMITOMO MITSUI CARD	SMBC FINANCE SERVICE	SMBC CONSUMER FINANCE	Japan Research Institute
Sumitomo Mitsui DS Asset Management			

## Diversity-related topics

2023.02.01	FG	NEWS RELEASE	<a href="#">Sumitomo Mitsui Financial Group, Inc. Included in 2023 Bloomberg Gender-Equality Index</a>
2022.11.10	FG	NEWS RELEASE	<a href="#">SMBC Group Receives "Gold" Awards the PRIDE Index 2022</a>
2022.11.04	FG	EVALUATION	<a href="#">5 stars awarded in the 6th Nikkei "Smart Work Management" survey</a>
2022.03.09	FG	NEWS RELEASE	<a href="#">SMBC Group certified as one of the "White 500" outstanding large enterprises in health and productivity management for 2022</a>
2020.11.11	FG	EVALUATION	<a href="#">SMBC Group receives the highest rating in the LGBT - related PRIDE Index</a>
2020.11.02	FG	EVALUATION	<a href="#">4 stars awarded in the 4th Nikkei "Smart Work Management" survey</a>
2020.03.03	FG	EVALUATION	<a href="#">Selected as a "Nadeshiko Brand 2019" Enterprise</a>
2020.03.02	FG	EVALUATION	<a href="#">Recognized for the Fourth year running as a Certified Health and Productivity Management Organization (large enterprise category) by the Ministry of Economy, Trade and Industry</a>
2020.1.22	FG	NEWS RELEASE	<a href="#">Sumitomo Mitsui Financial Group, Inc. INCLUDED IN 2020 BLOOMBERG GENDER-EQUALITY INDEX</a>
2019.12.20	SMBC Trust Bank	EVALUATION	<a href="#">Winning the "Forbes JAPAN WOMEN AWARD 2019"</a>
2019.11	FG	EVALUATION	<a href="#">4.5 stars (Top 50 Companies) awarded in the 3rd Nikkei "Smart Work Management" survey</a>
2019.10.11	FG	EVALUATION	<a href="#">SMBC Group receives the highest rating in the LGBT - related PRIDE Index</a>
2019.09.01	SMBC	TOPICS	<a href="#">"Dress Code- Free" is introduced on a full scale from September 2019.</a>
2019.04.12	SMBC Nikko	TOPICS	<a href="#">Enhancement of System to Support the Development of Employees</a>

2019.03.25

FG EVALUATION

Selected as a "Nadeshiko Brand 2018" enterprise

2019.02

FG EVALUATION

Recognized for the third year running as a Certified Health and Productivity Management Organization (large enterprise category) by the Ministry of Economy, Trade and Industry.

List of diversity-related topics



SMBC Group employs more than 100,000 people working in about 40 countries and regions worldwide. The Group is comprised of many companies, each having unique culture with highly diverse employees. This "diversity of people" is our greatest asset.

The environment surrounding the financial industry is changing at a very rapid pace.

Against this backdrop, what is expected of us is to create new values without being encumbered by past practices or fixed ideas.

Innovations towards the future will not be borne by only having employees with diverse background, such as gender, age, or nationalities. Innovations will be borne by collision and mixture of diverse thoughts and values of those employees.

Diversity is indeed the key to unlimited possibilities.

We aspire to be a vibrant corporate group where every employee enjoys good health, thinks freely and proactively challenges towards respective dreams or goals.

To realize this, my mission is to establish a corporate culture and workplace that embeds full diversity and inclusion, so that we can make the best use of diverse thoughts and values of our employees.

Sumitomo Mitsui Financial Group, Inc.  
Director President and Group CEO  
(Representative Executive Officer)  
Jun Ohta

A handwritten signature in black ink, reading "Jun Ohta".



**What does it take for a company to have employees who are highly motivated to achieve growth hand in hand with their organization?**  
**We believe that "diversity" is the biggest key for achieving this, and is essential for the advancement of our organization.**

▼ Diversity and Inclusion Statement

▼ Roadmap

▼ Diversity promotion framework

▼ SMBC Group diversity initiatives

### — Diversity and Inclusion Statement

At SMBC Group, our most valued resource is our people.

Our Mission Statement reflects this conviction: "We create a work environment that encourages and rewards diligent and highly motivated employees."

Ours is an organization in which employees of different backgrounds treat one another with respect and can apply their skills, express their individuality, and experience growth and fulfillment through their work, regardless of race, nationality, age, gender, sexual orientation or gender identity, religion, culture, disability, prior career or lifestyle. This is the source of SMBC Group's competitive strength.

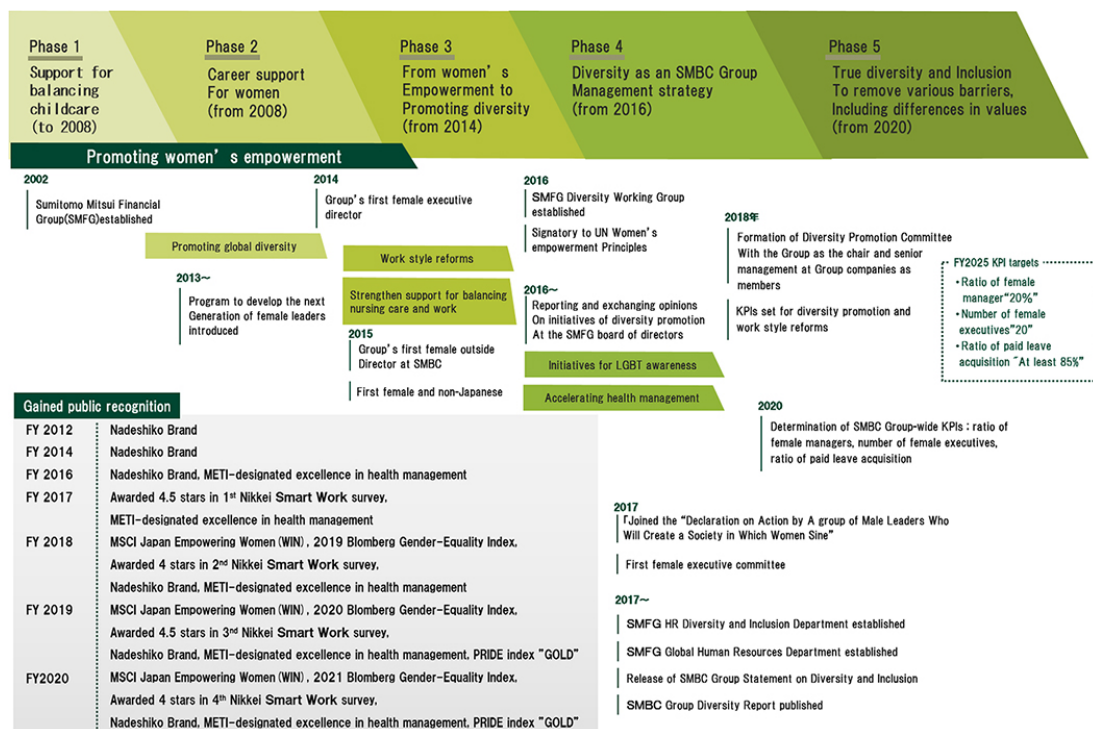
We believe that institutions that promote diversity and encourage their employees to contribute through their varied experience and talents are more dynamic and innovative than institutions in which employees tend to share only similar backgrounds and perspectives.

In order to offer our clients new and higher-value services and to continue to grow with our stakeholders, we are promoting diversity and inclusion throughout SMBC Group as the core to our growth strategy.

Approach and initiatives for human rights



## Roadmap



Click to enlarge

## Diversity promotion system

SMBC Group companies are undertaking various internal diversity and inclusion initiatives. At the holding company (SMFG), efforts are focused on reinforcing diversity promotion across the Group. To that end, the SMFG Diversity Working Group was set up in 2016, and the HR Diversity Promotion Office was established as a specialized unit in SMFG in 2017. The SMFG Diversity Promotion Committee was set up in 2018. It is chaired by the Group CEO and its members comprise senior managers from SMBC Group companies. Based on a strong management commitment, the committee is overseeing efforts to accelerate promotion of diversity across the entire SMBC Group.



## SMBC Group diversity initiatives

Across the SMBC Group, alongside measures to boost participation by people of various backgrounds and foster related growth, we are promoting efforts to cultivate an environment that makes it easier for individual employees to work.







Work-life balance support

Full support for  
childcare + work,  
nursing care + work

To ensure that all employees can live free from anxiety about balancing work and private life, and enable ambitious employees to continue pursuing their chosen careers, we are endeavoring to expand schemes for supporting work-life balance and nurture a positive workplace climate in which people understand the importance of balance and assist each other in achieving it.

## System and initiatives for work-life balance support

### Balancing work and childcare

In addition to a maternity and childcare leave system that exceeds statutory requirements, we have various training programs and systems in place at each company to support career formation and a smooth return to work for those who took childcare leave.

▼ Click for details



### Balancing work and nursing care

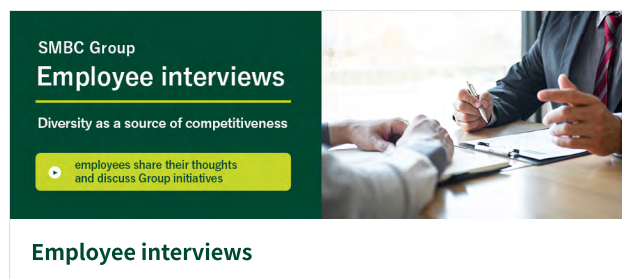
We have put various systems in place so that you can continue your career with peace of mind even when you need to provide nursing care to a family member. We are also fostering employees' awareness by developing tools for work and nursing care balancing courses and distributing books on long-term care.

▼ Click for details





## Interview

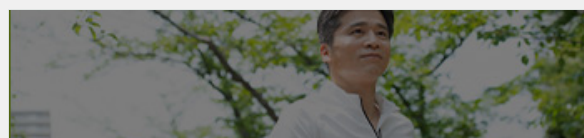


### Creating an environment for all employees to thrive

At the SMBC Group, we are working on health management and workplace reforms to give every employee the opportunity to fulfil their potential through strong productivity and enthusiasm for work.



**Work style reforms**

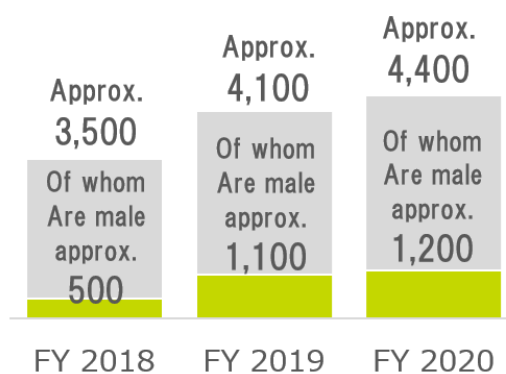


**Health management**

## Balancing work and childcare

SMBC Group provides training and support systems to help employees balance work and family commitments. We have also developed a range of initiatives to facilitate a smooth return to work from maternity leave or childcare leave as part of career development. These include programs across Group firms to support men in childcare participation.

### Number of employees taking childcare leave



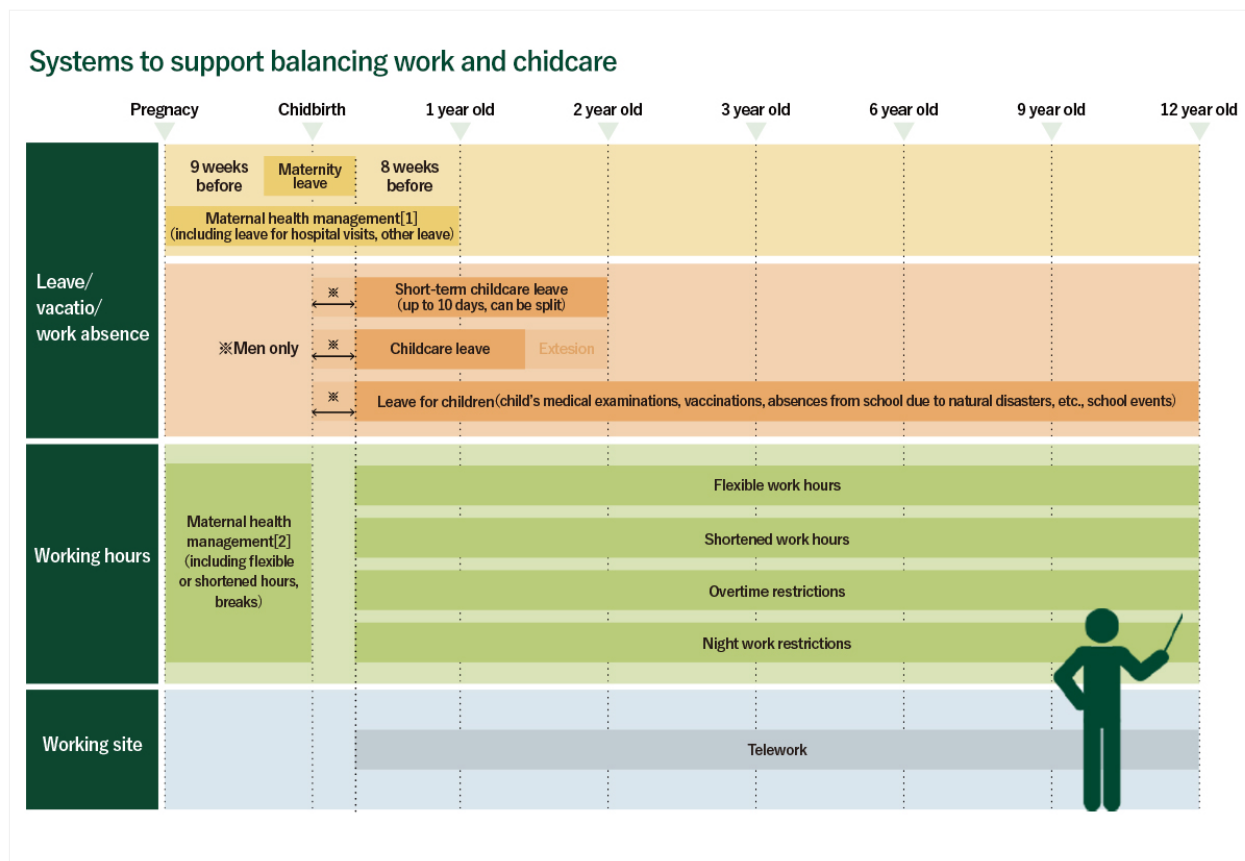
[Link to details in ESG Data Book](#)

## Major systems to support balancing work and childcare

We have introduced systems to provide economic assistance and other support to employees with pre-school children as part of creating workplaces that facilitate balancing work with childcare responsibilities.

### Work-related systems

Systems that support a smooth return to work from maternity or childcare leave include childcare leave, leave to care for sick children, and flexible working practices.



[Click to enlarge](#)

(Example: SMBC)

### A flexible personnel system matched to each life stage

We prepare systems to match each person's life plan at all our Group Companies. We have a system in which an employee's workplace can be changed if they move due to marriage or the job transfer of a spouse. Also, we rehire employees who left due to marriage, childbirth, childcare, nursing, or their spouse's job transfer. And we also allow temporary retirement due to the transfer of a spouse's job or for overseas study.

## Partnership with a company-led childcare service provider

SMBC is partnering with NICHIIIGAKKAN to develop a business to operate company-led childcare facilities in Tokyo and Osaka within bank-owned properties. The facilities provide childcare services to bank employees as well as local companies and residents. The partnership also covers a further company-led 90 childcare facilities across Japan operated by NICHIIIGAKKAN, providing additional support to SMBC employees in returning to work.



## Economic support for childcare

We offer allowances to assist employees with the costs of taking care of children outside of normal hours, including babysitting fees and the subsidy system aim to reduce burden of caring for sick children. The system provides economic assistance in other ways, such as allowing employees to access babysitting services at discounted rates based on contracts between the Group and babysitting agencies.

### — Major Initiatives to Balance Career and Childcare

#### Training and seminars

We have developed training on balancing career and childcare for employees in managerial positions. Training is designed to help employees planning to take maternity leave, those on childcare leave, and those who have returned from childcare leave.

Consultations with a superior are also organized for those employees either going on, or returning from, maternity and childcare leave.



Training to support work-life balance

#### Development of guidebooks

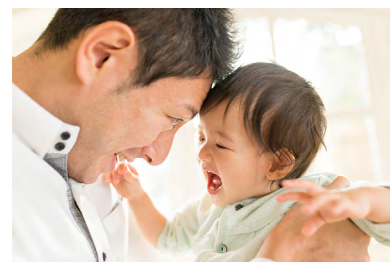
We have created the "SMBC Group Career Guidebook for Mothers." Distributed to female employees, aiming to help them in preparing for the next stage of life.

The Group has also created a special management guidebook containing communication pointers to distribute to managers with subordinates engaged in raising children.



## Promoting male participation in childcare

We aim to cultivate a workplace culture that supports active childcare irrespective of gender. The SMBC Group's internal reporting line, "SMBC Group Alarm Line" for whistleblowers is ready to receive information about any workplace discrimination shown against male employees who take paternity leave. We also encourage men to take advantage of the short-term childcare leave system, and organize management training sessions on this topic. In fiscal 2020, 100% of eligible male employees took childcare leave.



## Encouraging an understanding of work within employees' families

To help employees' family members gain a better understanding of their work, we organize the event so that children can visit their parents' workplace. We also encourage employees to take leave in the summer holiday season and promote leaving the office earlier in the summer months.



## External evaluation and accreditation

### Platinum Kurumin accreditation

SMBC, Sumitomo Mitsui Card Company and Japan Research Institute have all been granted "Platinum Kurumin" accreditation by the Minister of Health, Labour and Welfare in recognition of the high level of support for childcare that they provide as companies.



External evaluation/accreditation

## Balancing work and nursing care

Even if it becomes necessary for an employee to care of a family member, our aim at the SMBC Group is to ensure employees do not have to leave the company or sacrifice their career out of a desire to provide care. We have put in place a range of support systems for careers, and we also provide opportunities for employees to gain information about nursing care. Our aim is to provide environment where employees can continue to work with peace of mind while being able to prepare for nursing care.

### Major initiatives to balance work with nursing care for family members

We provide support to help employees continue working without giving up their career due to their nursing care responsibilities. The main support systems include nursing care leave and shortened working hours for these employees.

Systems to Support Work-Life Balance  
at SMBC Group Companies

Amount of work	Type of system
Maintenance	<ul style="list-style-type: none"> <li>Flexible working</li> <li>Night time work restrictions</li> <li>Overtime work restriction</li> <li>Overtime work exemptions</li> </ul>
Reduction	<ul style="list-style-type: none"> <li>Shortened work hours</li> <li>Days off nursing care                             <ul style="list-style-type: none"> <li>→Hourly time-off (in ne-hour units) is also available</li> </ul> </li> <li>Existing leave                             <ul style="list-style-type: none"> <li>→Half day leave also possible</li> </ul> </li> <li>Work absence for nursing care</li> </ul>
Zero	<ul style="list-style-type: none"> <li>Existing leave</li> <li>Work absence for nursing care</li> <li>Nursing care leave                             <ul style="list-style-type: none"> <li>→Hourly time-off (in ne-hour units) is also available</li> </ul> </li> </ul>

(Example: SMBC)

### Major Initiatives to Balance Career and Nursing Care

#### Work and nursing care balancing course

We are developing e-learning tools for work and nursing care balancing courses offering basic knowledge on balancing work and nursing care in a TV drama format that allows you to learn in an easy-to-understand manner about “initial responses” for nursing care and the key points for maintaining work and nursing care balancing. We are working to improve literacy from an early stage by extending these courses and disseminating information to all employees so they can balance work and nursing care.

#### Guidebook production

We have created guidebooks on how to balance nursing care responsibilities with a career. At SMBC, a book on this topic has been distributed to all employees. The book is divided into four sections on preparation, implementation, success stories, and advice. It is packed with useful information on balancing a career with nursing care responsibilities including articles on nursing care in Japan; a checklist of how to prepare for providing nursing care; details of various support systems and nursing care insurance services; case studies of providing nursing care at home, or through service providers located at a distance; and relevant contact numbers for use in emergency situations.



#### Nursing care information website

In partnership with Internet Infinity Inc., which provides a variety of health care services, we have set up a nursing care information website that makes available information useful for nursing care, search services for nursing care facilities nationwide, and bulletin boards allowing you to consult with care managers across.

Sustainability at SMFG Group

Environment

Social

Governance

Various Data and Downloadable Content

Recognition and Accreditation of SMFG Group sustainable initiatives

## Nursing care help desk established

We have created a help desk to provide consulting services on nursing care to employees or family members. We receive a wide range of consultations from persons wishing us, for example, to introduce them to care managers, match them up with nursing care facilities, or provide them support in applying for nursing care insurance. You can consult us by telephone or e-mail or in person. We have created an environment that makes it easy for employees and their families to consult us.

Initiatives of Diversity Promotion		
Work-life balance support	Empowerment of women	LGBT inclusion
Global HR development	Empowerment of senior employees	Empowerment of people with disabilities
Work style reforms	Health management	



With women comprising around half of employees, the SMBC Group realizes that empowering women is essential to corporate growth. We are actively developing measures to support the careers of female employees.

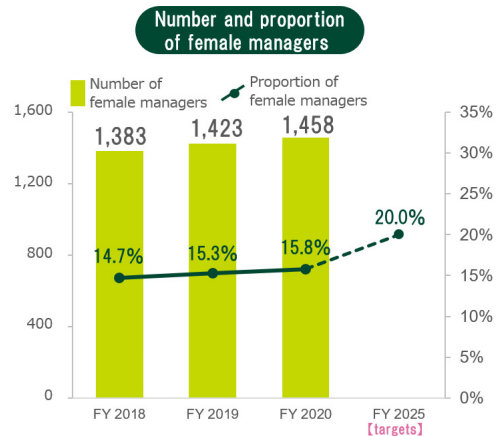
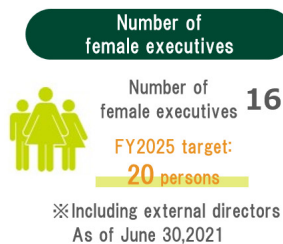
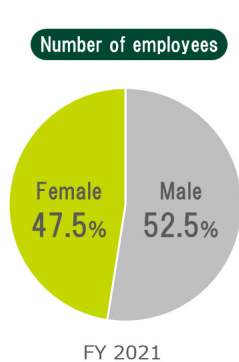
## SMBC Group's women's empowerment in figures

Women comprise a high proportion of employees at SMBC Group. We are actively promoting the appointment of more women in managerial positions.

SMBC Group is a member of the “30% Club Japan” (※) and is working to promote the empowerment of women and diversification of senior management. To further accelerate this initiative, we raised the target number of female executives from 20 to 25.

[Link to details in ESG Data Book](#)

※Please refer to “Support for various alliances” below



[Link to details in ESG Data Book](#)



## Numerical targets/plans for Group companies

The Group has been proceeding with unified response when the Act on Promotion of Women's Participation and Advancement in the Workplace came into force on April 1, 2016.

Each company produces an action plan to ensure steady implementation of initiatives.

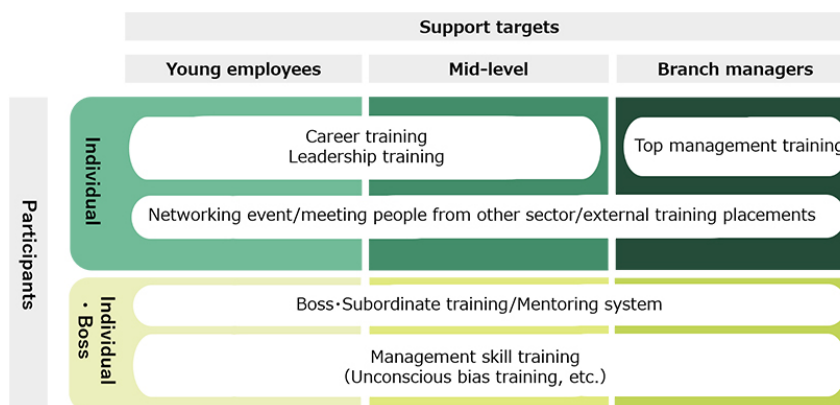
### Numerical targets/plans related to the promotion of women into managerial positions

SUMITOMO MITSUI BANKING CORPORATION	SMBC TRUST BANK	Sumitomo Mitsui Finance and Leasing	SMBC NIKKO
SUMITOMO MITSUI CARD	SMBC FINANCE SERVICE	SMBC CONSUMER FINANCE	Japan Research Institute
Sumitomo Mitsui DS Asset Management			

## Key Initiatives to Support Women's Empowerment

### Career development support

We conduct training programs, including outside training, to help women overcome the unique challenges they face at each stage of their careers from junior employee to senior management.



### Leadership training

In 2013, SMBC established the Women's Leader Program, a leadership seminar for upper management positions, aiming to develop a base to produce future female directors. The company established the Women's Leader Program Next for mid-level leaders, in order to build a "pipeline to the next generation" for women's career advancement to higher levels. In the program, top management members attend each session, creating an opportunity for the top management to directly communicate their expectations for participants and provide advice and support, chiefly through giving feedback to participants' commitment.





## Support for various alliances

The SMBC Group supports the vision of "30% Club Japan<sup>\*</sup>" and participates as a member.

We also support G20/EMPOWER, a private-sector alliance for empowering women and encouraging their participation in the economy, and we participate as an advocate company that supports the alliance's activities in Japan.



\* The parent organization for activities in Japan constituting part of the "30% Club" global campaign started in the UK in 2010 with the aim of increasing the proportion of women on boards of directors and in other key corporate decision-making bodies. Its membership comprises top corporate managers who regard gender issues as "urgent business issues" and promote diversity efforts on their own initiative.

30% Club Japan 

## Support for continued employment



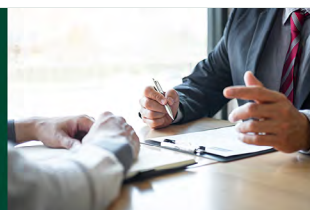
Work-Life Balance Support

## Interview

### SMBC Group Employee interviews

Diversity as a source of competitiveness

employees share their thoughts  
and discuss Group initiatives



Employee interviews

## External evaluation and awards

Our efforts to promote the empowerment of women have received positive external recognition from various sources. SMBC has been selected as a "Nadeshiko Brand" company by the Ministry of Economy. SMBC also acquired "Eruboshi" rankings for companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women.

### Nadeshiko Brand



Listed companies jointly selected by the Ministry of Enterprise, Trade and Industry and Tokyo Stock Exchange for excellence in promoting active participation by women

### Bloomberg Gender-Equality Index



Developed by Bloomberg in 2017, the BGEI ranks firms according to their actions on gender equality, as well as related disclosures and outcomes.

### Eruboshi



Companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women.

Recognition and Accreditation

### Catalyst Special Award



Received the Catalyst Special Award hosted by Catalyst, a non-profit organization established in the United States to globally support efforts to promote women's participation

### Initiatives of Diversity Promotion

Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management



SMBC Group is working to deepen understanding of LGBT issues and provide support, while also ensuring our systems facilitate proper working environments.

## Main initiatives to make it easier for LGBT employees to work

### — Statement on LGBT Inclusion

In accordance with the SMBC Group's Statement on Human Rights, we will strive to create working environment that are free of any harassment based on sexual orientation or gender identity, as well as any discriminatory recruitment or promotion processes.

### — Educational activities

All our employees receive training and attend study seminars to promote better understanding of sexual minorities, and to encourage greater awareness and behavioral changes towards LGBT issues.

In addition to providing e-learning content for learning basic knowledge about LGBT issues, we hold events such as LGBT-themed movie viewings and talk sessions to promote correct understanding of LGBT issues and to change awareness and behavior. We have also created our own rainbow-colored logo and are using it in LGBT support announcements and educational activities.



### — Revision of work regulations

We have changed the work regulations at our Group Companies to conduct "same-sex partner registration" for LGBT employees, thus allowing their spouses and families to access the employee welfare program.



## — Establishment of consultation desks

SMBC Group companies have set up internal and external consultation desks to provide employees with the opportunity to consult any issues relating to workplace harassment.

## Creating a society in which LGBT people are respected

### — Support for allies

Domestically, we support Tokyo Rainbow Pride, Asia's largest LGBT event. Through such efforts, we engage in employee enlightenment and networking with allies.

At overseas sites, too, we have put together teams to discuss ways of promoting understanding of LGBT issues and creating more diverse workplaces. The teams also regularly host events.

In the Americas, we've launched a team called "NIJI PRIDE." Niji is the Japanese word for rainbow, and the team organizes events for employees of SMBC and other financial institutions. The team's members also participate actively in volunteer activities organized by their local communities. In Europe, Middle-East, Africa meanwhile, there's a similar team (NIJI EMEA), which organized a panel discussion on the topic of allies\*. A large number of employees were able to take part, as it was conducted remotely from offices across the region.

\* An ally is a person who understands and supports sexual minorities. Sometimes refers to people who clearly advocate such a position.



### — Initiatives toward customers

SMBC has added "common-law spouse" and "same-sex partner" to the definition of spouse for customers taking out joint-liability housing loans\*, and began offering home loans to same-sex partners in February 2020. We also provide training on how to interact with such customers at branches.

\* A single loan taken out jointly by the occupants of a home that they will share ownership of

[Click here for information about SMBC housing loan](#)

## External evaluation and accreditation

### PRIDE Index 2022 "Gold"

In November 2022, the SMBC Group received the highest evaluation of "Gold" for the fourth consecutive year\* in the "PRIDE Index", an evaluation of LGBT initiatives conducted by the volunteer organization "work with Pride".

\* We received "Gold" evaluations as Sumitomo Mitsui Banking Corporation in 2017 and 2018.

[Link to Video](#)



Recognition and Accreditation

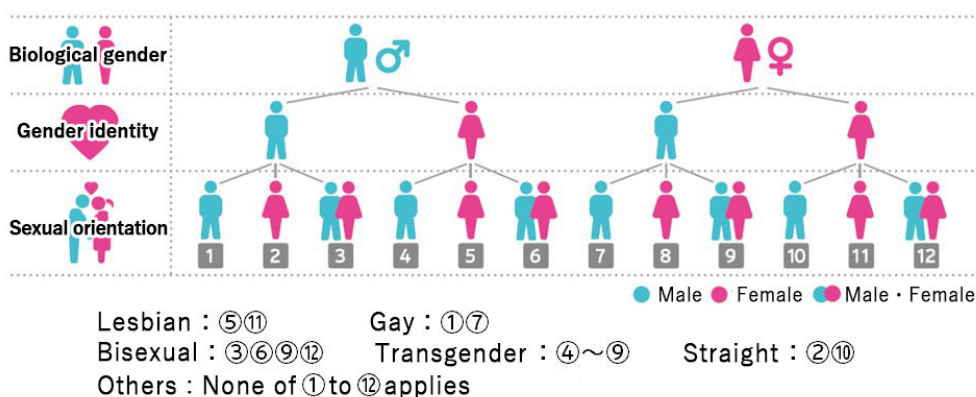
### Understanding the LGBT community

Toward a society where sexual diversity is widely accepted.

LGBT is an acronym that stands for lesbian, gay, bisexual and transgender, and is used as a generic term to refer to sexual minorities. In addition to LGBT, there are various other sexual minorities in society.

Recently in the international community, a range of measures have been fostered to ensure that the human rights of LGBT people are respected and to eliminate unfair discrimination against them. In 2011, the United Nations made its first resolution on the human rights of LGBT, which Japan supported. Subsequently in 2015, the Olympic Charter clearly prohibited discrimination due to gender and sexual orientation.

Also, in Japan, spearheaded by the issuance of "partnership certificates" to same-sex partners by Shibuya City, Tokyo in 2015, municipalities across the country have been improving their legal framework to protect the rights of LGBT people. Companies are also building a corporate culture and systems to foster employees' understanding of LGBT, including providing internal training and establishing a same-sex partner registration system under which partners are entitled to enjoy welfare benefits on an almost equal footing with married couples. In order to accept sexual diversity and thereby enhance overall organizational strength, companies are working to make reforms in line with the principle of diversity and inclusion.



In DDL's proprietary "sexuality map," sexuality is classified into biological gender, gender identity and sexual orientation. Respondents other than those who answered "straight" (heterosexuals whose biological gender at birth matches their gender identity = (2) and (10)) are defined as LGBT, which includes "Questioning" (those who are questioning or have not yet determined their own gender identity and sexual orientation) and other sexual minorities.

Source: Sexuality map created by Dentsu Diversity Lab (DDL)

Initiatives of Diversity Promotion		
Work-life balance support	Empowerment of women	LGBT inclusion
Global HR development	Empowerment of senior employees	Empowerment of people with disabilities
Work style reforms	Health management	

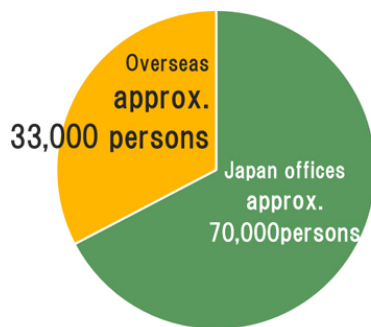


SMBC Group advances its operations in more than 40 countries and regions worldwide, and these overseas businesses are driving the growth of the Group. To support these businesses, we are developing talent management framework to enable optimal assignments and promotions, regardless of their location of hire.

Another area of focus is personnel exchanges between Japan and overseas, global training programs, helping employees gain experience in cross-cultural communication, and building a corporate culture that treats diversity as a source of competitiveness.

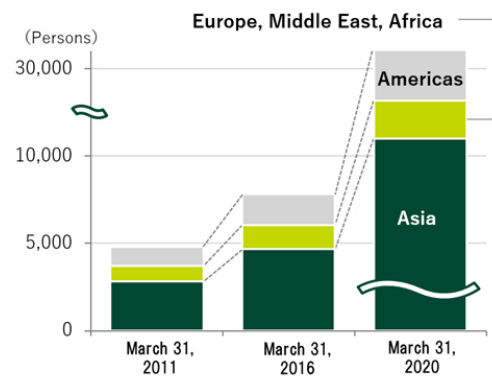
### Globalization of human resources by in figures

Number of employees



\* Consolidation of SMBC Group

Number of employees in overseas offices by Division



\* Figures are for SMBC and its major subsidiaries

\* The number of overseas employees in the Asia region rose substantially in FY2018 due to the mergers with BTPN (PT Bank Tabungan Pensiunan Nasional Tbk) and PT Bank Sumitomo Mitsui Indonesia.



## Major initiatives for the active efforts of global human resources

### — Global HR Department

SMBC and SMBC Nikko Securities has established the Global Human Resources Dept. in FY 2014 and FY 2017, respectively, and the SMFG Global Human Resources Dept. was established in FY 2017. In addition to establishing the Global Talent Management Council as a framework for increasing the transparency of executive appointments, we are also developing a database that centrally manages human resource information for employees hired overseas.

We also established standardized talent review framework and developed a database to enable centralized management of talent information on overseas employees. In addition, we hold a Global Human Resources meeting annually in Tokyo, welcoming representatives such as regional HR Heads and Heads of L&D functions. In these ways and more, we are collaborating closely and working together as one global team to develop and promote our talents.

### — Various training systems

For talent development, we offer various training programs for employees from offices around the globe, including the leadership training for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the United States. Another area of focus is personnel exchanges, promoted through programs, under which, employees from overseas offices are assigned to departments in Japan for up to one year.

In addition, we promote overseas trainee programs and financial support for language skill improvement for employees working in the domestic dept., and branches.



Global Co-working Program

### — Promoting Local Employment

SMBC Group is actively promoting local employment in our overseas offices, with the aim of becoming more familiar with local market expertise for global success. We are strengthening our talent management framework that allows us to support the career development of our employees regardless of the location of hire.

### — Employee Resource Groups at our overseas offices

At SMBC Group's overseas offices, there are several Employee Resource Groups. The Women's Inclusion Network and the Balance cover gender themes, NIJI Pride and NIJI EMEA advance enlightenment regarding LGBT issues, and UNIQUE supports people with disabilities.

SMBC Group employees are working together to promote true diversity and inclusion beyond regions, countries, cultures and different backgrounds and values.

In Japan as well, we are accelerating collaborations that transcend regions, e.g., using online tools to co-organize and participate in events with overseas Employee Resource Groups.

UNIQUE

NIJI Pride/NIJI EMEA

SMBC Americas 

SMBC EMEA 



## Exchange with BTPN

In 2019, BTPN in Indonesia became a consolidated subsidiary of the SMBC Group. We are promoting various initiatives, such as the Future Leaders Program. This program is designed to promote a blend of cultures and mutual understanding for management-level employees



## Interview

SMBC Group  
**Employee interviews**  
Diversity as a source of competitiveness  
employees share their thoughts and discuss Group initiatives

Employee interviews

### Initiatives of Diversity Promotion

Work-life balance support	Empowerment of women	LGBT inclusion
Global HR development	Empowerment of senior employees	Empowerment of people with disabilities
Work style reforms	Health management	



**SMBC Group is developing a workplace that enables older workers to be active longer by making the most of their rich experiences and skills**

**— Expansion of the support system**

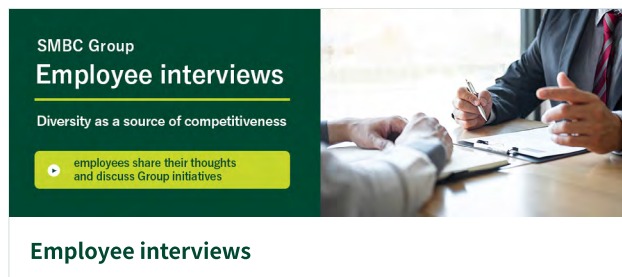
SMBC has a system that extends retirement age to 65, making possible a variety of challenges over one's lifetime.

<b>Voluntary application system</b>	We thoroughly apply our voluntary application system in order to support employees in taking on challenges for their desired work.
<b>Support system for second careers</b>	In order to support employees taking on challenges of voluntary work at other companies, we provide second career support payment (bonus severance pay).
<b>Dual-career Support system</b>	We introduced a flexible system involving a three-day work week for employees over the age of 60 to promote the compatibility of personal life and side jobs.

**— Career support program**

For employees who have passed the determined age, we provide a program which explains the system after compulsory retirement and the mindset method at all Group Companies. While the top management sends messages expressing their expectations, we also offer a program that allows employees to think about the vision for the future and new ways of working.

## Interview



### Initiatives of Diversity Promotion

Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management



SMBC Group has developed various types of administrative processes and work Also, all companies maintain an employment rate of people with disabilities at or above the statutory employment rate (2.3% as of september 2021)

## Numerical results

maintain an employment rate of people with disabilities at or above the statutory employment rate (2.3% as of september 2021)

	FY2018	FY2019	FY2019
Ratio of employees with disabilities	2.4%	2.5%	2.6%

\* SMBC Group composite data

## Provision of an environment where employees with disabilities can demonstrate their abilities

### — SMBC Green Service

We have established a special subsidiary, SMBC Green Service, to hire employees with various disabilities and promote the employment of people with disabilities. SMBC Green Service provides a work environment whose "hardware" and "software" aspects enable employees to work and take on active roles with peace of mind.

On the "hardware" side, for example, we have visualized conversations by introducing Universal Talk that utilizes voice recognition to produce text and we have installed facial recognition monitors and other infrastructure. Our "software" approaches include introducing an employment support system using specially-qualified counselors and a personnel system that helps employees advance their careers. Through such efforts, SMBC Green Service has realized the "rewarding workplace" stipulated in its Credo (corporate philosophy).



Universal Talk

## Nikko MiRun

Headquartered in Nihonbashi-Koamicho, the SMBC Nikko Securities special subsidiary Nikko MiRun Inc. has employees with disabilities who do light work duties for other Group firms. The company also operates the MiRun Farm in Ichihara, Chiba Prefecture, where employees with disabilities cultivate vegetable crops under the guidance of eight farming supervisors. The farm also hosts "normalization training," where SMBC Nikko Securities employees undertake manual farm labor alongside their colleagues with disabilities.



This initiative was selected as an example of best practice in March 2016 by the body\* promoting the Principles for Financial Action for the 21st Century by Ministry of the Environment.

\* Formulated by Japan's Ministry of the Environment, the principles provide a guide for financial institutions in the responsibilities and roles they must follow to help realize a sustainable society.

## Athletes with disabilities

We have top-level athletes with disabilities on staff, and they are engaged in activities aimed at raising awareness of sports for people with disabilities and promoting social understanding by participating in competitions and conducting lecture meetings and courses across Japan and overseas.



## Creating branches that customers with impairments can easily visit

To enable customers who are elderly or have disabilities to visit our branches with peace of mind, we are introducing the principles of universal design at branches. We also run study sessions and distribute a manual aimed at equipping all employees with "universal manners."

Contribution to Achieving  
and Developing Safe and Secure Communities

## Joining an outside initiative

Concurring with the ideas underlying "The Valuable 500 (\*)", an international initiative to promote the active participation of people with disabilities, the SMBC Group joined this initiative in December 2020.



(\*)Launched at the 2019 World Economic Forum Annual Meeting in Davos, The Valuable 500 is an initiative to promote workplace inclusion of people with disabilities. Having been established based on the concept that "inclusive businesses create inclusive societies," this initiative is aimed at encouraging business leaders to make the changes necessary to enable people with disabilities to unlock their business, social, and economic value.

### Commitment of SMBC Group

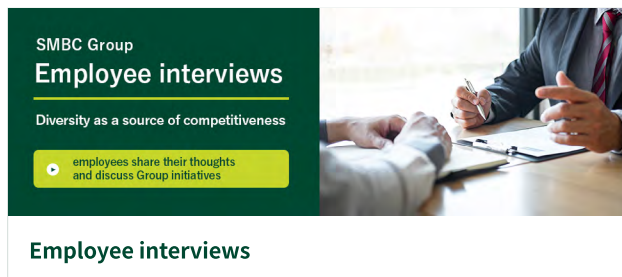
SMBC Group recognises that diversity and inclusion are core to our growth strategy. We are committed to creating a working environment where every employee can fulfil their potential irrespective of their background, and where diversified talent bear even more synergy to generate new value, for our customers, our communities and our society.

We will continue focusing our efforts on the following areas in order to support employees with disabilities and strive to realize a society where people with disabilities can enrich their living with peace of mind;

- We comply with the legal mandated percentage of employees with disabilities.
- We continue to improve our infrastructure and holding training sessions to create a universal working environment, where employees with disabilities can be supported to deliver their full potential.
- To enable every customer to visit our branches with ease, we are progressing to have barrier-free branches and support tools that are universal design compliant.
- We are striving to enhance our appropriate services for customers with disabilities, and provide training sessions and toolkits for our branch employees including inside-the-branch guiding support.
- Para-athletes are invited to take part in sports workshops and join panels in employee awareness-raising sessions to promote increased recognition regarding sports for persons with disabilities.

In order to offer our clients new and higher-value services and to continue to grow with all of our stakeholders, we will continue to promote diversity and inclusion throughout SMBC Group.

## Interview



### Initiatives of Diversity Promotion

Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management





SMBC Group actively undertakes work style reforms to create working environments that foster enthusiasm and stimulate the motivation of every employee, including those working restricted hours. Reforms also aim to improve overall productivity.

## Numerical results

To make sure that initiatives in the area of work style reform are implemented smoothly, we have set target for the acquisition rate for paid leave.

Target	Achievement time	FY2018	FY2019	FY2020
Paid leave acquisition rate 85% or more	FY2025	70.6%	74.7%	76.4%

## Main initiatives for increasing productivity and motivation to work

### — Complying with laws and regulations and improving labor conditions

SMBC Group regularly monitors the working conditions in member companies; works to comply with all applicable laws and regulations; strives to eliminate overtime work; and endeavors to improve the working environment and reduce working hours. As per policy, each company is working to, in addition to exceeding minimum wage, adequately meet the equal-pay-for-equal-work requirement introduced in April 2020 and to maintain an environment in which all employees can feel satisfied with their jobs, regardless of their employment status.



## — Rectifying long working hours

Each company regularly monitors overtime hours and the number of employees working long hours to eliminate overtime work as a part of the ongoing efforts to improve working conditions across the Group.

At SMBC, as part of day-to-day working hours management, the times that employees log in and out of their PCs are recorded, which allows us to accurately gauge how many hours each individual is working. We have also established work intervals and set upper limits for working hours.

We are also working to reduce long working hours via the introduction of robotic process automation (RPA) for increased administrative efficiency, along with the management of total work hours by setting times for people to leave offices and designating days when workers are encouraged to leave early.



## — More flexible working hours

SMBC Group companies are utilizing a variety of systems to increase flexibility, including flextime, staggered start times, variable working hours, and discretionary working arrangements for planned or professional duties.

## — Work site flexibility

All SMBC Group Companies have a "Work from home system" in place, and are rolling out satellite office\* duty.

\* Office space established inside a facility, or external office space for which a usage contract has been signed.



## — Initiatives to increase work style reform awareness and productivity

At each Group Company, regarding changing thinking toward work styles and the importance of management, the management ranks dispatched a message, and we are conducting seminars and workshops for the purpose of increasing productivity and achieving business with higher added value.

Also, we are incorporating accomplishments related to increasing productivity to the items we use to evaluate achievements.

## — Flexibility on work attire

We are working to make reforms to our corporate culture. In order to create an environment in which it is easy to take on new challenges that are not restrained by precedent or standard thinking, we introduced a "Dress Code Free" policy. This makes it possible for employees to freely choose their own garments in line with TPO.

## — Creating more innovative workplaces

In September 2017, the SMBC Group established "hoops links tokyo" as an innovation space located in Shibuya, Tokyo. Bringing together a variety of people from start-ups and larger firms, government, academia, research institutions and NPOs, the aim of this initiative is to forge connections to support the creation of dynamic, innovative businesses and services with a focus on addressing societal issues.



## Interview

SMBC Group

### Employee interviews

Diversity as a source of competitiveness

employees share their thoughts and discuss Group initiatives

Employee interviews

## External evaluation and accreditation

### 5 stars awarded in the 6th Nikkei "Smart Work Management" survey

In November 2022, SMFG was awarded 5 stars in the 6th Nikkei "Smart Work Management\*" survey conducted by Nikkei Inc.



\* "Smart Work Management" refers to maximizing the potential of workers through varied and flexible work styles, and developing strategies to maximize productivity and the broader performance of the organization using positive feedback loops, thereby fostering innovation and new market development.

Recognition and Accreditation

### Initiatives of Diversity Promotion

Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management



SMBC Group is undertaking health management to help support the physical and mental health and motivation of employees to underpin the continual provision of high value-added for customers.

## Main initiatives to promote and accelerate health management

### — Statement on Health Management; Appointment of CHO

Each of our Group companies views the promotion of employee health as a management issue, and has instituted a Statement on Health Management.

The firm has also appointed a Chief Health Officer (CHO) and established a Health Promotion Office as part of systematic efforts to maintain and promote the health of employees and family members.

### — Various medical examinations

Alongside periodic health examinations, Group companies are active in providing specific health-related guidance as a means of preventing lifestyle diseases.

### — Mental health initiatives

To enable individuals to manage their own mental health, we carry out a stress check for all employees. Also, to support mental health self-care, line care (in which managers and supervisors who have daily contact with workers improve the working environment and consult with them) and reassignment, we have consultation services with outside specialist councilors. We perform follow up training for managers at offices that have particularly high stress numbers. In addition, at SMBC Nikko Securities, a mental health supporter is designated at branches in order to promote self-care and quick responses to those who are in poor mental health. In these ways and more, we are promoting efforts for the mental health of our employees.

### — Action on smoking

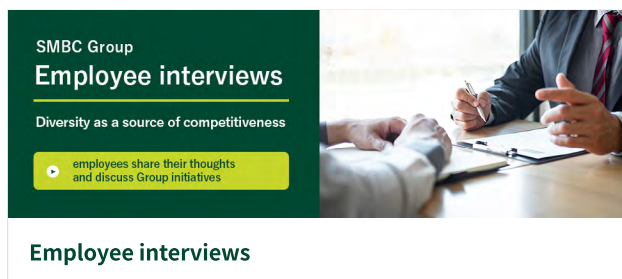
We work closely with the health-insurance society to help employees quit smoking by subsidizing their participation in an online smoking cessation program. Also, we have a "No Smoking Day" every month, and provide e-learning on tobacco and secondhand smoke.

## Health support for women

We regularly hold "health promotion seminars" for all employees with the aim of raising employees' health awareness and literacy. We also invite outside lecturers to speak at seminars on a variety of topics to promote independent efforts by employees to ensure their own good health.

For example, we hold health promotion seminars on topics such as diet, exercise, sleep, and smoking cessation as well as on topics specific to women (fertility treatments, menopause, etc.).

## Interview



## External evaluation and accreditation

### Certified as one of the "White 500" outstanding large enterprises in health and productivity management for 2022

In March 2022, our company was certified as one of the "White 500" large enterprises recognized as outstanding organizations in health and productivity management under the Certified Health & Productivity Management Outstanding Organizations Recognition Program sponsored by the Ministry of Economy, Trade and Industry (this is our company's sixth consecutive year being recognized as an outstanding organization in health and productivity management).



Note: Since FY2016, METI's Certified Health & Productivity Management Outstanding Organizations Recognition Program has recognized organizations with outstanding records in health management, based on their engagement with local community health initiatives or health promotion activities promoted by the Nippon Kenko Kaigi.

Recognition and Accreditation

### Initiatives of Diversity Promotion

Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management

## SMBC Group initiatives in figures

These figures provide an insight into the promotion of diversity by the SMBC Group.

### Female managers (number/ratio)

	Number (Persons)	Ratio(%)
FY3/19	1,383	14.7
FY3/20	1,423	15.3
<b>FY3/21</b>	<b>1,485</b>	<b>15.8</b>
<b>Targets for Fiscal 2025</b>	-	<b>20</b>

### Number of executives

	Female executives (Persons)	Non-Japanese, etc. executive officers, general managers (Persons)
June 2019	11	14
June 2020	13	15
<b>June 2021</b>	<b>16</b>	<b>17</b>
<b>Targets for Fiscal 2025</b>	<b>20</b>	-

Empowerment of women

Global HR development

### Number of people taking childcare leave

	Overall(Persons)	Of whom are male (Persons)	Rate of men taking childcare leave (%)
FY3/19	3,443	528	47.0
FY3/20	4,100	1,094	89.8
<b>FY3/21</b>	<b>4,364</b>	<b>1,229</b>	<b>100.0</b>

Work-life balance support

**Paid leave acquisition rate**

Paid leave acquisition rate	
FY3/19	70.6%
FY3/20	74.7%
<b>FY3/21</b>	<b>76.4%</b>
<b>Targets for Fiscal 2025</b>	<b>85% or more</b>

Work style reforms

[Link to details in ESG Data Book](#)

**Ratio of employees with disabilities**

Ratio of employees with disabilities	
FY3/19	2.4%
FY3/20	2.5%
<b>FY3/21</b>	<b>2.6%</b>

Empowerment of people with disabilities

# Contribution to Achieving and Developing Safe and Secure Communities

SMBC Group is also promoting better branch design so that the elderly and people with disabilities can feel comfortable using these facilities. Below are some examples of group companies' branch design initiatives, including employee education and introduction of universal design services.

## Main Initiatives

### Policy recommendation

#### Public policy for a super-aging society

JRI

The year 2025, when baby boomers reach the age of 75, is fast approaching. Japan continues to see its population shrink and the percentage of elderly people increase. The government is establishing an integrated community care system so that elderly people can live out their lives in their familiar communities and extend their lifespans so that all citizens can stay healthy throughout their lives.

To achieve these goals, a complex structure is needed that involves not only social security systems such as healthcare and long-term care, but also health promotion and disease prevention, working style and employment systems, and social infrastructure such as housing and transport.

With the theme of "public policy for a super-aging society," the Japan Research Institute harnesses the knowledge of both public researchers and consultants on social security, long-term care and businesses targeting senior citizens, medicine and healthcare, urban planning, etc., to promote recommendations and implementation of new policies and business.

Japan Research Institute: Public policy for a super-aged society 

### Employee education

SMBC

SMBC works to create branches that can be visited with confidence by seniors and people with disabilities by incorporating universal design principles and conducting a variety of other initiatives. SMBC holds approximately 1,100 employees as care service casts, and also provides universal etiquette training to employees to support our customers. Since fiscal 2014, we have also engaged in full-scale training of cognitive impairment supporters to prepare for the aging of society. As of March 31, 2022, there are approximately 9,900 specialized staff members to assist people with cognitive impairment, who are assigned mostly at SMBC branches.





## Implementation of Universal Design and Universal Service at Branches

### SMBC Group

SMBC is working to advance universal design compliance at branches. When installing new equipment or facilities at branches, we check whether it will be easy for people with disabilities to use them during the development stage, and also ask for feedback from customers after installation. SMBC Trust Bank is also conducting Web-based training for all bank employees regarding universal manners, as we work to improve services as a group.

Customer feedback and specific service examples can be found at the following link.

SMBC: Utilizes Customer Feedback in its Operations (Japanese only) 

## Universal Design (Equipment Response)

- ✓ Pictogram Display
- ✓ Braille Blocks for Visually Impaired
- ✓ ATMs for the Visually-Impaired
- ✓ Improvement of Reception Number Display Devices (EQ displays)
- ✓ Writing Tools
- ✓ More Convenient Form Entry
- ✓ Installation of Automated External Defibrillators (AEDs)
- ✓ Universal Design Introduction - Enhancing Facilities that All People Can Use with Ease

### Pictogram Display

SMBC

Visual indicators related to barrier-free information are posted in the branch information section of the SMBC website as well as at branch entrances to allow customers to confirm in advance when using branch facilities.



### Braille Blocks for Visually Impaired

SMBC

Guidance tiles and rivets are placed to mark the path from a branch's entrance to its ATM area to assist people with visual impairments to enter and use the branch.

(Installed at 412 of 412 branches as of March 31, 2021)

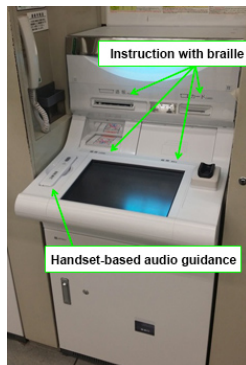




## ATMs for the Visually-Impaired

SMBC

All ATMs at domestic branches and in non-branch locations are equipped with handset-based audio guidance to serve customers with visual impairments.



More information on upgrading to ATMs for people with disabilities can be found at the following link.

SMBC: ATM Upgrades for People with Visual Impairments (Japanese only) [▶](#)

## Improvement of Reception Number Display Devices (EQ displays)

SMBC

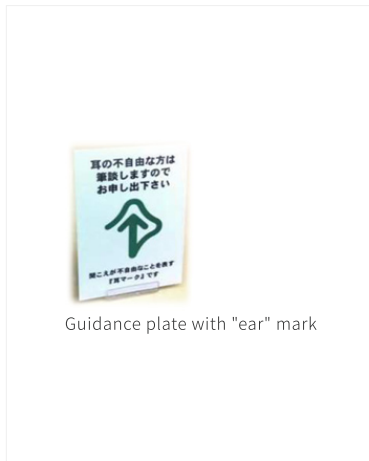
We received feedback that reception number display devices were difficult to read, so we installed EQ display devices that incorporate universal design principles for color, making them easier to read for seniors and people with visual impairments.



## Writing Tools

SMBC

Writing tools are also made available at branches to ensure that we are able to accurately and smoothly determine the needs of customers with hearing impairments



### More Convenient Form Entry

SMBC

Branches also make available cane and umbrella holders and lap tables for filling out forms so that customers can comfortably use both hands when filling out forms and operating devices.



Cane holders



Lap tables for writing

### Installation of Automated External Defibrillators (AEDs)

SMBC

SMBC Finance Service

We have progressively installed AEDs in staffed ATM areas since August 2007 and are utilizing our nationwide branch infrastructure to help people in emergency situations. Even though AEDs are now more readily available, there have been few cases of them being used by the general public, and awareness of first aid techniques has become a society-wide issue.



AED



Basic life-saving class

### Universal Design Introduction - Enhancing Facilities that All People Can Use with Ease

SMBC Nikko

SMBC Nikko has installed gently-sloped ramps and writing boards at all branches nationwide. We are also installing cane holders as well as customer service counters, interphones, and other objects at heights that are easy for people in wheelchairs to use.

## Universal Service

✓ Braille Services

✓ Voice recognition password card

✓ Lower Fees for Counter Transfer Orders

✓ Reading and Writing Assistance

✓ Utilizing Customer Feedback

✓ Introduction of multilingual support tools

✓ Establishment of global branches

### Braille Services

SMBC

We also have Braille versions of contractual terms for regular and time deposits, etc., end-of-month balance notices and time deposit transaction notices.

### Voice recognition password card

SMBC

SMBC provides voice recognition password cards to customers with vision impairments.

For more information on voice recognition password cards, visit: (Japanese only) 

### Lower Fees for Counter Transfer Orders

SMBC

When customers who have difficulty ordering bank transfers using an ATM machine, such as customers with visual impairments, visit the bank and order a transfer at a teller counter, after the customer's intention is confirmed, the same fee as the fee charged for ATM transfers is applied.

### Reading and Writing Assistance

SMBC

Procedures have also been established to provide reading and writing services for customers who are not able to read a contract or enter their signatures due to a disability (how this is handled differs depending on the nature of the transaction).

### Utilizing Customer Feedback

SMBC

We conduct various initiatives to sincerely consider customer feedback and provide greater levels of customer satisfaction.

SMBC: Utilizes Customer Feedback in its Operations (Japanese only) 

## Introduction of multilingual support tools

SMBC

We provide multilingual communication boards and leaflets on how to open an account, etc., to help foreign customers understand registration procedures.



Communication board  
(Example: Chinese)

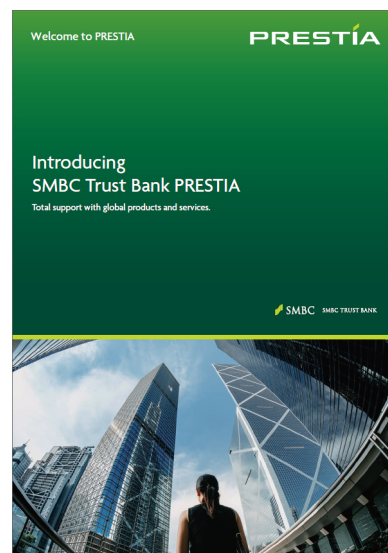


Leaflets about opening an account, etc.  
(Example: Chinese)

## Establishment of global branches

SMBC Trust

We have positioned the Akasaka and Hiroo branches as "global branches" for customers with global businesses. These branches offer English-language pamphlets and product brochures to customers who wish to make transactions in English, as well as providing competent consultations about products and services in English.



## Establishing an Inquiry Desk for People with Disabilities

✓ Dedicated forms for customers with visual or language impairments

✓ Sign language / written inquiry

### Dedicated forms for customers with visual or language impairments

SMBC

Dedicated inquiry forms are made available for customers that have visual or language impairments.

SMBC: Dedicated forms for customers with visual or language impairments  
(Japanese only)

### Sign language / written inquiry

SMCC

SMCC provides a sign language and written inquiry service that uses a specialized video communication system for people who have difficulty with phone conversations due to a hearing or speech disability.

SMCC Sign Language and Written Inquiry Service  
(Japanese only)

## Promotion of Social Inclusion in Collaboration

We understand a Community where each of the components of our society feels the connection, support and safety among each other is the essence of a society we strive to realize in our Mission Statement. Thus, we promote various activities through our business to make contributions to the Community, such as addressing local issues, encouraging financial inclusion and so on as described below.

### Main Measures

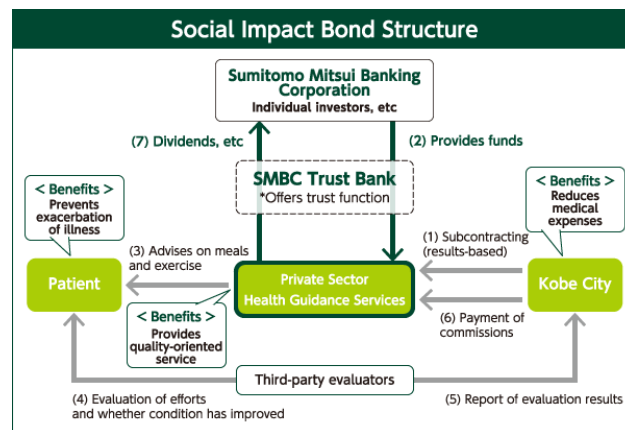
- ✓ Structuring of Social Impact Bonds
- ✓ Initiatives for Financial Inclusion
- ✓ Handling of “Mirai 2030™,” a Leasing Service for SDGs
- ✓ Regional Revitalization Business
- ✓ Donations through Products and Services
- ✓ Initiatives to enhance customer convenience
- ✓ Measures for finance facilitation

## Structuring of Social Impact Bonds

SMBC SMBC Trust

SMBC and SMBC Trust Bank are jointly pursuing measures for the “social impact bonds” that typify a scheme for public-private partnership. In July 2017, social impact bonds were structured for Kobe City’s project to prevent diabetic nephropathy, etc. from becoming a serious issue, and in September 2019, social impact bonds were also structured for Toyonaka City’s project to ensure smoking cessation; both were the first such projects in Japan. Through the said scheme, Group companies will continue to provide financial support to solve social problems that modern society and respective regional communities are facing going forward.

Structure of a social impact bond (e.g. project of Kobe City to prevent the diabetic nephropathy, etc. from becoming a serious issue)



## Initiatives for Financial Inclusion

SMBC Group is actively engaging in activities that promote financial inclusion to extend financial products and services to underbanked individuals and businesses in a sustainable way.

For instance, in Indonesia, a country with relatively large underbanked population, SMBC Group provides various initiatives contributing to financial inclusion through Bank BTPN (92.43% owned by SMBC) and Bank BTPN Syariah (70% owned by Bank BTPN).

The initiatives include providing finance to Micro, Small and Medium Enterprises (MSMEs), extending financial services to underbanked social groups, promoting finance access through branchless banking such as mobile phone banking or agent banking, and providing financial literacy to low-income groups that are not limited to customers.

[Bank BTPN Annual Reports](#)

[Bank BTPN Syariah Annual Reports](#)

## Providing finance to Micro, Small and Medium Enterprises (MSMEs)

Bank BTPN has long maintained a big commitment on the development of the MSME sector. From financing perspective, Bank BTPN has developed a socially sound portfolio, through its support for micro, small and medium enterprises. As of the end of 2021, BTPN provided credit in the MSME sector amounting to IDR 5.8 trillion, which accounts for 4.3% of the total financing portfolio of Bank BTPN.

Apart from financing support, BTPN also developed a sustainable training program that aims at providing innovative modern approach and market access to MSME customers. The training programs were held through webinars in cooperation with competent and experienced experts in the field. The MSME entrepreneurs can also receive tips and communicate directly with the experts through Daya.id, BTPN's free knowledge sharing platform, to further improve their business. The MSME empowering webinar was attended by 7,017 participants from various cities in 2021.

## Providing access to financial services for underprivileged women in local community

Bank BTPN Syariah is the only Sharia Commercial Bank in Indonesia with the primary focus to provide services for the productive underprivileged customers, especially women in rural areas who run their own businesses and are often the breadwinners of their families.

In Bank BTPN Syariah, unlike usual branch banking, the bank goes to the customers. Field officers visit local community every two weeks, gathering fund and disbursing loan on cash basis. Transactions are carried out before a group of customers, creating a sense of joint responsibility.

As of the end of 2021, Bank BTPN Syariah is serving almost 6 million customers in 241 thousand local communities.

## Creating digital ecosystem for financial inclusion

Aside from business on cash basis, Bank BTPN Syariah is also engaging in mobile banking and agent banking. Customers can conduct their own transaction using a cellular phone or through agent of BTPN Syariah in cases that they don't have a cellular phone, to conduct transactions ranging from paying bill, topping up phone credits, transferring funds, to depositing and withdrawing cash.

With this service, BTPN Syariah provides access to the underprivileged communities, marginal societies in underdeveloped areas, or remote areas in Indonesia that so far have yet to be reached by conventional banking services.

## Promoting financial literacy and other empowering programs to wide Indonesia society

"Daya", which means "empowerment" in Indonesian, refers to a set of CSR programs conducted by Bank BTPN and Bank BTPN Syariah, aiming to improve the well-being of customers and Indonesians in a sustainable manner. Strengthening financial literacy, which forms the foundation of financial access, is one of Daya's primary focus. Others include health, entrepreneurship and business capacity building.

Bank BTPN, partnering with external experts and organizations, organizes financial education seminars for both customers and non-customers, in both offline and online way to reach a wider community. In 2021, this program reached 13,632 participants in 84 activities.

In BTPN Syariah, customers will be given information regarding the management of their financials for their business, basic knowledge about saving and investment through the routine meetings with community officer. Financial literacy is thus realized by deep interaction with the community through daily business operation.



## Expanding social impact through utilization of digital platform

One of Daya program's initiatives is "www.daya.id", a website to share access to entrepreneurial capacity building programs and healthy lifestyles that can be accessed by anyone, anytime and from anywhere for free. Daya.id partners with experienced business and health sector experts to provide high quality and trusted content based on daya.id users' urgencies. In 2021, daya.id was visited by over 2.1 million visitors, 73,566 of whom were registered visitors.

Daya.id also provide business capacity development programs, especially for MSME businessmen, in the form of tiered online curriculum and forums.

## Extending comprehensive financial service to pensioners

The elderly is considered to be another segment with weak financial position. Bank BTPN, initially a bank focused upon serving pensioners, provides easy credit facilities for pensioners with maximum loan amount of IDR 500 million and maximum installment period of 150 months.

Aside from financial support, the bank also provides pre-retirement orientation program, workshops on starting small businesses after retirement, and free medical consultations by doctors when customers are waiting in line to collect their pension money. Collectively, these initiatives help pensioners to lead a more active and independent "second life" after retirement.

## Handling of "Mirai 2030<sup>®</sup>," a Leasing Service for SDGs

SMFL

JRI

Sumitomo Mitsui Finance and Leasing ("SMFL") has started providing Mirai 2030<sup>®</sup>, which is a leasing service for SDGs to enable their achievement, jointly with Japan Research Institute (hereinafter "JRI"). SMFL offers two types of Mirai 2030<sup>®</sup>: Mirai 2030<sup>®</sup> (donation type), where a part of the lease charge is donated by SMFL to public interest incorporated foundations and NPOs that contribute to achieving the SDGs; and Mirai 2030<sup>®</sup> (certification type), whereby a certificate is issued if significant effects from facility adoption or proactive initiatives for SDGs are confirmed with regard to facilities related to renewables and/or energy saving.

In June 2021, SMFL began offering "Yokohama Version SDGs Lease Mirai 2030<sup>®</sup> (donation type)" with the aim of realizing "SDGs Future city" program currently being promoted by the City of Yokohama. This is the first leasing transaction in Japan that can contribute to the achievement of SDGs in collaboration with local governments, and the purpose is to further promoting a wider adoption of Yokohama's Y-SDGs(\*) certification system. This system is designed by Yokohama City, Yokohama SDGs Design Center, Sumitomo Mitsui Banking, and Japan Research Institute.

\* By making use of the Y-SDGs certification system and addressing SDGs, businesses in Yokohama are expected to drive shifts to sustainable management and operations, acquire new customers and business partners, and help investors and financial institutions make better investment and financing decisions, including ESG investment. This system certifies business organizations who are willing to contribute to the realization of SDGs Future City and the achievement of SDGs.

SMFL :

Since February 2022, SMFL has increased the number of donations for the SDGs lease "Mirai 2030<sup>®</sup>" from 1 to 5, and renewed to allow customers select donation destinations.(Japanese only)

## Regional Revitalization Business

SMBC Trust SMFL

SMBC Trust Bank received the land and buildings of an aquarium in trust and is involved in a regional revitalization business through design, management, and operational support of the aquarium.

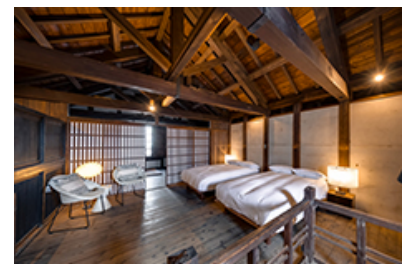
Since Sumitomo Mitsui Finance and Leasing ("SMFL") started to participate in accommodation business by using traditional Japanese-style house, cooperating with Nishi-Nippon Railroad, The Bank of Fukuoka, and Dazaifu City, Fukuoka Prefecture in January 2019, SMFL has been dedicated to develop regional redevelopment projects focusing on tourism promotion with local companies.

In September 2019, SMFL has tied its relationship with Nara Prefecture and The Nanto Bank and funded for old private house restoration projects and local industries. In July 2022, SMFL also participated in the creation of a new tourism hub utilizing historical buildings/houses, through a new tie-up with SEIBU REALTY SOLUTIONS INC., the city of Chichibu in Saitama Prefecture, and others.

As such, SMBC Group will support tourism and subsequently the development of regional economies by participating in such tourism projects as a partner and by providing leasing and various financial services.



Shikoku Aquarium



Traditional Japanese dwelling converted into lodging facility

## Donations through Products and Services

### Handling of ESG Investment Trusts and SDGs Bonds

SMBC Nikko

In June 2016, SMBC Nikko launched sales of the Schroder Asia Pacific Excellent Companies Fund, a mutual fund that invests in stocks in the Asia Pacific region focusing on ESG (Environment, Social, Governance).

The fund is the first ESG fund with Asia-Pacific stocks and received the Outstanding Fund Award in the domestic equity (global) category at the Morningstar Award Fund of the Year 2017. Since 2017, the company has been donating a portion of obtained profits through funds to support sports development and provide financing for disabled sports (para-sports). In July 2021, the company donated 1,739,024 yen to the Japan Sports Association and Japanese Para-Sports Association. In addition, Nikko Asset Management provides opportunities for investing in environmentally and socially conscious companies through its handling of green bonds and other social contribution bonds.

### Social Contribution Through Credit Card Use

SMBC Finance Service

SMBC Finance Service issues a credit card for social contribution through its credit card operations together with cardholders. When members use their cards, a portion of the spent money will be donated to organizations at no cost to the members. The "Atom Card" issued since 2003 is donating to charities that qualify as "activities that make children's dreams come true" and "activities that help children." Approximately 2.53 million yen was donated in fiscal 2019, a cumulative total of approximately 56.0 million yen.

## Initiatives to enhance customer convenience

SMBC Group is making various efforts to continue to provide high-quality financial services to customers all over Japan, regardless of location or time.

In order for customers to choose the best channel according to their needs and situation, SMBC Group provides 500 branches\* including SMBC and SMBC Nikko Securities, innovated digital services such as smartphone apps, online sales system where customers do not have to meet their consultant in person and etc., to strengthen its multi-faced network through multiple channels both online and offline.

In addition, SMBC also offers a reservation system in every branch for customers who wish to be supported in person.

By expanding the capability of tablets installed in the lobby of each branches, SMBC can make the procedures easier and faster.

\* SMBC's transactions are also available at E-net, Lawson Bank, Seven Bank and other partner financial institutions' ATM.

### Digital channel

SMBC considers its website, smartphone app, and internet banking service as a branch to be dedicated to each individual customer. To make these digital branches as convenient and helpful as the physical branches, we are focusing on developing new technology and providing high quality customer experience through UI/UX design.

## Recent developments

March 2021	Renewal of website
July 2021	Renewal of "SMBC Direct" (internet banking system)
October 2021	Extension of available time for transaction and balance confirmation for investment trust ("SMBC Direct" and SMBC App)
November 2021	Confirmation of balance and transactions became available 24/7
December 2021	Various procedures which were only available on internet browser became available on SMBC App
March 2022	Expansion of digital procedures, renewal of SMBC App's design to provide personalized information

For more information, please refer to the below websites

["Renewal of SMBC Direct, SMBC app" \(Japanese only\)](#) 

["Renewal of website" \(Japanese only\)](#) 

Led by in-house designers, SMBC won the Good Design Awards 2020 after winning it in 2019, by unifying the UI/UX design of SMBC website, SMBC App, SMBC Direct and SMBC Tablet (a terminal used for face-to-face consulting). In March 2022, the number of SMBC App downloads exceeded 10 million.

SMBC will continue to meet the diversifying needs of customers, by delivering seamless customer experience through digital and design solutions. We will also offer services that meet the needs of all customers by combining the strength of digital and branches.

## Measures for finance facilitation

Under the "Basic Policy for Financial Facilitation," branches as well as the headquarter of SMBC respond with responsibilities to the requests from small and medium corporate customers as well as the individual customers of housing loans for modifying loan conditions.

When we receive an application from a client regarding the modification of loan conditions, we will promptly conduct appropriate review after sufficiently considering the client's assets and cash flow.

When there are requests from corporate customers, we will formulate business rehabilitation plans, in order to track its progress, and provide advice as needed.

### "Basic Policy for Finance Facilitation"

1. Conduct appropriate review of applications submitted for a new loan or requests to modify loan conditions
2. Provide appropriate management consultation and guidance for clients and appropriate support for management improvements
3. Strive to improve the ability to assess the value of a client's business appropriately
4. Provide appropriate and thorough explanations to clients in consultations and applications for new loans or modification of loan conditions
5. Respond appropriately and adequately to client inquiries regarding new loan and modification consultations and applications and to consulting requests or complaints
6. Liaise closely with other financial institutions involved in applications for modifying loan conditions, applications for support through public and third-party institutions, or other applications
7. Respond appropriately in respect of personal guarantees in accordance with the "Guidelines for Personal Guarantee Provided by Business Owners"

## Support for Growth Industries

Sumitomo Mitsui Banking Corporation, SMBC Venture Capital Co., Ltd. and SMBC Nikko Securities Inc. plays a central role in SMBC Group to promote “innovation” to realize economic growth and a society for the next generation.

All Group companies are working together to support growth companies. Specifically, we are implementing an acceleration program for seed early stage growth companies under new business Creation Program “Mirai X (mirai cross)” (to be described later in detail), a collaborative support program with business and finance support by Sumitomo Mitsui Banking Corporation, investments by SMBC Venture Capital, and IPO support by SMBC Nikko Securities, etc.

### Main Measures

▼ “Mirai X(mirai cross),” new business creation program that forms the foundation of JAPAN's growth strategy

▼ Real Tech Fund: Support for R&D Ventures

### “Mirai X(mirai cross),” new business creation program that forms the foundation of JAPAN's growth strategy

SMBC

“Mirai X(mirai cross)” is a program centered on the following three pillar areas: (1) an acceleration program for seed early stage companies; (2) a collaborative support program supported by SMBC Group to promote open innovation and the creation of business with growth companies; and (3) various seminars and events for growth companies. Through these programs, the Group provides support for network establishment and collaboration with growth companies at various stages of their business.



New business Creation Program “Mirai X (mirai cross)” 

(You will be transferred to the New business Creation Program “Mirai X (mirai cross)” website.)

## Real Tech Fund: Support for R&D Ventures

### SMBC Nikko

The Real Tech Fund supported by SMBC Nikko is a venture capital fund created in April 2015 with euglena Co., Ltd. and Leave a Nest Co., Ltd. The aim of the fund is to address social and environmental issues that we face, revitalize Japanese economy and promote greater investment in Japan by providing comprehensive support of human, finance and material resources for venture companies with exceptional technologies.

The fund targets venture companies seeking to integrate into society innovative, R&D-oriented technologies ("real tech") that address social and environment issues, in fields such as robotics, biotechnology, the environment and energy, agriculture, new materials and IoT. It plans to conduct investment and development using a total 7.5 billion yen from funds invested by private companies in various industries.



## Promotion of Financial Literacy Education

Awareness of money is changing amid a widening gap between rich and poor and shifting economic conditions. Various problems related to money such as multiple debts and financial crime have emerged in recent years.

SMBC Group seeks to create a society where everyone can live safely, equipped with an accurate knowledge of money, by providing financial literacy education for all ages as a group-wide program. Financial literacy develops an independent-minded stance towards a more valuable life and the creation of a better society. This is because financial literacy helps people understand about money and its various function, think deeply about their own life and society and sophisticate their ways and values of living.

Through the provision of financial literacy education, we are helping people gain skills to “become self-reliant” and “be involved in the society”, usually obtained by working, thinking about cash planning and using money. We receive feedbacks like “I want to live as a responsible adult from next year” and “I recognized that I need early preparation to realize my life plan” from the students of our program.

In “SMBC Group GREEN×GLOBE 2030”, a long term plan until 2030 based on the “SMBC Group Statement on Sustainability”, we are setting a KPI to provide our financial literacy program to 1.5 million people from FY2020 to FY 2029.

[Progress Reports](#) 

Also, with the support of Social Value Japan, we conducted a social impact assessment of our financial literacy education for the first time as a Japanese financial institution. We will utilize this assessment to see if we are creating social impacts from an objective perspective, such as changes in awareness and actions of audiences concerning money, and improve our programs.

From the assessment in FY2020, we verified the expected outcome of our logic model we formed for the financial literacy education program, and we have confirmed that by attending our seminars, improvement in financial literacy of attendees have been seen.

[FY2020 Social Impact Assessment Report](#) 

Featured below are examples of financial literacy education tools and programs for several age groups.

## Financial information media

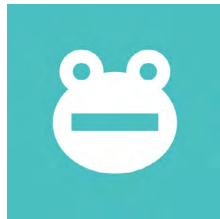
### SMBC Group

SMBC Group publishes articles on personal finance, etc., over the Internet.

**Sumitomo Mitsui Banking Corporation:**  
**Money VIVA, a Place to Enjoy Learning about Money (Japanese only)**  
 Learn about money and take a step forward toward the future.



**SMBC Nikko:**  
 Investing information service "Nikko FROGGY" that allows you to buy stocks from the articles (Japanese only).



**Sumitomo Mitsui DS Asset Management Company:**  
**Learning (Japanese only)**  
 Providing useful information for asset management, such as the basics of investment and financial systems



**SMBC Consumer Finance:**  
**Cartoon Contents (Japanese only)**  
**PROMISE Financial Literacy Education**



## Financial and Economic Education

### SMBC Group

SMBC Group is providing various types of financial literacy programs by several group companies as below. These programs are held both face to face and through online channels, in light of the convenience of attendees and the situation regarding COVID-19.

SMBC: Financial and Economic Education (Japanese only)

SMBC Nikko: Financial and Economic Education

SMCC : Financial Education (Japanese only)

SMBCCF: The Realization of a Lively Society and a Happy and Healthy Lifestyle for People (Japanese only)



## For Elementary School Students

### Initiatives for Elementary School Students

#### Events for Elementary school Students

##### SMBC Group Tankentai

###### SMBC Group

SMBC Group holds the SMBC group Tankentai event in which children and families of employees visit their workplaces and learn about the finance business through experience. The events in fiscal 2019 were held at the Tokyo and Osaka head offices of the SMBC and the head office of SMBC Nikko Securities (Shinmaru Building), with the participation of 215 people from 84 teams in Group companies. During the guided visit at the bank offices, visitors were brought to a bank vault normally unseen by customers and experienced the weight of 100 million yen in real bills, after attending lessons on the finance business and how to count paper money. The guided visit at SMBC Nikko Securities included an encounter with the Paralympic sport of blind soccer and workplace visits. Employees' families were able to better understand what their work entails by actually experiencing the workplace.



##### Natsuyasumi Kodomo Ginko Tankentai

###### SMBC

SMBC has conducted the "Natsuyasumi Kodomo Ginko Tankentai" program since 2006. The program that allows elementary school students to learn about and experience actual banking activities. On a tour of the bank, the students take classes from employees and are provided the opportunity to study the basics of finance and banking by experiencing bank teller operations and visiting the ATM and bank vault areas. In fiscal 2019, the program was conducted at two sites, in Tokyo and Kobe, and a total of 130 students in 59 groups participated.

SMBC: Natsuyasumi Kodomo Ginko Tankentai Bank Tour Program (Japanese only) 



## Nikko Family Exciting Experience Day

### SMBC Nikko

SMBC Nikko Securities has held the "Nikko Family Exciting Experience Day," a special hands-on social learning program, during children's summer break at its nationwide branches since 2006.

For the program, elementary school students and their families visit the company's branches and learn about the economy, money flows, the social role of financial institutions and more in a fun and exciting way through quizzes, hands-on experiments using information terminals and talks by employees.

## Visiting Lectures

### SMBC Nikko

SMBC Nikko Securities has sent employees to elementary schools since 2016 to give visiting lectures and get children interested in the economy and finance. Elementary school is considered to be the time when children gradually come to understand the importance and role of money, and through various experiences begin to form a foundation for thriving in society in the future. Employees conduct classes using textbooks and experiential classes using card games for children in fourth through sixth grade.

## Bank Tours and Vocational Workshops at Branches

### SMBC Nikko

SMBC promotes independently planned local community contribution activities by sales branches, and branches around the country hold bank tours, conduct cleanup events around branches and at other outside locations, and participate in community events and other activities.

## Support for Finance Seminars, etc,

### Support for KidZania Tokyo and KidZania Koshien

#### SMBC

As an official sponsor of KidZania Tokyo and KidZania Koshien, SMBC Group offers a vocational experience of banking for children. At KidZania Tokyo (in Koto Ward, Tokyo), SMBC has been a sponsor of the company since the park's completion in October 2006, and operates a bank branch that issues the Kidzania currency, "kidZos." At the KidZania Koshien branch, which opened in March 2008, in addition to issuing the currency, the bank also runs a program that lets children experience the jobs of bank employees in a fun and interesting way.

For further details, please refer to the following link.

[KidZania \(Japanese only\)](#) 



## Parent-Child Financial Seminars at F. League Matches

### SMCC

SMCC has held financial education seminars at Japan Futsal League (F. League) matches, etc., since fiscal 2016. The seminars are for elementary school children and their parents or guardians, with programs that utilize skits to convey the importance of using money in a balanced manner and using it according to a plan in a way that is easy for children to understand. Futsal events are also held. Going forward, SMCC will continue conducting activities to help raise financial literacy while also enlivening local communities through sport.

## Submitting a Tool Related to Finance and Economics Education

### "Hello! Money" Pocket Money Book App for Children

### SMCC

SMCC has released the "Hello! Money" allowance management learning tool, a free app for parents and children for financial literacy education. It helps children to learn the basics of personal finance through the management of their own allowances from an early age. It also provides parents and their children the opportunity to learn together the basics of money-spending, saving and increasing-in a fun way in order to help foster financial literacy in young people.

SMCC: "Hello! Money" allowance management learning app for parents and children for financial education (Japanese only)



## Publication of "What Does a Bank Do?"

### SMBC

In May 2007, in cooperation with Gakken Co., Ltd., we published "What Does a Bank Do?" as a part of a series on learning through comic books and donated copies to approximately 23,000 elementary schools and 3,000 public libraries throughout Japan. "What Does a Bank Do?" uses a comic book format to provide basic explanations of the social roles and history of banks, centering on the three main operations of a bank, deposits, loans, and currency exchange.



## For Junior High School and High School Students

### Initiatives for Junior High and High School Students

#### Hosting Seminars

##### Cooperation with Company Tours and Visiting Instructors

###### SMBC

SMBC cooperates with junior high and high schools by providing tours for students and sending employees to serve as visiting instructors. On the tours, students learn about bank operations and the banking vocation through tours of branch operations and the dealing rooms of market sales divisions.

##### Visiting lectures by public offering lecturers

###### SMCC

###### SMBC Finance Service

SMCC invites instructors from among its employees to visit junior and senior high schools and universities to offer lectures. We offer classes tailored to the needs of each generation and school, such as the characteristics and mechanisms of payment methods other than cash (credit cards, debit cards, prepaid cards, etc.,) and the importance of managing money towards a cashless society.

##### Finance and Economics Seminars for Forming a Sound Consumer Finance Market

###### SMBCCF

SMBC Consumer Finance holds finance and economics education seminars on topics such as managing household finances, loans and credit, and financial pitfalls. This initiative aims to provide students, the bearers of the future, and local residents accurate knowledge about money to enable them to make appropriate decisions. The seminars are provided primarily at 17 Customer Service Plazas nationwide. As the seminars are designed to meet the needs of local communities and educational institutions, they are requested by many organizations every year. Since their start in 2011, the seminars have been held over 19,000 times and over 1,200,000 people have participated (as of February, 2021). In addition, coworking with local entities such as the police and public consumer centers, SMBC CF is holding seminars to prevent local financial affairs and consumer problems to contribute to the resolution of local issues.



## For College Students

### Initiatives for University Students

#### Lecturer Dispatch

##### Visiting Instructors

###### SMBC

SMBC sends employees to various universities to serve as instructors. They provide lectures based on the needs of each university, ranging from specialized case studies such as environment-related structured finance to topics like women's empowerment. In fiscal 2019, we presented lectures to approximately 3,600 students at 79 universities.

#### Collaborating with Educational Institutions

##### Creating Newly Added Value by Cultivating Data Scientists and the Use and Application of Data

###### SMBC Trust

SMBC Trust Bank, along with the Sumitomo Mitsui Financial Group, concluded an agreement with Shiga University in September 2017 for collaboration and cooperation in education and research fields related to data science. SMBC is also cultivating human resources with expertise and skills in data science by jointly establishing Japan's first data science department with Shiga University in April 2017, dispatching lecturers to the university and accepting student internships. The Group is also undertaking initiatives to create newly added value by the use and application of data collected through shared research in business fields.



##### Seminar at Kyoto Women's University

###### SMBC Trust

SMBC Trust Bank held a "Trusts and the Trust Business", lecture at Kyoto Women's University as part of an endowed course.

##### Academic-industrial alliance with Kyoto University (Informatics Business Lecture Program)

###### JRI

In June 2018, Japan Research Institute, together with Kyoto University and 5 partner companies, established the Informatics Business Lecture Program. Partner companies provide materials on the importance of IT in business industries, issues and case studies in the corporate management and practices. By learning the importance of IT in the society and business world, we are working on nurturing students with practical IT literacy. By this program providing IT education which is vital to understand finance, we are contributing to improve financial literacy.

Informatics Business Lecture Program (Japanese only) 

## Academic-industrial alliance with Kobe University (Industry, Academia, Government and Region Collaboration Digital Personnel Training Lab)

JRI

Japan Research Institute has offered courses on financial business and IT to Kobe University since 2016. In 2019, we joined the Industry, Academia, Government and Region Collaboration Digital Personnel Training Lab to develop and implement full-scale educational programs for digital personnel training. We have established a new workshop style lecture on the theme in IT and information systems engineering in the financial business, providing a place to learn from practice teachers.

Kobe University Center for Mathematical and Data Sciences (Japanese only) 

## University of Tokyo "Quantum Software" Course

JRI

Japan Research Institute, in collaboration with the University of Tokyo and eight other companies, established the "Quantum Software" courses from June 1, 2021 to May 31, 2024 (for three years.) This program aims to research on a novel quantum machine learning system using quantum computers, and development of quantum applications. This program was established under the Graduate School of Science, the University of Tokyo, and is in cooperation with the Institute for Physics of Intelligence.

In this course, we aim to solve social issues through the development of new quantum machine learning method and quantum applications by combining quantum computers with tensor networks for information compression and sampling method for information extraction, understanding the physics behind quantum computers by using large size simulation, and acquiring the latest knowledge, as well as quantum native personnel training.

University of Tokyo Establishment of "Quantum Software" Course 

## For Working Adults

### Initiatives for Working Adults

#### Company Tours and Training Sessions

##### SMBC Nikko

SMBC Nikko Securities provides company tours and training for students and the general public to help them deepen their knowledge of finance and economics. Through program seminars, tours of the company's head office, branches, overseas offices, and other facilities, participants deepen their understanding of lifestyle and money in our society and acquire a variety of knowledge about the role of financial institutions and financial transactions.

#### Financial Education Program

##### SMBC

SMBC is holding seminars in various themes based on the needs and concerns of attendees, such as anxiety about the future and concerns on inheritance, etc. For example, we are introducing practical investment methods in preparation for future life plans, or explaining merits of reserve investments to beginners. These seminars are held not only in face to face at the branches, but also via webinars that can be viewed from any location at the attendee's convenience. We also post records of seminars held in the past.

#### Awareness-Raising Activities to Prevent Special Fraud

##### SMBCCF

SMBC Consumer Finance holds seminars to raise awareness of financial troubles for senior citizens to prevent them from falling victim to special fraud, which mainly consists of fictitious application fraud and refund fraud. We are working to prevent damage by informing actual damage cases and explaining countermeasures.



# Corporate Governance

## Our Approach

We position "Our Mission" as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities. We are working toward effective corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing "Our Mission."

## Initiatives for Improving Corporate Governance

2002	<ul style="list-style-type: none"><li>● Establishment of Sumitomo Mitsui Financial Group</li><li>● Voluntary establishment of Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors</li></ul>
2005	<ul style="list-style-type: none"><li>● Voluntary establishment of Audit Committee as internal committee of the Board of Directors</li></ul>
2006	<ul style="list-style-type: none"><li>● Formulation of "Basic Policy on Internal Control Systems" through internal control resolution made based on "Our Mission" and "Code of Conduct" in order to establish frameworks for ensuring appropriate operations</li></ul>
2010	<ul style="list-style-type: none"><li>● Listing of shares on the New York Stock Exchange in order to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods</li></ul>
2015	<ul style="list-style-type: none"><li>● Establishment of the "SMFG Corporate Governance Guideline"</li><li>● Increase in the number of outside directors to five and in the number of outside corporate auditors to three</li></ul>
2016	<ul style="list-style-type: none"><li>● Strengthening of Group governance by appointing the chairman of SMBC Nikko Securities as a director of Sumitomo Mitsui Financial Group along with the president of SMBC</li><li>● Commencement of evaluations of the effectiveness of the Board of Directors</li></ul>



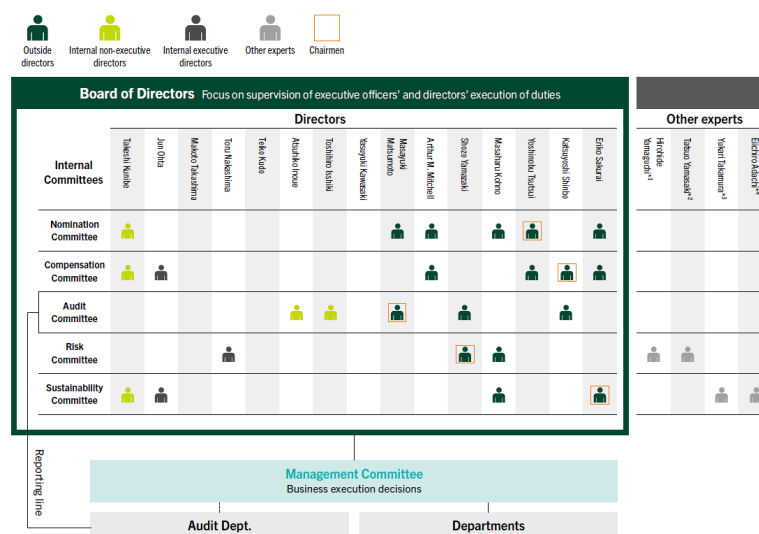
<b>2017</b>	<ul style="list-style-type: none"> <li>● Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees</li> <li>● Institution of new Group governance system through introduction of group-wide Business Units and CxO system</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>● Transition to the Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities</li> <li>● Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>● Appointment of an outside director as the chairman of the Risk Committee</li> </ul>
<b>2021</b>	<ul style="list-style-type: none"> <li>● Appointment of Group CSuO</li> <li>● Establishment of voluntary Sustainability Committee (Chaired by an outside director)</li> </ul>

## Sumitomo Mitsui Financial Group's Corporate Governance System

SMFG Group employs the Company with Three Committees structure. This structure was adopted in order to establish a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements and to achieve enhanced oversight of the exercise of duties by the Board of Directors and expedite this exercise of duties. In addition, core subsidiaries SMBC and SMBC Nikko Securities employ the Company with Audit and Supervisory Committee system described in the Companies Act.

Through the implementation of effective corporate governance systems, we aim to prevent corporate misconduct while also achieving ongoing growth and medium- to long-term improvements in corporate value. We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

## Corporate Governance System



\*1: Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan.

\*2: Specially appointed professor of International University of Health and Welfare.

\*3: Professor at the University of Tokyo Institute for Future Initiatives.

\*4: Senior Counselor of The Japan Research Institute, Limited.

## Board of Directors

### Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on the matters that are within its legally mandated scope of authority, such as basic management policies, as well as for overseeing the exercise of duties of executive officers and directors. Authority for execution decisions other than those legally required to be made by the Board of Directors will, in principle, be delegated to executive officers. The purpose for this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of "Our Mission" and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

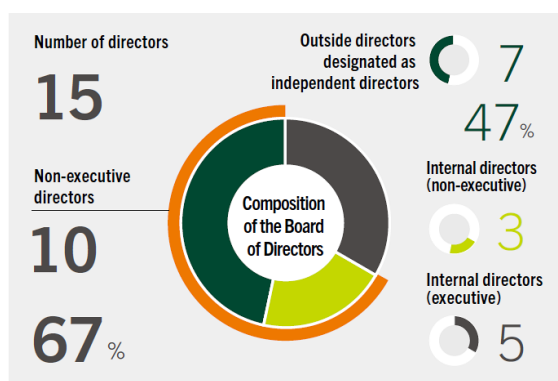
Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group's business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is to exercise highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and reflect these evaluations in its assessment of executive officers.

## Composition of the Board of Directors

The Board of Directors is comprised of directors with various backgrounds and diverse expertise, experience, gender and nationality.

As of June 29, 2022, the Board of Directors was comprised of 15 directors, which the Company believes to be the appropriate number of directors for the Board to perform its functions most efficiently and effectively. Ten of the 15 directors did not have business execution responsibilities at the Company or its subsidiaries, with seven of these 10 directors being outside directors. The chairman of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, serves as the chairman of the Board of Directors. This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company's legally mandated and voluntarily established committees. When necessary, outside directors will request reports on compliance, risk management, or other matters from the relevant divisions in order to promote appropriate coordination and supervision.



### Examples of matters discussed by the Board of Directors

- Sustainability Initiatives (Establishment of the Sustainability Committee etc.)
- IT Infrastructure / Cybersecurity / Providing stable payment infrastructure
- COVID-19 prevention measures
- Capital policy
- Digital transformation initiatives
- Handling of strategic shareholdings
- Inorganic strategy
- Corporate governance structure
- Human resources policies
- Geopolitical risks (Russia, Ukraine, etc.)
- Progress of the Medium-Term Management Plan and business plans

## Processes for selecting and dismissing directors and executive officers

We expect our directors and executive officers to embody the values expressed in our management philosophy at a high level, to possess a wealth of practical experience and high levels of ability and insight, and to contribute to the further development of SMBC Group. In selecting directors, the Nominating Committee spends ample time deliberating whether a candidate can meet these expectations. Where it is difficult for a director or executive officer to perform their duties effectively, the Group will consider their dismissal.

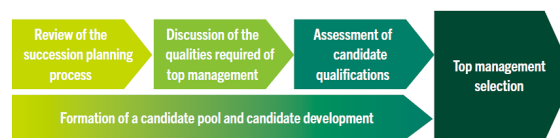
For details, please see References 4 and 5 in the "SMFG Corporate Governance Guidelines."

[SMFG Corporate Governance Guidelines.\(223KB\)](#) 























































## Succession planning for top management

One of the matters discussed by the Nominating Committee that directly relates to our Mission and management strategy is succession plans for the Company president (Group CEO) and the presidents of the core subsidiaries SMBC and SMBC Nikko Securities. To train and develop our future top management, we take our time systematically forming a candidate pool through tough work assignments and third-party assessment and coaching. From within this large pool of candidates, the best candidates with the qualities required to lead a global financial group, such as broad vision and communication abilities, are selected for top management.

### Top management selection process



## Skills Matrix of Directors

	Appointed	Corporate management	Finance	Global	Legal and risk management	Law/Financial accounting	IT/DX	Sustainability
Takeshi Kunibe	2007							
Jun Ohta	2014							
Makoto Takashima	2017							
Toru Nakashima	2019							
Teiko Kudo	2021							
Atsuhiko Inoue	2019							
Toshihiro Isshiki	2021							
Yasuyuki Kawasaki	2021							
Masayuki Matsumoto	2017							
Arthur M. Mitchell	2015							
Shozo Yamazaki	2017							
Masaharu Kohno	2015							
Yoshinobu Tsutsui	2017							
Katsuyoshi Shinbo	2017							
Eriko Sakurai	2015							

Note: The items listed in "Skills Matrix of Directors" are areas particularly expected of the relevant directors and do not represent all of the knowledge and experience possessed by the directors.

## Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group's business operations and business activities. Accordingly, we continually endeavor to supply outside directors with the information and insight on business activities that are necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2021 included those indicated to the right.

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Informal meetings between outside directors and relevant departments on topics including "Digital Transformation" and "International regulations relating to sustainability"
- Explanatory forums on Board of Directors' meeting agenda items prior to Board meetings to assist in understanding of items
- Study sessions for outside directors led by external lecturers on topics such as the Banking Act (Regulations on Scope of Business), governance, and cybersecurity
- Timely and effective provision of information such as details on the proceedings of internal meetings to outside directors
- External director-only meetings

## Outside Director and Corporate Auditor Independence Standards

In order for an outside director or outside corporate auditor ("Outside Director or Corporate Auditor") of the Company to be classified as independent, they must not fall under, or have recently fallen under, any of the following categories:

<b>1. Major Business Partner</b>	<ul style="list-style-type: none"> <li>● An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> <li>● An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> </ul>
<b>2. Specialist</b>	<ul style="list-style-type: none"> <li>● A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging more than JPY 10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor.</li> <li>● A member of a Juridical Person, etc. or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC.</li> </ul>
<b>3. Donations</b>	A person who has received—or an executive director, officer, or other person engaged in the execution of business of an entity which has received—on average over the last three years, donations or other payments from the Company or SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient's annual revenue.
<b>4. Major Shareholder</b>	A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years).
<b>5. Close Relative</b>	<p>A close relative of any person (excluding non-material personnel) who falls under any of the following:</p> <p>(1) A person who falls under any of 1 through 4 above; or</p> <p>(2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.</p>

Please see Reference 6 of the "SMFG Corporate Governance Guideline" for more information.

SMFG Corporate Governance Guidelines.(223KB) 

## Internal Committees

	Main role	Number of meetings in FY2021 (average attendance)	Activities in FY2021
<b>Nomination Committee</b>	The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. This committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and the selection of successors to the presidents of the Company, SMBC, and SMBC Nikko Securities.	6 meetings (100%)	<ul style="list-style-type: none"> <li>Deliberated on the appointment of suitable directors and executive officers to support the management foundations of the Company and its subsidiaries, as well as succession plans for top management.</li> <li>Defined a new skills matrix based on a redefinition of the skills of our directors (the knowledge and experience we specifically expect).</li> </ul>
<b>Compensation Committee</b>	The Compensation Committee is responsible for deciding policies for determining the compensation of directors and executive officers of the Company as well as compensation amounts of individual directors and executive officers of the Company based on those policies. In addition, this committee deliberates on the policies for determining the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company.	6 meetings (97%)	<ul style="list-style-type: none"> <li>Through a series of Compensation Committee meetings and informal sessions, reviewed the evaluation method for annual performance-linked incentive and decided to incorporate a quantitative ESG evaluation for executive bonuses starting from FY2022.</li> <li>Discussed revisions to the executive compensation system for major subsidiaries from the perspective of further enhancing the competitiveness of SMBC Group.</li> </ul>
<b>Audit Committee</b>	The Audit Committee is responsible for auditing the execution of duties by executive officers and directors of the Company, preparing audit reports, and determining the content of proposals for election, dismissal, or non-reelection of the accounting auditor to be submitted to the general meeting of shareholders. Committee members appointed by this Committee are to perform audits of the operations and assets of the Company and its subsidiaries.	15 meetings (100%)	<ul style="list-style-type: none"> <li>In accordance with the audit policy and audit plan, audited the execution of duties by directors and executive officers by attending key meetings, interviewing with directors and executive officers, receiving reports from internal departments and visiting offices in Japan.</li> <li>Provided summaries of the results of its deliberations to the Board of Directors, and issued recommendations and opinions to executive officers, etc. where necessary.</li> </ul>

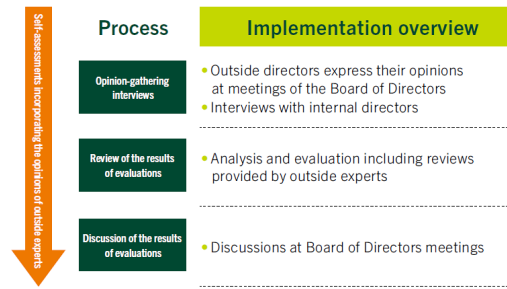
	Main role	Number of meetings in FY2021 (average attendance)	Activities in FY2021
<b>Risk Committee</b>	Chaired by an outside director, the Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, the operation of the Risk Appetite Framework, and the implementation of risk management systems as well as other important matters pertaining to risk management and reporting to the Board of Directors on these matters.	4 meetings (100%)	<ul style="list-style-type: none"> <li>Discussed potential scenarios and their impact on the Group in response to events including the escalation of the Russia-Ukraine conflict, the COVID-19 pandemic and rising interest rates in the US, deliberated on initiatives to address climate change risk and model risks.</li> <li>Discussed risk appetite based on Top Risks and stress tests for the development of business plans.</li> </ul>
<b>Sustainability Committee</b>	The Sustainability Committee is responsible for deliberating on the progress of sustainability initiatives, including climate change initiatives, domestic and overseas sustainability trends, and other important matters related to sustainability. It regularly reports to, and advises, the Board or Directors.	2 meetings (100%)	<ul style="list-style-type: none"> <li>In light of our commitment to net zero emissions by 2050, discussed the need to join the "Net-Zero Banking Alliance" and participate in global rule-making.</li> <li>Shared recognition of the importance of careful engagement with customers to reduce greenhouse gas emissions and deliberated on the development of an internal framework to achieve this.</li> </ul>

## Evaluation of the Board of Directors' Effectiveness

The "SMFG Corporate Governance Guideline" contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, annual analyses and evaluations are conducted by the Board of Directors to determine whether or not it is executing its duties in line with the guideline, and the results of these analyses and evaluations are disclosed.

In FY2021, the evaluation focused on the three areas described below, which are areas for which provisions exist in Japan's Corporate Governance Code and the "SMFG Corporate Governance Guideline." All seven outside directors were asked for their opinions regarding these areas at meetings of the Board of Directors held in April 2022, and interviews of internal directors were conducted thereafter. The primary subject of interviews with internal directors was their expectations of outside directors. Discussions based on the findings took place at Board of Directors' meetings in June, after which analyses and evaluations were carried out to determine whether or not the Board of Directors was executing its duties in line with the "SMFG Corporate Governance Guideline." Moreover, reviews by external specialists with expertise from developed nations are received at each stage of the evaluation process.





## Overview of Results of Evaluation of the Board of Directors' Effectiveness

In FY2021, based on the actions that have been taken to respond to the findings of the FY2020 Effectiveness Evaluation, the Board of Directors assessed the Group to be sufficiently effective, or more effective than before, as a result of efforts to increase the sophistication and effectiveness of deliberations at Board of Directors meetings. Based on the results of the latest Effectiveness Evaluation, together with the diverse opinions of the directors and the recommendations of external experts gathered through a series of processes, we are working to further improve effectiveness by promoting mutual understanding between outside directors and internal officers and employees, and by discussing and resolving fundamental issues to enhance our corporate value.

	FY2021 Evaluation	FY2022 Priority Issues
<b>Role of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Steps are taken to invigorate discussions by drawing on the highly specialized expertise of the outside directors. These discussions were geared toward medium- to long-term improvements in corporate value based on the interests of various stakeholders while incorporating important matters related to business strategies to contribute to the fulfillment of "Our Mission."</li> <li>In FY2020, the deliberations of various Board of Directors internal committees formed an effective foundation for substantive discussions held by the Board on various topics, including sustainability, which is now widely demanded by both society and investors.</li> <li>Based on the executive-side discussions of the Management Committee, matters related to business plans and other basic management policies as well as the status of business execution were presented and reported on several occasions. As a result, effective deliberations on these matters were able to take place and oversight functions were exercised properly.</li> </ul>	<p>The Board of Directors will go further in fulfilling its role through mutual understanding between outside directors and internal executives and employees, achieved through expanding discussions of the "Next Medium-Term Management Plan," which addresses the future of SMBC Group, as well as close supervision as the holding company of SMBC Nikko Securities in light of the arrest and indictment of its former executives and employees on the suspicion of violating the Financial Instruments and Exchange Act, as well as the company's corporate indictment.</p>

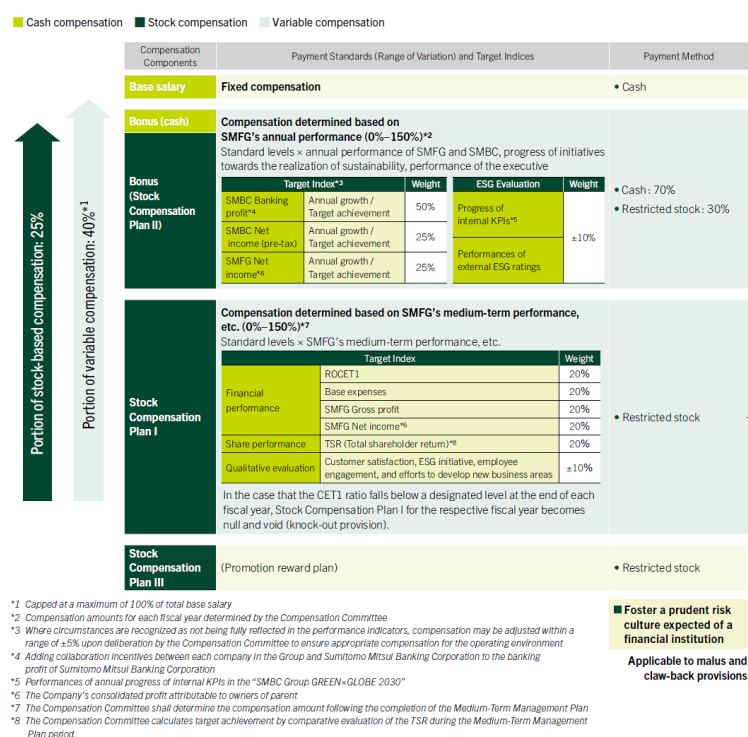
	FY2021 Evaluation	FY2022 Priority Issues
<b>Proceedings of the Board of Directors and Support Systems for Outside Directors</b>	<ul style="list-style-type: none"> <li>● The number and content of agenda items as well as the amount of time dedicated to discussion of agenda items were more or less at the appropriate level.</li> <li>● Appropriate agenda management by the chairperson has facilitated the continuation of brisk discussions.</li> <li>● The Board of Directors continues to make flexible management decisions amid the changing operating environment. Members of the Board of Directors are provided with the information necessary for exercising their oversight function in a timely and appropriate manner.</li> <li>● The Company continued to provide systems for effectively supporting the Board of Directors in making management decisions through venues such as study sessions for outside directors and forums for discussions between outside directors and internal directors, executive officers, and accounting auditors, etc. Steps were taken to contribute to livelier discussions at meetings of the Board of Directors, including meetings for the exchange of opinions between outside directors and internal executives, as well as meetings exclusively for outside directors, in order to promote mutual understanding and deeper understanding of operations.</li> </ul>	Going forward, as an initiative to further use outside directors' knowledge and to encourage open discussion, information will be provided, and meetings arranged, to deepen understanding of the main Group companies' operations.
<b>Composition of the Board of Directors</b>	<ul style="list-style-type: none"> <li>● As of March 31, 2022, the Board of Directors consisted of 15 directors, seven of whom were outside directors. Accordingly, outside directors represented over 40% of all directors. It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors features an atmosphere conducive to outside directors voicing opinions regarding management.</li> </ul>	The Nominating Committee shall continue to examine and review the ideal composition of the Board of Directors in light of its role.

## Compensation Program

To facilitate the fulfillment of Our Mission and the realization of Our Vision, SMBC Group's medium- to long-term vision, we developed a compensation program for Directors, Corporate Executive Officers and Executive Officers (the "Executives") and introduced Stock Compensation Plans as a part of Executives' compensation programs, for the purpose of:

1. Providing appropriately functioning incentives for Executives, strengthening linkage with our short-, medium-, and long-term performance, and
2. Further aligning the interests of Executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our Executives.

## Executive Compensation System



## Executive Compensation Structure

In principle, executive compensation consists of base salary, bonuses and stock compensation. The performance-linked portion, which fluctuate with the business environment and performance, accounts for approximately 40% of total compensation.

### Annual Performance-Linked Incentive

Both the Bonus (Cash) and Stock-Compensation Plan II are paid as annual performance-linked incentive. Three performance indicators are used: "SMFG Net Income" which is management's end performance, and "SMBC Banking profit" and "SMBC Net Income (pre-tax)," which indicate the profitability of SMFG's major subsidiaries. These create a strong link between performance and executive compensation, ensuring that compensation functions as an appropriate incentive for performance.

FY2021 Results: Bonus (Cash) & Stock Compensation Plan II					
Target Index		Weight		Performance	Performance evaluation coefficient
SMBC Banking profit	Annual growth / Target achievement	50%	➡	52%	113%
SMBC Net income (pre-tax)	Annual growth / Target achievement	25%		32%	
SMFG Net income	Annual growth / Target achievement	25%		29%	

## Medium-Term Performance-Linked Compensation

Stock Compensation I is paid as medium-term performance-linked compensation. In order to improve accountability incentives for our medium- and long-term performance and to increase shareholder value, medium-term performance-linked compensation is calculated based on the target indices of ROCE1 and base expenses together with qualitative evaluations including "customer satisfaction" and "initiatives in new business fields."

Compensation programs and levels are determined by the Compensation Committee based on third-party surveys of manager compensation, economic and social trends, and the operating environment.

## ESG Evaluation

We are incorporating the "ESG evaluation" indicator to executive compensation with the aim of further increasing our executives' commitment to contributing to the realization of a sustainable society and achieving "SMBC Group GREEN×GLOBE 2030." We have been including "ESG initiatives" into the qualitative evaluations for medium-term performance-linked compensation in order to reflect the degree to which long-term sustainability-related targets, including those for climate change, are being achieved. In addition to this, from FY2022, the Compensation Committee will judge performances of annual progress of internal KPIs in the "SMBC Group GREEN×GLOBE 2030", such as the reduction of greenhouse gas emissions, and performances of external ESG ratings. These performances will be reflected in annual performance-linked incentive by a maximum of 10%, plus or minus.

## Ensuring Robust Business Operations

We have also introduced provisions for malus (forfeiture) of restricted stock and the claw-back of vested stock allocated under the Stock Compensation Plans in the event of incidents occurring such as material revisions to financial statements or material damage to the reputation of the Group. We are working to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

[SMFG Executive Compensation Policy](#) 

[News Release:"Introduction of New Stock Compensation Plans for Executives"](#) 

[Securities Report"Yuka Shoken Hokokusho":Status of Corporate Governance P75-P110\(Japanese only\)](#) 

For further details on our corporate governance and our Policy regarding strategic shareholdings, please refer to the following link.

[Corporate Governance: SMBC Group Annual Report 2022 \(404KB\)](#) 

[Securities Report"Yuka Shoken Hokokusho":Status of Corporate Governance P77-P122\(Japanese only\)](#) 

[Corporate Governance Guideline \(223KB\)](#) 

[Corporate Governance Report \(Japanese only\) \(225KB\)](#) 

[Policy regarding strategic shareholdings \(239KB\)](#) 

For details about SMFG's organization management structure, please see the following link.

[Corporate Infrastructure](#) 

## Risk Management

### Our Approach

Strengthening of compliance and risk management is positioned as a key issue in SMBC Group's Principles of Action on Compliance and Risk. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

[Risk Management: SMBC Group Annual Report 2022 \(311KB\)](#) 

### Risk Culture

In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a “Top Tier Global Financial Group,” each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just if they are compliant with laws and regulations. SMBC Group has established “Principles of Action on Compliance and Risk” in order for every colleague to hold onto as a “keystone” of their daily business. The principles include “Business based on the Risk Appetite Framework” and “We will conduct business operations with risk ownership of the risks, such as credit risk, market risk, liquidity risk, operational risk, and conduct risk, that arise in our own business.” Concrete measures include internal surveys for monitoring the compliance awareness and risk sensitivity of our colleagues as well as internal training for fostering a sound risk culture.

### Risk Appetite Framework

SMBC Group has introduced a Risk Appetite Framework for controlling group-wide risks that clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (risk appetite).

The Risk Appetite Framework is one of two pivots of our business management alongside business strategies. It functions as a management framework for sharing information on the operating environment and risks facing SMBC Group among management and for facilitating appropriate risk taking based thereon.

## Risk Appetite Framework Positioning



## Risk Appetite Composition

Categories			
Soundness	Profitability	Liquidity	Credit
Market	Operational	Conduct <sup>*1</sup>	
Established for each category			
Risk Appetite Statement		Risk Appetite Measures	
A qualitative explanation of our approach to risk taking and risk management for various risk categories		Quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk/return	

\*1 Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

Individual risk appetites have been established by strategies for each business unit as necessary based on the overall risk appetite of SMBC Group. Risk appetites are decided during the process of formulating business strategies and management policies. These risk appetites are set based on Top Risks that threaten to significantly impact management and on risk analyses (stress testing) that illustrate the impact if a risk should materialize.

In addition, risk register and Key Risk Events (KRE) are utilized as part of a system for assessing the risks present in new and existing business activities and for verifying the adequacy of Top Risks, risk appetites, and business strategies.

The outlooks for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary. For example, overall risk capital<sup>\*2</sup> has been selected as an indicator for risk appetite, which displays the soundness of SMBC Group. Overall risk capital is the aggregate of the risk capital amounts for each risk category. Management standards have been set for the upper limit for overall risk capital based on group-wide management constitution. Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.

In addition, specific risk appetite indicators have been set for credit risk, market risk, liquidity risk, and other risk categories to facilitate appropriate management based on a quantitative understanding of risk appetite. <sup>\*2</sup> The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations.

## Top Risks

SMBC Group identifies risks that threaten to significantly impact management as Top Risks.

The selection of Top Risks involves comprehensive screening of risk factors, evaluation of each risk scenario's possibility of occurrence and potential impact on management, and discussion by the Risk Management Committee and the Management Committee. Top Risks are utilized to enhance risk management by being incorporated into discussions of the Risk Appetite Framework and the formulation of business strategies and into the creation of risk scenarios for stress testing.

### Top Risks

- A global economic slowdown
- Disasters such as large-scale earthquakes, storms, and floods
- Highly volatile commodity price and financial / foreign exchange markets
- Lack of preparedness against cyber attacks and financial crimes
- Sudden deterioration of the foreign currency funding conditions
- Changes in industrial structure due to technological innovation
- Japanese economic stagnation
- Inadequate responses to climate change risk and environmental issues
- Japanese fiscal instability
- Inadequate responses to human rights issues
- The U.S. - China struggle for supremacy
- Improper labor management
- Growing tensions around Russia-Ukraine conflict
- Misconduct such as an employee's inappropriate behavior
- Unstable situations in the Middle East and Asia
- Inadequate improvement in the operational resilience system
- Political turmoil and social instability
- Inadequate preparedness for heightened regulatory and supervisory scrutiny
- Outbreak of serious infectious disease
- Difficulty in securing human resources

Note: The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

Please see Appendix for Top Risks.

[Risk Management: Appendix SMBC Group Annual Report 2022 \(273KB\)](#) 

## Stress Testing

At SMBC Group, we use stress testing to analyze and comprehend the impact on SMBC Group's businesses of changes in economic or market conditions, in order to plan and execute forward-looking business strategies.

In our stress testing, we prepare multiple risk scenarios including macroeconomic variables such as GDP, stock prices, interest rates, and foreign exchange rates based on the aforementioned Top Risks, discussions with experts and related departments.

When developing business strategies, we set out scenarios assuming stressed business environments such as serious economic recessions and market disruption for the sake of assessing risk-taking capabilities at SMBC Group and verifying whether adequate soundness can be maintained under stress.

During a fiscal year, we will undertake agile stress testing to assess the potential impact on our business and to take the appropriate response in case a serious risk event occurs. For example, stress tests have been conducted with regard to the worsening Russia-Ukraine conflict and the acceleration of monetary tightening by the FRB to verify the soundness of SMBC Group's capital and confirm the appropriate actions to be taken.

In addition, we conduct detailed stress testing for individual risks such as credit risk, market risk, and liquidity risk, so as to decide and review risk-taking strategies.

We are also conducting scenario analyses on physical and transition risks related to climate change.

\* Natural disasters resulting from extreme weather (physical risks) and carbon-related stranded assets due to the transition to a carbon-neutral society (transition risks) and so forth.

Please see "Efforts Addressing Climate Change" for information on our approach to climate change

## Risk Register

A risk register is formulated by each business unit for the purpose of realizing more sophisticated risk governance and enhancing business units' risk ownership. In formulating these registers, business units communicate with risk management departments to identify the risks present in their business, and these risks are reflected in business strategies after they have been evaluated and the adequacy of measures for controlling them has been verified.

## Key Risk Events

Key Risk Events (KRE), external events that indicate the increased threat of risks, have been identified to ascertain the symptoms of the potential risks. KRE are utilized to analyze and assess how likely similar cases will occur in SMBC Group and what effects such similar cases will have on SMBC Group, and to enhance our risk management system.

# Risk Management Systems

Based on the recognition of the importance of risk management, top management is actively involved in the risk management process, and systems are in place for verifying and monitoring the effectiveness and appropriateness of this process. Specifically, the group-wide basic policies for risk management and the Risk Appetites for entire SMBC Group are determined by the Management Committee and authorized by the Board of Directors. After that, the status of risk management based on these policies and risk appetites is reported to the Board of Directors by the Group CRO four times per year.

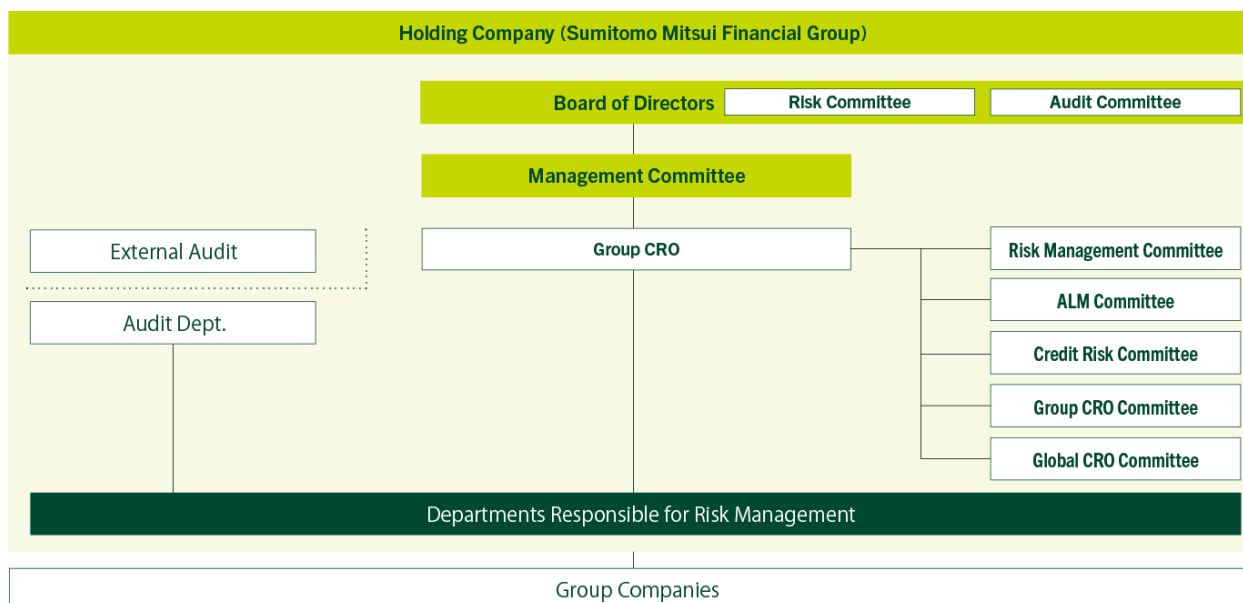
If the outlooks for the operating environment and risks change drastically from the assumption in the beginning of the fiscal year, we will review the Risk Appetite for entire group in a timely and appropriate manner with approval by the Board of Directors.

Also, we have defined three lines of defense and clarified related roles and responsibilities of relevant divisions. With these provisions in place, risk management systems have been established based on the characteristics of particular businesses, and measures are being put in place to strengthen and improve the effectiveness of these systems in accordance with these basic policies for risk management.

Furthermore, SMBC Group is strengthening group-wide risk management systems through the Group CRO Committee and the Global CRO Committee.



## SMBC Group's Risk Management System



### Definition of SMBC Group's Three Lines of Defense

The Basel Committee on Banking Supervision's "Corporate governance principles for banks" recommends "three lines of defense" as a framework for risk management and governance. Based on this framework, we have clarified the roles and responsibilities of each unit as indicated below and we are taking steps to achieve more effective and stronger risk management and compliance systems.

	Principal Organizations	Roles and Responsibilities
First Line	Business Units	<p><b>The Business Units shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</b></p> <ul style="list-style-type: none"> <li>• Identification and evaluation of risks encountered in the business activities</li> <li>• Implementation of measures for minimizing and controlling risks</li> <li>• Monitoring of risks and reporting within First Line and to Second Line</li> <li>• Creation and fostering of a sound risk culture</li> </ul>
Second Line	Risk Management and Compliance Departments	<p><b>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</b></p> <ul style="list-style-type: none"> <li>• Drafting and development of basic principles and frameworks concerning risk management and compliance</li> <li>• Oversight, monitoring, and development of training programs for First Line</li> </ul>
Third Line	Audit Department	<p>Independent from First Line and Second Line, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by First Line and Second Line, and report these results to the Audit Committee and the Management Committee. The Department shall provide recommendations regarding identified issues / problems.</p>

## Response to the COVID-19 Pandemic

The rapid changes seen around the world in FY2020 in the circumstances surrounding the COVID-19 pandemic made for a consistently opaque global economic outlook. In response to this uncertainty, SMBC Group strove to respond to customer funding demands to the greatest extent possible while using stress tests and up-to-date information to quantitatively assess the adequacy of capital and liquidity whenever deemed necessary.

Furthermore, we reinforced information security and practiced exhaustive information management to combat the cyber attack and financial crime risks arising in response to changes in lifestyles and workstyles.

These verification processes and risk countermeasures will continue to be implemented based on discussion by the Management Committee and the Risk Committee going forward.



[Road Map to Risk Management Disclosure](#) 

# Compliance

## Our Approach

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

[Compliance: Annual Report 2022 \(211KB\)](#) 

[Securities Report "Yuka Shoken Hokokusho": P.25、 26、 82 \(Japanese only\) \(3,235KB\)](#) 

## Compliance Management

SMBC Group seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations on a group-wide and global basis. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

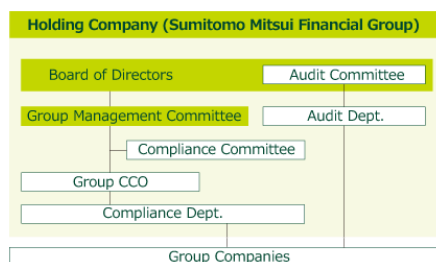
SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group formulated Compliance Program to provide a concrete action plan for practicing compliance from the perspective of groupbased management. The Board of Directors and the Management Committee annually determines the Group Program and, in principle, semiannually (twice a year) receives its progress updates from the Group CCO to which they give instructions to the entire organization when needed. Group companies develop their own compliance programs based on the Group program and take necessary steps to effectively install compliance frameworks.

The Company receives consultations and reports on compliance-related matters from Group companies, providing suggestions and guidance as necessary to ensure compliance throughout the Group.

From the perspective of global-based management, compliance departments for major overseas offices have been recognized within the Compliance Unit, which facilitated to develop an integrated group-based compliance management framework for overseas offices.

## — Compliance Systems at SMBC Group



## Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

In order for companies to coexist with society and develop sustainable growth, it is crucial to take an appropriate amount of risks and to maintain appropriate risk management, including compliance. In particular, financial institutions should emphasize compliance and risk management, considering its public mission and the heaviness of the social responsibility.

Based on this recognition, management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Specifically, SMBC Group has defined the Principles of Action on Compliance and Risk to serve as guidelines for executives and employees in practicing compliance and risk management. Continuous reviews are carried out to improve compliance with these guidelines and to ensure their effectiveness.

[Principles of Action on Compliance and Risk \(207KB\)](#) 

## Policies and Measures for Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Adhering to Economic Sanctions Regulations

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF) and adhering to economic sanctions regulations, and therefore, undertakes every effort to prevent ourselves and employees, from engaging in, and/or providing assistance to, the commission of ML/TF, and from violating economic sanctions regulations.

SMBC Group strictly complies with AML/CFT and economic sanctions regulations by establishing a Group Policy and by implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate.

The Group Policy and systems are implemented in accordance with the requirements of the relevant international organizations (e.g. the United Nations, the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the SMBC Group has operations (e.g. U.S. "Office of Foreign Assets Control Regulations").

The policies and measures for AML/CFT and economic sanctions regulations implemented across the SMBC Group include, but are not limited to, the following:

- SMBC Group has established an organizational structure to adhere to AML/CFT including Know Your Customer (KYC) / Customer Due Diligence (CDD), and economic sanctions regulation and policies and operating guidelines for reporting suspicious transactions.
- SMBC Groups' KYC/CDD including non-face-to-face CDD, are conducted in accordance with applicable laws and regulations, and its procedures include screening against lists of persons designated to be involved in acts of terrorism or other crimes, by the resolutions of the United Nations Security Council and applicable laws and regulations in other jurisdictions where the Group has operations.
- SMBC Group applies appropriate risk mitigation measures including due diligence to its customers and/or transactions, according to the level of ML/TF risk and decides whether or not starts business with customers and/or conducts transactions. When customers and/or transactions which present a higher risk of ML/TF, such as involvement of foreign politically exposed persons (PEPs), based on the applicable laws and regulations, stricter measures will be taken, which include Enhanced Due Diligence and/or the approval of senior management.
- SMBC Group files suspicious transaction report appropriately to the regulatory authorities based on the applicable laws and regulations, in case there are suspects or reasonable grounds to suspect that the funds are the proceeds of a criminal activity or are related to terrorist financing.
- SMBC Group keeps relevant documents and records relating to the AML/CFT measures undertaken in accordance with applicable laws and regulations.
- SMBC Group periodically conducts internal audit for assessing the adequacy and effectiveness of the internal controls related to AML/CFT framework and economic sanctions regulations.
- SMBC Group provides appropriate training, on an ongoing basis, to ensure that all employees are familiar with the AML/CFT obligations and requirements. SMBC provides training on AML/CFT and international sanctions compliance several times a year, such as online training for all employees in domestic branches and offices, training for senior management, and role or position specific trainings.

## Response to Anti-Social Forces

SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group does not have any connection with anti-social forces or related individuals.

Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. Contractual documents or terms and conditions state the exclusion of anti-social forces from any business relationship. In the event that it is discovered subsequent to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an antisocial force, we undertake appropriate remedial action by contacting outside professionals specializing in such matters.

### — Basic Policy for Anti-Social Forces

1. Completely sever any connections or relations from antisocial forces.
2. Repudiate any unjustifiable claims, and do not engage in any "backroom" deals. Further, promptly take legal action as necessary.
3. Appropriately respond as an organization to any anti-social forces by cooperating with outside professionals.

## Customer Information Management

SMBC Group has established Group policies that set forth guidelines for the entire Group regarding proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

Privacy Policy of SMFG is mainly intended for personal information of shareholders, and Privacy Policy of SMBC, the core banking subsidiary of SMBC Group, is mainly intended for personal information of customers. SMBC's Privacy Policy determines the use, collection and processes, etc., of personal information in its "Handling of a Client's Personal Information" in detail.

Other Group companies also establish and disclose privacy policies for their measures regarding the proper protection and use of customer information and customer numbers. Appropriate frameworks are established based on these policies.

[Privacy Policy](#) 

[Privacy Policy of SMBC \(Handling of a Client's Personal Information\)](#) 

[Privacy Policy of Group Companies](#) 

Privacy Policies of SMFG and SMBC were established after the resolution of the Management Committee of both entities, and their revision/abolition are subjected to the Management Committee as well. Measures to protect personal information based on the policies are under responsibility of the head (Executive Officer) of Compliance Department. These measures are embedded in the group-wide compliance program, and when issues arise, they will be reported to and be subjected to remedial actions by the Compliance Department. When violation to the policy is discovered, disciplinary actions could be taken under internal policies. In addition, for suppliers and external vendors, how they will use personal information and its risks associated will be confirmed before deals start based on internal policies and procedures, and when deals are determined to have high risks, additional detailed memorandums concerning information management are exchanged. As such, we are strictly addressing the issue of personal information protection in our entire operation including the supply chain. Also, effectiveness of privacy policies are ensured by periodical risk assessments and audit by the Compliance Department.

Moreover, especially in SMBC, all employees are required to take a training course concerning customer information protection at least once a year.

## Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities

SMBC Group has Internal Reporting Systems and whistle-blowing systems designed to promote self-correction through early detection and rectification of actions that may violate laws and regulations\*. All of our stakeholders within and beyond our company can report issues/concerns through the Internal Reporting Systems 24 hours a day, 365 days a year. These systems are introduced by displaying posters, distributing employee mobile cards, and holding training program.. Our internal stakeholders that can utilize this mechanism are all the Group employees listed below:

- a. Employees, including contract employees, employees during their trial or probation period, temporary-hired employees and part-time employees.
- b. Part-time employees and employees on temporary contracts that are dispatched by outside service providers who work at SMBC Group and Group Companies, or are employees of other companies seconded to SMBC Group and Group Company offices.
- c. Employees of service providers to which businesses operations have been outsourced, and employees of business agents.

Employees can report issues/concerns anonymously to the lawyer, designated as the external channel within our Internal Reporting System. In response to raised issues/concerns, appropriate steps are taken to maintain the confidentiality and the privacy of the employees who submitted the report. Any form of retaliation against the employees as a result of a report is strictly prohibited. If any form of retaliation is confirmed, strict measures, including disciplinary action, will be taken. Furthermore, overseas branch offices have their own internal reporting systems, which allows local employees to report issues/concerns in their local languages.

Investigation is conducted mainly by the designated department such as General Affairs Dept. Human Resources Dept for all the issues/concerns raised through Internal Reporting Systems. If a violation is found as a result of the investigation, corrective measures will be taken in accordance with laws and regulations, including personal disposal. And after some time since the corrective measures were taken, follow-up actions will be made to see if the corrective measures are being taken in function and if there are any problems from the perspective of whistle blower protections. In addition, the SMBC Group Alarm Line has adopted management System, which gives top priority to protect in whistle blower, and strictly handles information pertaining to the reports. The results of such investigations, progress regarding corrective actions taken in response, as well as regular updates regarding the Internal Reporting Systems are reported to the Compliance committee, the Group Management Committee, and the Audit Committee on a regular basis. In FY2021, throughout all our Group companies, we have received 276 reports through the Internal Reporting Systems from internal and external stakeholders.

\* Specifically, any violations of the Principles of Action on Compliance and Risk (SMFG) , human rights as set out in the International Bill of Human Rights, and the International Labor Organization's (ILO) Declaration on Fundamental Principles at Work can be reported to Internal Reporting Systems.

Sumitomo Mitsui Financial Group Accounting and Auditing Hotline is aimed at strengthening the Group's self-correction function by encouraging early detection and rectification of improper actions relating to accounting, accounting internal controls, and auditing at the Group. The hotline can be used from to report accounting and auditing irregularities. The Hotline receives reports from not only officers and employees of SMBC Group and external contractors, but also from the public

## SMFG Accounting and Auditing Hotline/Designated Dispute Resolution Agencies

### — SMFG Accounting and Auditing Hotline

Reports may be submitted by regular mail or e-mail to the following addresses.

#### Mailing address

SMFG Accounting and Auditing Hotline  
Iwata Godo Attorneys and Counselors at Law  
10th floor, Marunouchi Building  
2-4-1, Marunouchi, Chiyoda-ku, Tokyo  
100-6310

#### E-mail address

[smfghotline@iwatagodo.com](mailto:smfghotline@iwatagodo.com)

- The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company or its consolidated subsidiaries.
- Anonymous reports will also be accepted. Since an investigation cannot be conducted without adequate information, please provide as much detail as possible of the circumstance.
- Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.

### — Designated Dispute Resolution Agencies

For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of the "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.

#### Japanese Bankers Association

Contact information	Consultation office, Japanese Bankers Association
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Telephone numbers	(Japan) <a href="tel:0570-017109">0570-017109</a> or <a href="tel:03-5252-3772">03-5252-3772</a>
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Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm
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#### Trust Companies Association of Japan

Contact information	Consultation office, Trust Companies Association of Japan
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Telephone numbers	(Japan) <a href="tel:0120-817335">0120-817335</a> or <a href="tel:03-6206-3988">03-6206-3988</a>
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Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm
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**Financial Instruments Mediation Assistance Center**

Contact information	Financial Instruments Mediation Assistance Center
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Telephone number	(Japan) <u>0120-64-5005</u>
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Fax	(Japan)03-3669-9833
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Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm
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## Anti-Bribery and Corruption

SMBC Group has developed the Anti-Bribery Compliance and Corruption risk control framework.

- Group CEO has presented "Management's Commitment to the Prevention of Bribery and Corruption" and informed Group executives and employees to fully and completely comply with "Policies for Anti-Bribery (the "Policies")", in which the compliance to all applicable laws and regulations, the code of conduct, and the prevention of bribery and corruption are written.
- SMBC Group has "Policies" to prohibit bribery and facilitation payments in any form. We also have other related rules and procedures require that the appropriateness of the circumstances, value and purpose shall be carefully considered prior to the provision or receipt of business entertainment or gifts and that the applicable approval procedures are strictly followed. Providing and offering to provide gifts (Anything tangible or intangible of economic value, such as money, goods, service, provision of Business Entertainment, or recruiting employee relatives) on purpose to effect recipient is prohibited by the Policy. Receiving and demanding to provider in convenience on purpose is also prohibited by the Policy. Moreover, in the event of a violation, the Policies clearly provide for disciplinary actions including punitive dismissal. The Policies require to document the business entertainment and provision/receipt of anything of value, as well as the implementation of related training, in a prompt and accurate manner. For provision of Business Entertainment Gifts, we comply with all laws, regulations and policies including FCPA and UKBA. Acts only with proper purposes and manners are acceptable. Each company has its own judgment rules and approving procedures on provision of Business Entertainment Gifts. Before the provision, the providing department examines its content and confirmation, and the Compliance Department examines the risks involved.
- SMFG Compliance Department conducts annual risk assessments of bribery and corruption toward main group companies, SMBC subsidiaries and branches including overseas offices. It identifies our risk profile related to our business and its business partners, also evaluates the effectiveness of control measures. All results are reported to the management. In detail, questionnaire is sent to group companies, SMBC subsidiaries and branches, then answers will be analyzed and evaluated by perspective point of bribery and corruption risk. The result is reported to the Compliance Committees, and for the group companies, SMBC subsidiaries and branches, those had high risks will have consultation with SMFG Compliance Department to execute appropriate risk mitigating measures as stipulated.
- The "Policy", other related rules and procedures stipulates the rules of appropriate due diligence from bribery and corruption risk perspective before, and proper management will be conducted afterwards when considering security investment including M&A.
- For bribery and corruption risk of business relationships with third party including intermediary and subcontractor, risk assessment and due diligence are carried out periodically when newly making a contract, or in case that contract is for a long term. In detail, prior check and contract processes when outsourcing business to them are clarified based on the third-party risk management framework.

- Monitoring on compliance with the "Policies" and other related rules and procedures is conducted periodically by the Compliance and other relevant departments.
- The Compliance and other relevant departments run compliance training including anti-bribery and corruption trainings to penetrate proper understanding of the content, purpose and operation of the "Policies" and related rules, starting with anti-bribery and corruption to all employees. To enable reference at all time, the location of policies uploaded on internal intranet is provided in the training material. The attendance rate of training for all SMBC domestic offices was full for FY2021 again. Overseas subsidiaries and branches also complete them periodically according to the risk level. Moreover, group executive and employee from overseas and domestic shall sign the attestations that they will not engage in any bribery, corruption, or fraud in accordance with the policy.
- The Board of Directors is responsible for overseeing the operation of overall compliance framework on a global group basis, including the compliance and the execution of the Policies, other relevant rules and regulations. Group CCO regularly report to the Board about the progress in prevention of bribery and corruption. Under the direction and responsibility of the Group CCO, the SMFG Compliance Department plans the basic policy, and undertakes check and support for business units and other Group companies to secure Compliance.

In FY 2021, there was no material case found to be in violation of the Policies, nor the cost of fine and reconciliation.

\* Bribery refers to the acts of offering things of value (including, but not limited to, money, goods, services, entertainment, employment of family relatives, other tangible and intangible items having economic value regardless of their nature) with the intent of improperly influencing the recipient and the acts of receiving or demanding things of value with the intent of improperly providing benefits to the offeror.

[SMFG Group Policies for Anti-Bribery Compliance and Ethics \(152KB\)](#) 

## Group Tax Policy

SMBC Group has been committed to fulfilling its obligations for filing tax returns, making tax payments and reporting to the tax authority, whilst ensuring compliance with all tax laws, regulations and treaties across each jurisdiction.

In order to strengthen the tax compliance framework, SMBC Group has established the group tax policy.

Under this policy, SMBC Group will continue to fulfill its obligations for filing tax returns, making tax payments and reporting to the tax authority appropriately.

This policy was established based on a resolution of Group Management Committee and a report to Audit Committee and has been implemented under the co-responsibility of Group CFO and Group CCO.

[Group Tax Policy \(90KB\)](#) 

# Internal Audits

## Our Approach

As a part of SMBC Group's internal control framework, the audit department (the Department) verifies the effectiveness of the internal control of each business unit, risk management and compliance departments, and other departments from an independent standpoint and pursues the quality of internal audits in order to contribute to development and the highest trust across the entire SMBC Group.

## Purpose and Mission of Internal Audit

The purpose of internal audit at SMBC Group is the objective provision of assurance<sup>\*1</sup> and consulting in accordance with the policies and plans approved by the Board of Directors but independent of management, business unit and the departments responsible for risk management and compliance, in order to add value to SMBC Group and improve its operations.

The mission of internal audit at SMBC Group is to preserve and grow the value of SMBC Group by providing risk-based and objective assurance, advice and insight.

<sup>\*1</sup> Reviewing the adequacy and effectiveness of each process relating to governance, risk management and control processes, and providing assurance and recommendations for improvement based on the results.

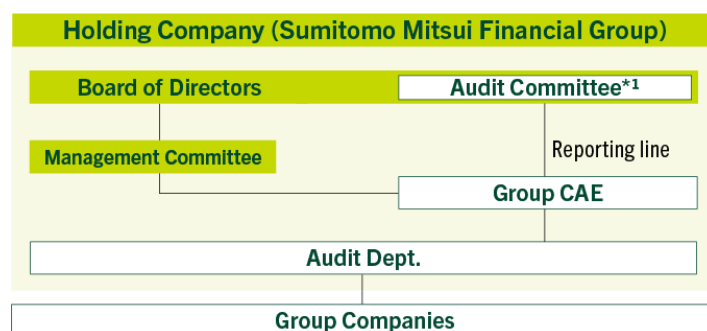
## Overview of the Group's Internal Audit Framework

The Department has been established under the Audit Committee and is independent from each Business Unit, risk management and compliance departments, and other departments. Internal audits within our Group companies are structured broadly in line with SMFG. Group CAE oversees group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control which aims to assure the appropriateness of Group operations and the soundness of assets by conducting internal audits on each department and Group entity as well as conducting on continuous monitoring of Group companies' internal auditing and other activities. The activities are based on the "Group Internal Audit Charter" and the "Basic Audit Policy and Plan" formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant information are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through regular information exchange with external auditors. As teleworking spreads amid the COVID-19 pandemic, audit activities are performed via new means to ensure the effectiveness in audits.

## Internal Audit Framework



\* 2 The Audit Committee holds the right to consent regarding personal affairs of the Group CAE.

## Enhancement and Effectiveness of Internal Audit

The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards, conducts risk-based audits, and expands the same approach to Group companies. To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies.

In addition, the Department strives to enhance groupwide internal auditors' expertise by gathering up-to-date internal audit practices, providing the practices to Group companies, holding training programs, and encouraging auditors to obtain internal auditors' international certification.

Furthermore, the Department enhances its quality assurance on a group-wide basis by both fully satisfying the IIA standards and referring to G-SIFs leading practices.

# Cybersecurity

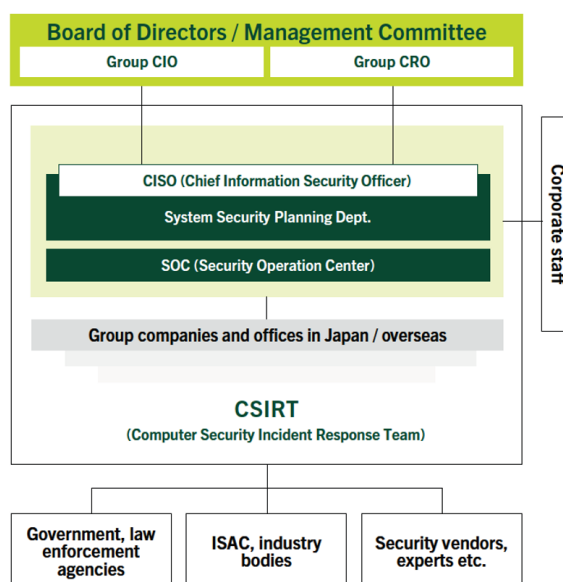
In recent years, cyber threats have been rapidly becoming ever-more serious and sophisticated. In order to respond to the risks of such threats, SMBC Group continually assesses and has strengthened cybersecurity measures by defining cyber risks as one of its Top Risks and establishing a Declaration of Cyber Security Management. Please refer to the bottom of the page regarding the Declaration of Cyber Security Management.

Seeking to facilitate management-led measures for fortifying response frameworks, the general manager of the System Security Planning Department has been appointed as the Chief Information Security Officer (CISO) positioned under the Group Chief Information Officer (CIO) and the Group Chief Risk Officer (CRO), with clear roles and responsibilities. The CISO spearheads the implementation of our strategy on cyber risks. Furthermore, we have a well established computer security incident response team (CSIRT) and a security operation center (SOC), and there is constant collaboration between these teams.

In addition to the three components of information security (confidentiality, integrity and availability), we also aim to ensure the four additional factors of authenticity, accountability, non-repudiation, and reliability in our Security Policy.

We consider cyber-attacks (including unauthorized access and DDos attacks), and any potential data fraud (including data alteration, encryption and deletion) as major risks, and perform analysis on threat information proactively collected from both inside and outside our Group. The results of these analyses, along with information on the assessments of security measures currently being implemented, are discussed regularly at meetings of the Board of Directors and the Management Committee to drive ongoing improvements to our cybersecurity measures in order to meet the level of evolving cyber threats.

## SMBC Group's Cybersecurity Governance System



The CSIRT is centered on the System Security Planning Department, which possesses dedicated cybersecurity functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with external institutions to share information on pertinent topics such as cyberattack methods and vulnerabilities. Utilizing such information, SMBC Group will develop action plans to address latest threats, both internally and externally. Also, when actual cyber incidents occur in SMBC Group companies, the System Security Planning Department will support them in incident countermeasures. In addition, we also regularly exercise our Cyber-attack response plans.

The SOC, which is centered on The Japan Research Institute, is dedicated to continuously fortifying cybersecurity monitoring systems to mitigate the ever-rising threat of cyberattacks. Measures taken by the SOC include the integration of the monitoring systems of Group companies and the development of global systems for conducting monitoring on a 24-hours-a-day, 365-days-a-year basis. In particular, we operate SOC's in the EMEA, Americas and APAC Divisions, and have structured a monitoring capability including collaboration with these global offices.

## System Risk Management

As SMBC Group's scope expands to include areas other than finance, we take steps to identify risks from new perspectives and to implement management systems that match the extent of risks in a given area of business. SMBC Group is enhancing its risk management support efforts, beginning with high risk areas, to assist in strengthening the risk management structure at companies requiring sophisticated risk management, regardless of their size, as well as business partners and other areas of the supply chain. In addition, we actively and openly incorporate various technological progress to improve convenience for customers. We also strengthen our risk management structure on an ongoing basis in response to environmental changes, to deal with projected risks arising from promoting digitalization in a wide range of fields, such as the creation of new businesses and boosting productivity and efficiency. As SMBC Group adopts artificial intelligence, cloud, robotic process automation, application programming interface, and other technologies, manuals have been prepared with regards to items requiring compliance at the time of implementation and items for periodic monitoring as part of efforts to reinforce group-wide IT governance.

SMBC, which is one of the core subsidiaries of the Group, operates its risk management system by conducting risk assessments based on the Security Guidelines published by the Center for Financial Industry Information Systems (FISC) and by enhancing security measures based on the results of these assessments. System failures at banks have the potential to heavily impact society. In addition, system risks are diversifying due to advances in IT and the expansion of business fields. Recognizing these facts, we have numerous measures in place for system failure prevention, including maintenance to ensure stable and uninterrupted operation, duplication of various systems and infrastructure, and a disaster prevention system consisting of data centers in eastern and western Japan. In addition, we are preparing for unforeseeable circumstances through the creation of contingency plans and the implementation of system failure drills. To maintain the confidentiality of customer data and prevent leaks of information, sensitive information is encrypted, unauthorized external access is blocked, and all other possible measures are taken to secure data.

Measures and structures concerning cybersecurity and system risk management are subjected several times a year to internal/external audits and third-party vulnerability analyses.

## Employee Training and Education Concerning Cybersecurity

SMBC Group regularly provides education to employees, including employees who do not have specialist knowledge or business background regarding cybersecurity, to have them acquire regular mindsets, and acquire knowledge in order to prepare for increased digitalization in business. More specifically, we provide training as below several times a year.

- New employee training to have new employees acquire basic knowledge on cyber security
- Study booklets and e-learning content to have employees keep and utilize their acquired knowledge
- Targeted e-mail training to increase awareness of spear phishing attacks
- Senior Management training to increase executive knowledge on latest cyber threats and cyber security viewpoints from a management perspective
- Cyber drills to increase organization-wide incident management and decision capabilities
- Red Team Drills (\*1) to increase CSIRT/SOC incident response and technical monitoring capabilities

(\*1) A drill where teams are split into attack-side (red team) and defense-side (blue team), and the defense-side detects, analyzes and responds to an attack by the attack-side

In addition to employee training, we publish educational comics for customers.

Also, in order to deal with increasing cyber threats, we consider development of specialist cyber security personnel a top issue, and utilize content from external and internal sources to develop skills daily. In addition, we have an external certification support program.

Also, when employees detect cybersecurity issues such as receiving suspicious emails, there is a concrete escalation process that all employees should follow, and the explanation of this process is included in the trainings above. Specifically, the SOC is contacted, and the PC affected by the malware is quarantined from the network. This process is also included in drills to check employee awareness and process usefulness.

## Cyber Security Management Statement

In response to the “Declaration of Cyber Security Management” published by the Japanese Business Federation in March 2018, Sumitomo Mitsui Financial Group and its group companies have established a “Cyber Security Management Statement” as below.



# Cyber Security Management Statement

Sumitomo Mitsui Financial Group “SMFG” and its group companies understand the necessity of “Actively implementing cyber security measures from the dual viewpoints of value creation and risk management” which is listed as an important issue by the Japanese Business Federation’s “Declaration of Cyber Security Management”, and have established a “Cyber Security Management Statement”. We will continue to continually strengthen cyber security measures led by executive management to deal with increasingly serious and complex cyber threats.

## 1. Placement of Cyber Security as a management-level issue

We will take proactive measures regarding cyber security from a management-level, and consider cyber security as investment in our company. In addition, senior management will continually take steps to understand the latest landscape of cyber security, consider cyber threats as one of the major risks facing our group, and manage risks by demonstrating leadership and being directly responsible for security measures.

Specifically, we have defined cyber risk as one of the top risks of SMFG, periodically discuss and review cyber security measures at management committees, and assign appropriate resources for project implementation.

## 2. Development of management policy and disclosure

We will develop our management policy and incident response structure/business continuity plans by considering not only identification and defense, but also detection, incident management, and recovery. Our management will be proactive in communicating our policy to internal and external stakeholders, and we are active in disclosing our risk management measures and structure in our publicly available disclosure statements.

Specifically, we have a dedicated department for cyber incident response (CSIRT), take appropriate measures to manage threats, and have dedicated policies and manuals in case of an incident. We establish a basic policy for risk management annually, periodically conduct drills, and assess contingency plans. We also disclose our security enhancement policies in disclosure statements

## 3. Establishment of internal/external structure and measures

We distribute appropriate resources internally, implement appropriate physical/technological/personnel security measures, and train our employees in various positions and levels of our group.

In addition, we will take appropriate measures to secure our supply chain, including partners and outsourced companies.

Specifically, we will place necessary personnel in specialized cyber security departments, utilize dedicated security education programs to educate employees, and implement the latest technologies to manage security. In addition, we will monitor security at our business partners and outsourcers, and appropriately monitor and manage any vulnerabilities in any assets we procure.

## 4. Providing secure systems and services to society

We will implement cyber security measures in business activities including system/service development and after release.

Especially, we have implemented security measures in services such as our internet banking through password cards and via our smartphone application, in order for customers to use our services safely with confidence. We also conduct fraudulent activity monitoring.

## 5. Contribution to a safe business ecosystem

Through cooperation and collaboration with related regulators, government agencies, and industry bodies, we will proactively share information and contribute to developing professional interpersonal networks within the industry. In addition, we will share information on threats and countermeasures with our customers, contributing to strengthening cyber security in society as a whole.

Specifically, we will make timely and appropriate reports government bodies such as the FSA, the Cyber Security Center of the Cabinet Secretariat, and the Information-technology promotion agency. In addition, we will share information with industry security information sharing bodies such as Financial ISAC, JPCERT, and aim to strengthen our cyber security structure globally.



## Response to climate change (Working on TCFD Recommendations)

Since the adoption of the Paris Agreement, the imperative to address climate change concerns continues to grow. In October 2020, the Japanese Government announced a net-zero emissions goal for 2050, committing to achieving a transition toward a decarbonized society.

Given these circumstances, SMBC Group is committed to achieving net zero emissions across its overall investment and loan portfolio by 2050, as well as in its groupwide operations by 2030.

We endorse the Government's policy mentioned above and strive to achieve greenhouse gas (GHG) emissions reductions in line with the goals of the Paris Agreement. Moreover, we will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

### Working on the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

SMBC Group announced its support to the TCFD (\*1) at the "One Planet Summit" held in Paris in December 2017. We will continuously support our customers in their efforts to reduce GHG emissions by such measures as promoting the introduction of environment-friendly technologies through their business operations. Being committed to reducing GHG emissions, we will conduct business in a manner that contributes to the growth of both our customers and society, and will further enhance our actions towards climate change.

For more information please refer to SMBC Group TCFD Report.

[SMBC Group TCFD Report 2022 \(6,486KB\) PDF](#)

[SMBC Group TCFD Report 2021 \(3,753KB\) PDF](#)

[SMBC Group TCFD Report 2020 \(679KB\) PDF](#)

(\*1) The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board(FSB) in April 2015 to urge individual companies to disclose their impact on climate change in their financial reports.

## Summary of Disclosure Consistent with the TCFD Recommendations

Summary of our initiatives in line with the four thematic areas of disclosure (Governance, Strategy, Risk Management, Metrics and Targets) set out by the TCFD Recommendations are below. For more information, please refer to the SMBC Group TCFD Report.

Governance	<ul style="list-style-type: none"><li>Established supervisory and execution framework for our climate change-related efforts</li></ul>	
	Supervision	<ul style="list-style-type: none"><li>Supervision/Deliberation regarding sustainability initiatives at Board of Directors, Sustainability Committee, and other relevant committees.</li></ul>
	Execution	<ul style="list-style-type: none"><li>Group CSuO reports to the Board of Directors and Sustainability Committee</li><li>Group CRO reports to the Board of Directors and Risk Committee</li><li>Deliberations, etc. by the Management Committee, Corporate Sustainability Committee, and other relevant committees</li></ul>
	<ul style="list-style-type: none"><li>Introduced executive compensation framework that has ESG (including climate change) as an evaluation item</li><li>Promotion through the establishment of the Sustainability Division and Climate Change Working Group</li></ul>	
Strategy	<ul style="list-style-type: none"><li>Risk awareness based on scenario analysis</li><li>Forecast of capital investments required for decarbonization/awareness of opportunities that reflect SMBC Group's businesses areas</li><li>Established sector-based risk and opportunity heatmap</li><li>Established Net Zero Transition Plan</li></ul>	
	System Developments	<ul style="list-style-type: none"><li>Enhanced employee literacy and governance regarding the progress of a transition plan</li></ul>
	Target-Setting/ Transition Pathway	<ul style="list-style-type: none"><li>Established reduction targets based on NZBA guidelines</li><li>Shared awareness with customers regarding the direction of emission reductions</li></ul>
	Implementation Strategy	<ul style="list-style-type: none"><li>Enhanced risk management (expanded the scope of scenario analysis, enhanced credit balance and individual customer credit management)</li><li>Promoted decarbonization business on a Group basis</li><li>Reduced GHG emissions resulting from our operations (accelerated transition of electric power to renewable energy sources)</li></ul>
	Engagement Activities	<ul style="list-style-type: none"><li>Supported customers' transition and create growth opportunities for them</li><li>Participated in the establishment of climate related initiatives and guidelines</li></ul>
Risk Management	<ul style="list-style-type: none"><li>Positioned climate change risk as Top Risks, and executed scenario and sector-based risk control according to the Risk Appetite Framework</li><li>Executed category-based risk management</li><li>Conducted due diligence (understand and apply customers' non-financial data when determining credit and evaluate environmental and social risk for each transaction)</li><li>Established policies for sectors that have a material impact on climate change</li></ul>	

Metrics	Targets	Recent Results
GHG emissions in SMBC Group	Net zero by 2030	176.1 ktCO <sub>2</sub> e
Portfolio GHG emissions	Net zero by 2050	—
Power	FY2030 138-195gCO <sub>2</sub> e/kWh	332gCO <sub>2</sub> e/kWh (FY2020)
Oil and Gas	FY2030 -12~-29%	56.9 MtCO <sub>2</sub> e (FY2020)
Coal	FY2030 -37~-60%	13.9 MtCO <sub>2</sub> e (FY2020)
Sustainable Finance	JPY 30 trillion by 2030	Total of JPY 8.2 trillion (FY2021)
Green Finance	JPY 20 trillion by 2030	Total of JPY 7.5 trillion (FY2021)
Loan balance for coal-fired power generation	Net zero by FY2040 Project finance/ Facility linked corporate finance	Project finance : JPY 260 billion (FY2021) Facility linked corporate finance JPY 80 billion (FY2021)

# ESG Data Book

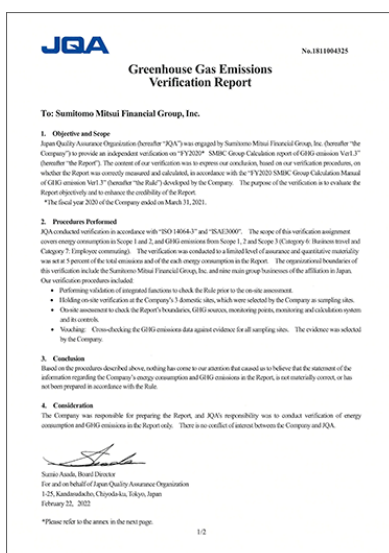
This Data Book is intended to list and organize SMBC Group's detailed data/indicators concerning ESG.

For qualitative information on SMBC Group's policies, structure and efforts concerning sustainability/ESG, please refer to our annual report and/or this sustainability website.

Moreover, we have continuously been obtaining third-party verification on our Greenhouse gas emissions (Scope 1/2, some data of Scope 3) and energy consumption data from the Japan Quality Assurance Organization.

ESG Data Book(1,120KB) 

Fiscal 2020 Greenhouse Gas Emissions Verification Report(1,139KB) 



# List of Company Data

## Main initiatives

- ✓ 1. Environmental Impact Data of SMBC Group Companies
- ✓ 2. SMBC Group Company Employee Data
- ✓ 3. Main systems for achieving a work-life balance at SMFG Group companies
- ✓ 4. Environmental accounting at SMBC

## 1. Environmental Impact Data of SMBC Group Companies

The figures of direct and indirect energy CO2 emissions are calculated by each group companies, based on the method of amended energy saving act.

Figures of other energy consumption are based on respective group company's methodology.

Please refer to the link below for environmental performance data and goals of SMBC Group companies.

Performance Data and Goals of SMBC Group Companies

✓ Sumitomo Mitsui Financial Group (SMFG)	✓ Sumitomo Mitsui Banking Corporation (SMBC)	✓ SMBC Trust Bank (SMBCTB)
✓ SMBC Nikko Securities (SMBC Nikko)	✓ Sumitomo Mitsui Card Company (SMCC)	✓ SMBC Finance Service (SMBCFS) (*)
✓ SMBC Consumer Finance (SMBCCF)	✓ The Japan Research Institute (JRI)	✓ Sumitomo Mitsui DS Asset Management Company (SMDAM)

(\*)In July 2020, Cedyna Financial Corporation and SMBC Finance Service merged.

## Sumitomo Mitsui Financial Group (SMFG)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	0	0	0
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	0	0	0
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	830	55	109
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	830	55	109
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	830	55	109

# Sumitomo Mitsui Banking Corporation (SMBC)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	7,337	6,086	6,152
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	63,994	62,356	59,900
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	22,577	10,519	11,173
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	93,907	78,961	77,225
Direct energy consumption	City gas	Thousand m <sup>3</sup>	1,499	1,575	1,516
		t-CO <sub>2</sub>	3,363	3,533	3,401
	Liquefied petroleum gas (LPG)	t	9	9	7
		t-CO <sub>2</sub>	27	27	21
	Heavy fuel oil	kl	5	3	86
		t-CO <sub>2</sub>	14	8	233
	Light oil	kl	1	1	1
		t-CO <sub>2</sub>	3	3	3
	Kerosene	kl	7	5	5
		t-CO <sub>2</sub>	17	12	12
	Gasoline (automobile)	kl	1,685	1,078	1,069
		t-CO <sub>2</sub>	3,913	2,503	2,482
Indirect energy Consumption	Electricity	Thousand kWh	145,851	143,556	135,715
		t-CO <sub>2</sub> (emission coefficient)	62,171	59,448	56,154
	Electricity (renewable energy)	Thousand kWh	-	2,308	4,690
		t-CO <sub>2</sub> (emission coefficient)	-	997	1,926
	Steam	GJ	19,370	20,971	19,055
		t-CO <sub>2</sub>	1,104	1,195	1,086
	Hot water	GJ	2,130	2,866	3,154
		t-CO <sub>2</sub>	121	163	180
	Cold water	GJ	10,475	9,714	9,714
		t-CO <sub>2</sub>	597	554	554
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	21,602	1,571	2,651
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	8,011	7,614
	Total water and sewage	Thousand m <sup>3</sup>	2,167	2,084	2,017
		t-CO <sub>2</sub>	975	938	908

## SMBC Trust Bank (SMBCTB)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	144	143	171
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	2,967	2,775	2,243
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	747	1,052	1,126
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,858	3,970	3,540
Direct energy consumption	City gas	Thousand m <sup>3</sup>	61	61	73
		t-CO <sub>2</sub>	136	136	164
	Gasoline (automobile)	kl	4	3	3
		t-CO <sub>2</sub>	8	7	7
Indirect energy Consumption	Electricity	Thousand kWh	6,100	5,860	4,665
		t-CO <sub>2</sub> (emission coefficient)	2,855	2,664	2,094
	Steam	GJ	111	133	61
		t-CO <sub>2</sub>	6	8	3
	Hot water	GJ	136	209	787
		t-CO <sub>2</sub>	8	12	45
	Cold water	GJ	1,726	1,600	1,767
		t-CO <sub>2</sub>	98	91	101

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	744	324	398
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	725	725
	Water supply	Thousand m <sup>3</sup>	4	4	26
	Sewage	Thousand m <sup>3</sup>	4	4	26
	Total water and sewage	Thousand m <sup>3</sup>	9	9	51
		t-CO <sub>2</sub>	3	3	3

## SMBC Nikko Securities (SMBC Nikko)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	3,199	2,594	2,613
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	15,373	23,485	17,409
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	3,604	3,065	3,152
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	27,738	29,144	23,174
Direct energy consumption	City gas	Thousand m <sup>3</sup>	103	300	296
		t-CO <sub>2</sub>	229	670	661
	Heavy fuel oil	kl	2	2	2
		t-CO <sub>2</sub>	6	6	6
	Gasoline (automobile)	kl	1,278	827	839
		t-CO <sub>2</sub>	2,964	1,918	1,946



Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Indirect energy Consumption	Electricity	Thousand kWh	29,887	47,563	25,844
		t-CO <sub>2</sub> (emission coefficient)	13,627	21,736	11,331
	Steam	GJ	6,597	7,125	7,502
		t-CO <sub>2</sub>	376	406	428
	Hot water	GJ	3,816	3,704	3,838
		t-CO <sub>2</sub>	218	211	219
	Cold 1water	GJ	20,219	19,846	18,970
		t-CO <sub>2</sub>	1,152	1,131	1,081
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	3,579	522	873
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	2,526	2,260
	Water supply	Thousand m <sup>3</sup>	28	20	21
	Sewage	Thousand m <sup>3</sup>	28	20	21
	Total water and sewage	Thousand m <sup>3</sup>	56	40	42
		t-CO <sub>2</sub>	25	18	19

\*1 Energy consumption decrease from Fiscal 2021 due to a release of partial property.

## Sumitomo Mitsui Card Company (SMCC)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	342	298	267
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,092	2,943	2,841
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,295	1,377	1,496
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	4,728	4,619	4,604
Direct energy consumption	City gas	Thousand m <sup>3</sup>	111	104	101
		t-CO <sub>2</sub>	249	233	227
	Gasoline (automobile)	kl	40	28	17
		t-CO <sub>2</sub>	93	66	40
Indirect energy Consumption	Electricity	Thousand kWh	7,560	7,415	6,572
		t-CO <sub>2</sub> (emission coefficient)	3,092	2,943	2,622
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	1,269	438	558
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	919	921
	Total water and sewage	Thousand m <sup>3</sup>	58	50	39
		t-CO <sub>2</sub>	25	20	18

## SMBC Finance Service (SMBCFS)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	663	563	512
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,391	3,838	3,678
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,109	1,661	1,839
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	5,163	6,062	6,028
Direct energy consumption	Gasoline (automobile)	kl	286	243	221
		t-CO <sub>2</sub>	663	563	512
Indirect energy Consumption	Electricity	Thousand kWh	7,681	8,722	8,064
		t-CO <sub>2</sub> (emission coefficient)	3,391	3,838	3,458
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	1,109	654	748
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	1,007	1,091

## SMBC Consumer Finance (SMBCCF)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	0	0	118
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	1,647	1,461	5,753
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	2,044	1,404	1,394
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,691	2,865	7,264
Indirect energy Consumption	Electricity	Thousand kWh	2,158	2,110	11,643
		t-CO <sub>2</sub> (emission coefficient)	1,025	1,002	5,278
	Hot water	GJ	525	575	367
		t-CO <sub>2</sub>	30	32	21
	Cold water	GJ	10,378	7,508	7,961
		t-CO <sub>2</sub>	592	427	454
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	2,042	703	657
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	699	736
	Water supply	Thousand m <sup>3</sup>	2	2	1
	Sewage	Thousand m <sup>3</sup>	2	2	0
	Total water and sewage	Thousand m <sup>3</sup>	5	4	1
		t-CO <sub>2</sub>	2	2	0

\*1 Energy consumption increase from Fiscal 2021 due to expansion of boundary bases.

## The Japan Research Institute (JRI)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	506	485	324
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	33,957	30,536	27,817
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	2,596	1,345	852
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	37,059	32,366	28,993
Direct energy consumption	City gas	Thousand m <sup>3</sup>	49	49	21
		t-CO <sub>2</sub>	110	110	47
	Heavy fuel oil	kl	105	94	80
		t-CO <sub>2</sub>	284	255	217
	Kerosene	kl	31	38	15
		t-CO <sub>2</sub>	76	95	37
	Gasoline (automobile)	kl	15	11	10
		t-CO <sub>2</sub>	36	25	23
Indirect energy Consumption	Electricity	Thousand kWh	73,107	69,804	60,533
		t-CO <sub>2</sub> (emission coefficient)	33,957	30,536	25,561
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	2,596	701	618
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	644	234

## Sumitomo Mitsui DS Asset Management Company (SMDAM)

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	186	348	302
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	481	808	620
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,345	355	317
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	2,012	1,510	1,240
Direct energy consumption	City gas	Thousand m <sup>3</sup>	81	149	131
		t-CO <sub>2</sub>	181	335	295
	Gasoline (automobile)	kl	2	5	3
		t-CO <sub>2</sub>	5	12	7
Indirect energy Consumption	Electricity	Thousand kWh	990	1,410	1,320
		t-CO <sub>2</sub> (emission coefficient)	481	685	620
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	1,345	67	56
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	287	261

## 2. SMBC Group Company Employee Data

\* Sumitomo Mitsui Card Company includes data of SMBC Finance Service (100% owned subsidiary)

▼ Data for Employees	▼ Data for Executives/Managers	▼ Data for Recruitment
▼ Data for HR systems and leave		

## Status of employees

		Unit	March 31,2020	March 31,2021	March 31,2022
Sumitomo Mitsui Banking Corporation	Number of employees (*1)	Persons	26,457	26,229	25,658
		Male	12,021	11,879	11,535
		Ratio	45.44	45.29	44.96
		Female	14,436	14,350	14,123
		Ratio	54.56	54.71	55.04
	Number of employees by age group	Under 30 (Female)	7,445 (4,730)	6,832 (4,196)	5,983 (3,563)
		Age 30 to 39 (Female)	9,896 (6,304)	10,205 (6,525)	10,295 (6,579)
		Age 40 to 49 (Female)	4,512 (1,991)	4,311 (1,978)	4,364 (2,125)
		50 or older (Female)	4,604 (1,411)	4,881 (1,651)	5,016 (1,856)
	Average age	Years	37.8	38.3	39.0
		Male	40.3	40.5	40.9
		Female	35.7	36.5	37.4
	Average years of service	Years	13.9	14.5	15.1
		Male	16.1	16.3	16.6
		Female	12.2	13.0	13.9
	Voluntary separation rate	%	3	2	3
	Ratio of employees with disabilities (As of March 1 of each year)	%	2.65	2.70	2.83
	Total training hours/year	Hours	515,637	499,763	465,210
	Average training per person (hours)	Hours	19.5	19.1	18.1
	Annual training expenses(*2)	Millions of yen	2,362	2,002	2,132
	Average training per person (hours)	Yen	89,275	76,325	83,074



			Unit	March 31,2020	March 31,2021	March 31,2022
SMBC Trust Bank	Number of employees (*1)		Persons	1,871	1,870	1,807
		Male	Persons	899	905	881
			Ratio	48.05	48.40	48.75
		Female	Persons	972	965	926
			Ratio	51.95	51.60	51.25
	Average age		Years	44.3	43.9	44.3
		Male	Years	46.3	44.8	43.6
		Female	Years	42.5	43.2	45.1
	Average years of service		Years	9.0	9.9	10.8
		Male	Years	7.8	8.6	12.2
		Female	Years	10.1	11.0	9.3
	Ratio of employees with disabilities (As of March 1 of each year)		%	2.31	2.42	2.37
Sumitomo Mitsui Finance and Leasing	Number of employees (*1)		Persons	2,448	2,460	2,427
		Male	Persons	1,590	1,596	1,551
			Ratio	64.95	64.88	63.91
		Female	Persons	858	864	876
			Ratio	35.05	35.12	36.09
	Average age		Years	42.0	42.1	42.6
		Male	Years	43.1	43.1	44.0
		Female	Years	39.0	39.1	40.1
	Average years of service		Years	15.0	15.0	15.3
		Male	Years	16.3	16.1	16.5
		Female	Years	12.6	13.0	13.3
	Voluntary separation rate		%	3	2	2
	Ratio of employees with disabilities (As of March 1 of each year)		%	1.80	2.30	2.41

		Unit	March 31,2020	March 31,2021	March 31,2022
SMBC Nikko Securities	Number of employees (*1)	Persons	10,187	9,794	9,623
		Male	Persons	6,330	6,049
		Ratio	%	62.14	61.76
		Female	Persons	3,857	3,745
		Ratio	%	37.86	38.24
	Average age	Years	41.4	41.4	41.6
		Male	Years	42.4	42.5
		Female	Years	39.6	40.1
	Average years of service	Years	13.3	13.6	14.2
		Male	Years	13.3	14.1
		Female	Years	13.2	14.2
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.49	2.61
Sumitomo Mitsui Card Company(*3)	Number of employees (*1)	Persons	5,785	6,084	5,976
		Male	Persons	2,979	3,111
		Ratio	%	51.50	51.13
		Female	Persons	2,806	2,973
		Ratio	%	48.50	48.87
	Average age	Years	41.9	42.2	42.6
		Male	Years	44.0	44.4
		Female	Years	39.7	40.6
	Average years of service	Years	17.4	17.3	17.5
		Male	Years	19.2	18.9
		Female	Years	15.4	15.6
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.45	2.50

			Unit	March 31,2020	March 31,2021	March 31,2022
SMBC Consumer Finance	Number of employees (*1)		Persons	2,475	2,551	2,592
		Male	Persons	1,454	1,466	1,474
			Ratio	58.75	57.47	56.87
		Female	Persons	1,021	1,085	1,118
			Ratio	41.25	42.53	43.13
	Average age		Years	41.7	41.9	42.4
		Male	Years	43.1	43.4	43.8
		Female	Years	39.6	39.8	40.5
	Average years of service		Years	16.1	16.2	16.6
		Male	Years	18.1	18.3	18.6
		Female	Years	13.2	13.5	13.9
	Voluntary separation rate		%	3	1	2
	Ratio of employees with disabilities (As of March 31 of each year)		%	3.00	2.75	2.75
The Japan Research Institute	Number of employees (*1)		Persons	2,510	2,571	2,640
		Male	Persons	1,841	1,893	1,931
			Ratio	73.35	73.63	73.14
		Female	Persons	669	678	709
			Ratio	26.65	26.37	26.86
	Average age		Years	41.0	41.1	41.0
		Male	Years	41.7	41.7	41.5
		Female	Years	39.3	39.5	39.5
	Average years of service		Years	12.8	13.1	13.1
		Male	Years	13.3	13.4	13.4
		Female	Years	11.6	12.2	12.4
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.23	2.26	2.31

			Unit	March 31,2020	March 31,2021	March 31,2022
Sumitomo Mitsui DS Asset Management Company	Number of employees (*1)		Persons	845	824	770
		Male	Persons	614	596	542
		Ratio	%	72.66	72.33	70.39
		Female	Persons	231	228	228
		Ratio	%	27.34	27.67	29.61
		Average age	Years	45.9	46.4	46.0
		Male	Years	47.4	48.0	47.6
		Female	Years	42.0	42.3	42.2
	Average years of service		Years	15.2	15.5	15.5
		Male	Years	16.5	16.8	17.1
		Female	Years	11.7	12.0	11.8

\*1 The number of full-time employees. The following list of employees is deducted from the total number of employees: executive officers, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

\*2 Retroactive revisions have been made to previous fiscal years due to change in definition.

\*3 Sumitomo Mitsui Card Company includes data of SMBC Finance Service (100% owned subsidiary)

## Data for Executives/Managers

			Unit	June 31,2020	June 31,2021	June 31,2022
Sumitomo Mitsui Financial Group (SMFG)	Directors/executives	Total (of whom are female)	Persons	25 (1)	26 (2)	26 (2)
		Outside directors (of whom are female)	Persons	7 (1)	7 (1)	7 (1)
	Executive officers	Total (of whom are female)	Persons	62 (3)	67 (3)	73 (4)
Sumitomo Mitsui Banking Corporation	Directors	Total (of whom are female)	Persons	18 (1)	18 (2)	18 (2)
		Outside directors (of whom are female)	Persons	5 (1)	6 (1)	6 (1)
	Executive officers	Total (of whom are female)	Persons	86 (3)	92 (3)	93 (6)

			Unit	2020 March 31	2021 March 31	2022 March 31
Sumitomo Mitsui Banking Corporation	No. of managers	Dept. head level	Persons	1,104	1,116	1,046
		Female	Persons	96	105	106
		Ratio	%	8.7	9.4	10.1
		Section chief level	Persons	3,206	3,076	2,919
		Female	Persons	728	732	713
		Ratio	%	22.7	23.8	24.4
	Total no. of managers		Persons	4,310	4,192	3,965
		Female	Persons	824	837	819
		Ratio	%	19.1	20.0	20.7
	Newly appointed managers	Total	Persons	423	445	523
		Female	Persons	136	119	252
		Ratio	%	32.2	26.7	48.2
SMBC Trust Bank	No. of female managers	Female	Persons	84	76	65
		Ratio	%	27.6	24.2	22.8
Sumitomo Mitsui Finance and Leasing	No. of managers		Persons	667	659	616
		Female	Persons	38	38	38
		Ratio	%	5.7	5.8	6.2
SMBC Nikko Securities	No. of female managers		Persons	178	184	207
Sumitomo Mitsui Card Company(*1)	No. of female managers	Female	Persons	117	131	85
		Ratio	%	9.6	10.0	11.5
SMBC Consumer Finance	Total no. of managers		Persons	906	926	953
		Female	Persons	126	137	147
		Ratio	%	13.9	14.8	15.4
The Japan Research Institute	Ratio of female manager		%	11.7	11.5	12.7
Sumitomo Mitsui DS Asset Management Company	No. of female managers	Female	Persons	11	9	10
		Ratio	%	10.5	11.3	13.7

\*1 Sumitomo Mitsui Card Company includes data of SMBC Finance Service (100% owned subsidiary)

## Recruitment Status

		Unit	April,2020	April,2021	April,2022
Sumitomo Mitsui Banking Corporation	New graduate recruits	Persons	622	542	472
	Number of newly employed female graduates	Persons	201	197	187
	Ratio of newly employed female graduates	%	32.3	36.3	39.6
	Number of career hires	Persons	25 (Fiscal 2019)	49 (Fiscal 2020)	45 (Fiscal 2021)
	Ratio of career hires (*1)	%	4	8	9
SMBC Trust Bank(*3)	New graduate recruits	Persons	48	23	14
	Newly employed female graduates	Persons	14	8	6
	Ratio of newly employed female graduates	%	29.2	34.8	42.9
	Number of career hires	Persons	9 (Fiscal 2019)	17 (Fiscal 2020)	14 (Fiscal 2021)
Sumitomo Mitsui Finance and Leasing	New graduate recruits	Persons	81	62	71
	Number of newly employed female graduates	Persons	33	26	30
	Ratio of newly employed female graduates	%	40.7	41.9	42.3
	Number of career hires	Persons	18 (Fiscal 2019)	15 (Fiscal 2020)	21 (Fiscal 2021)
SMBC Nikko Securities	New graduate recruits	Persons	341	229	219
	Number of newly employed female graduates	Persons	118	83	74
	Ratio of newly employed female graduates	%	34.6	36.2	33.8
	Number of career hires	Persons	56 (Fiscal 2019)	72 (Fiscal 2020)	79 (Fiscal 2021)
Sumitomo Mitsui Card Company(*4)	New graduate recruits	Persons	131	115	109
	Number of newly employed female graduates	Persons	68	47	51
	Ratio of newly employed female graduates	%	51.91	40.87	46.79
	Number of career hires	Persons	48 (Fiscal 2019)	30 (Fiscal 2020)	29 (Fiscal 2021)
SMBC Consumer Finance	New graduate recruits	Persons	57	46	49
	Number of newly employed female graduates	Persons	37	24	32
	Ratio of newly employed female graduates	%	64.9	52.2	65.3
	Number of career hires	Persons	0 (Fiscal 2019)	1 (Fiscal 2020)	0 (Fiscal 2021)

		Unit	April,2020	April,2021	April,2022
The Japan Research Institute	New graduate recruits	Persons	119	127	143
	Number of newly employed female graduates (General hires)	Persons	35	39	52
	Ratio of newly employed female graduates	%	29.4	30.7	36.4
	Number of career hires	Persons	60 (Fiscal 2019)	52 (Fiscal 2020)	51 (Fiscal 2021)
	Ratio of career hires (*1)	%	34	29	26
Sumitomo Mitsui DS Asset Management Company	New graduate recruits	Persons	12	8	12
	Number of newly employed female graduates	Persons	6	4	6
	Ratio of newly employed female graduates	%	50.0	50.0	50.0
	Number of career hires	Persons	2 (Fiscal 2019)	5 (Fiscal 2020)	16 (Fiscal 2021)

\*1 Release date: July 30, 2021.

\*2 Cedyne Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service.

\*3 Retroactive revisions have been made to previous fiscal years due to change in definition.

\*4 Sumitomo Mitsui Card Company includes data of SMBC Finance Service (100% owned subsidiary)

## Data for HR Systems and Leave Acquisition

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui Banking Corporation	Number of people taking childcare leave (*1)	Persons	2,948	3,205	3,315
	Number of male employees	Persons	838	978	935
	Number of male employees taking childcare leave	%	100	100	100
	Paid leave acquisition rate	%	74.5	81.2	82.2
	Average paid leave taken (days)	Days	14.9	16.2	16.4
	Overtime (average hours/month)	Hours	16.5	15.8	16.2
	Proportion of employees working over 60 hours of overtime per month (*2)	%	0	0	0

		Unit	March 31,2019	March 31,2020	March 31,2021
SMBC Trust Bank	Number of people taking childcare leave	Persons	117	123	91
	Number of male employees	Persons	25	36	27
	Number of male employees taking childcare leave	%	100	100	100
	Paid leave acquisition rate	%	90.9	78.6	82.9
	Overtime (average hours/month)	Hours	9.2	8.0	8.7
Sumitomo Mitsui Finance and Leasing	Number of people taking childcare leave (*1)	Persons	48	44	134
	Number of male employees	Persons	9	21	103
	Number of male employees taking childcare leave	%	16.7	47.7	100.0
	Paid leave acquisition rate	%	82.2	84.4	84.3
	Overtime (average hours/month)	Hours	8.2	9.1	8.4
SMBC Nikko Securities	Number of people taking childcare leave (*1)	Persons	446	439	580
	Number of male employees	Persons	101	86	445
	Number of male employees taking childcare leave	%	37.0	39.3	100.0
	Paid leave acquisition rate	%	67.2	65.1	68.5
	Overtime (average hours/month)	Hours	19.6	17.3	18.9



		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui Card Company(*3)	Number of people taking childcare leave (*1)	Persons	353	366	408
	Number of male employees	Persons	71	57	73
	Number of male employees taking childcare leave	%	75.5	67.9	89.0
	Paid leave acquisition rate	%	80.3	85.2	88.2
	Overtime (average hours/month)	Hours	10.6	10.8	12.2
SMBC Consumer Finance	Number of people taking childcare leave	Persons	85	83	73
	Number of male employees	Persons	7	11	9
	Number of male employees taking childcare leave	%	21.9	37.9	34.6
	Paid leave acquisition rate	%	79.1	70.9	83.7
	Overtime (average hours/month)	Hours	21.4	19.9	19.5
The Japan Research Institute	Number of people taking childcare leave	Persons	84	79	88
	Number of male employees	Persons	35	26	36
	Number of male employees taking childcare leave	%	58.3	53.1	53.7
	Paid leave acquisition rate	%	77.5	68.5	70.0
	Overtime (average hours/month)	Hours	12.9	20.7	17.2

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui DS Asset Management Company	Number of people taking childcare leave	Persons	19	25	40
	Number of male employees	Persons	8	14	13
	Number of male employees taking childcare leave	%	40.0	100.0	100.0
	Paid leave acquisition rate	%	68.0	59.3	61.4
	Overtime (average hours/month)	Hours	18.6	21.5	20.1

\*1 Including short-term childcare leave

\*2 Excluding management supervisors and discretionary laborers

\*3 Sumitomo Mitsui Card Company includes data of SMBC Finance Service (100% owned subsidiary)

### 3. Main systems for achieving a work-life balance at SMFG Group companies

✓ Sumitomo Mitsui Banking Corporation (SMBC)	✓ SMBC Trust Bank (SMBCTB)	✓ Sumitomo Mitsui Finance and Leasing (SMFL)
✓ SMBC Nikko Securities (SMBC Nikko)	✓ Sumitomo Mitsui Card Company (SMCC)	✓ SMBC Consumer Finance (SMBCCF)
✓ The Japan Research Institute (JRI)	✓ Sumitomo Mitsui DS Asset Management Company (SMDAM)	

\*Cedyna Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service

#### Sumitomo Mitsui Banking Corporation

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (10 days per annum per child, 20 days for two or more children) * Applicable for caring for sick children as well as for school events and other reasons
<b>Shorter working hours</b>	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade

<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Short-term childcare leave</li> <li>● Work relocations</li> <li>● Primary Work Location Registration system</li> <li>● Work Location of Choice system</li> <li>● Childcare subsidies</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Nursing care leave system (by the hour)</li> <li>● Career design leave system</li> <li>● System for rehiring former employees</li> <li>● Special leave for childbirth</li> <li>● Carryover leave (infertility treatment)</li> <li>● Half day paid leave</li> <li>● Teleworking system</li> <li>● Staggered working hours</li> <li>● Dual-Career Support system for side work</li> </ul>

## SMBC Trust Bank

<b>Parental leave</b>	1 year or maximum of 18 months in case of inability to place in daycare center Up to 26 months if other conditions are met
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis
<b>Shorter working hours</b>	Employees can work shortened hours equivalent to working a minimum of 6 hours per day until March 31 of the 6th grade
<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Flextime system</li> <li>● Flexibility in the work place</li> <li>● Paternity leave (3 days)</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Family care time off (by the hour)</li> <li>● Family support leave</li> <li>● Short-term childcare leave</li> <li>● Annual leave in hour increments</li> </ul>

## Sumitomo Mitsui Finance and Leasing

<b>Parental leave</b>	1 year or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until entry into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 3rd grade Shortened working hour flextime system available allowing for 6.5- and 7-hour workdays
<b>Restrictions on overtime</b>	Until entry into elementary school
<b>Exemption from late-night work</b>	Until entry into elementary school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>• Work relocation</li> <li>• Short-term childcare leave</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• Nursing care leave system</li> <li>• Half-day leave</li> <li>• Staggered working hours</li> <li>• Flextime system</li> <li>• Shortened working hour flextime system</li> <li>• Teleworking system</li> <li>• Life support leave system</li> <li>• System for rehiring former employees</li> <li>• Career support leave system</li> </ul>

## SMBC Nikko Securities

<b>Parental leave</b>	Until 3 years of age
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (5 days per annum per child, 10 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis
<b>Shorter working hours</b>	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade
<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Short-term childcare leave</li> <li>● Discounted rates for daycare center</li> <li>● Nursing care leave</li> <li>● Special days off for nursing care (by the hour)</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Short-term leave for nursing care</li> <li>● Staggered working hours (working in shifts)</li> <li>● Rehiring former employees</li> <li>● Childcare subsidies</li> <li>● Teleworking system</li> <li>● Half-day paid leave</li> <li>● Hourly paid leave</li> <li>● Amortized Holiday Reserving Policy</li> <li>● Side business</li> <li>● Long-Term Self Development Leave Policy a.k.a. "Challenge Leave"</li> <li>● Three-day and four-day workweeks</li> <li>● Corporate-led nursery school</li> <li>● Baby-sitter discount system</li> <li>● Special leave for childcare</li> <li>● Memorial leave system</li> <li>● Volunteering leave system</li> <li>● Reverse leave system</li> <li>● Pro bono work</li> </ul>

## Sumitomo Mitsui Card Company

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center (SMBC Finance Service: available up to the age of three)
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (40 hours per annum per child; 80 hours for two or more children)
<b>Shorter working hours</b>	Employees can choose to reduce daily working hours by 30, 60, 90, 120, or 150 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year
<b>Restrictions on overtime</b>	Until March 31 of the 3rd grade (SMBC Finance Service: available until starting elementary school)
<b>Exemption from late-night work</b>	Until March 31 of the 3rd grade (SMBC Finance Service: available until starting elementary school)
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Work relocation</li> <li>● Staggered start times</li> <li>● Half-day paid leave</li> <li>● Special leave for childbirth</li> <li>● Childcare subsidies</li> <li>● Nursing care leave system(by the hour)</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Rehiring former employees</li> <li>● Teleworking system</li> <li>● Flextime system</li> </ul> <p>(The below applies only to Sumitomo Mitsui Card Company)</p> <ul style="list-style-type: none"> <li>● Health-purpose or anniversary leave</li> </ul> <p>(The below applies only to SMBC Finance Service)</p> <ul style="list-style-type: none"> <li>● Maternity leave</li> <li>● Maternity work system</li> </ul>

## SMBC Consumer Finance

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until entry into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Employees can choose to work 5, 5.5, 6, 6.5, or 7 hours a day until March 31 of 6th grade
<b>Restrictions on overtime</b>	Until the entry into junior high school
<b>Exemption from late-night work</b>	Until the entry into junior high school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Area-limited employment system</li> <li>● Rehiring retirees</li> <li>● A grace period for job rotation</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Paid leave by the hour</li> <li>● Half-day paid leave</li> <li>● Leave for supporting return-to-work after childcare leave</li> <li>● Childcare leave (2 days)</li> <li>● School-visiting day (2 days a year)</li> <li>● Rehiring of former employees who quit for childcare or care-giving reasons</li> <li>● Paternity leave (3 days)</li> <li>● Rollover of unused paid vacation</li> <li>● Nursing care leave (by the hour)</li> <li>● Adjustment of work start and end times</li> <li>● Career design leave system</li> </ul>

## The Japan Research Institute

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)
<b>Shorter working hours</b>	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime)
<b>Restrictions on overtime</b>	Until entry into elementary school
<b>Exemption from late-night work</b>	For employees who are pregnant or have given birth within previous 12 months
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Childcare subsidies</li> <li>● Flexibility in the work place</li> <li>● Flextime system</li> <li>● Nursing care leave</li> <li>● Shorter working hours (for nursing care, etc.)</li> <li>● Time off and shorter working hours</li> <li>● Days off for nursing care (by the hour)</li> <li>● Special leave for childbirth</li> <li>● Paid leave for initial 15 days of childcare</li> <li>● Half day leave</li> <li>● Leave system for receiving treatment while working</li> <li>● Career design leave system</li> <li>● Carryover leave</li> <li>● Side work system</li> </ul>



## Sumitomo Mitsui DS Asset Management Company

<b>Parental leave</b>	1 year or maximum of 36 months in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until the entry of child into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Until March 31 of the 6th grade (Employees can choose to work 5, 6, 6.5, or 7 hours a day)
<b>Restrictions on overtime</b>	Until child completes 6th grade of elementary school
<b>Exemption from late-night work</b>	Until child completes 3rd grade of elementary school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Leave for childbirth by spouse</li> <li>● Nursing care leave system (by the hour)</li> <li>● Annual leave in half-day increments</li> <li>● Teleworking system</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Lifestyle enriching leave</li> <li>● Paid leave for initial 15 days of childcare</li> <li>● Annual leave in hour increments</li> <li>● Flextime system</li> <li>● Daycare subsidies</li> <li>● Celebratory gifts for birth of 3rd child</li> <li>● Leave for accompanying spouse undergoing job relocation</li> <li>● Job return system</li> </ul>

## 4. Environmental accounting at SMBC

SMBC tracks environmental protection costs, notably the costs of installing more energy-efficient lighting and air-conditioning equipment, as well as the environmental benefits accrued due to reduced energy consumption.

### 1. Environmental Conservation Costs

Figures here reflect initiatives at four head office buildings (Tokyo, East Tower, Osaka and Kobe head offices).

Cost Category		Description of Key Actions Taken	Fiscal 2019	Fiscal 2020	Fiscal 2021	YoY change (*1)
(1)Business area costs		-	841	1,182	589	-593
Breakdown	(1)-1 Pollution prevention	<ul style="list-style-type: none"> <li>Asbestos inspection and removal</li> <li>PCB storage, removal and disposal</li> </ul>	234	417	82	-335
	(1)-2 Global environmental conservation	<ul style="list-style-type: none"> <li>Replacement of obsolete air-conditioners</li> <li>Replacement of obsolete lighting</li> </ul>	581	739	482	-257
	(1)-3 Resource re-use/recycling	<ul style="list-style-type: none"> <li>Treatment of general and industrial waste</li> </ul>	26	26	25	-1
(2)Upstream and downstream		-	-	-	-	-
(3)Administrative costs		Development and operation of environmental management framework, disclosure of environmental information, etc.	0	0	0	0
(4)Research and development costs		-	-	-	-	-
(5)Social activity costs		Donations related to environmental protection, etc.	51	25	23	-2
(6)Environmental damage repair costs		-	-	-	-	-
Total			892	1,207	612	-595

\*1 Year-on-year change = FY2021 - FY2020. A negative figure indicates a cost decrease.

## 2. Environmental Conservation Benefits

Figures here reflect initiatives at our 453 domestic branches.

Measurement Items		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	YoY change (*2)
Direct energy consumption	City gas	Thousand m <sup>3</sup>	1,499	1,575	1,516	-59
	Liquefied petroleum gas (LPG)	t	9	9	7	-2
	Heavy fuel oil	kl	5	3	86	83
	Light oil	kl	1	1	1	-0
	Kerosene	kl	7	5	5	0
	Gasoline ( commercial vehicle, etc.)	kl	1,685	1,078	1,069	-9
Indirect energy consumption	Electricity	Thousand kWh	145,851	143,368	135,715	-7,653
	Steam	GJ	19,370	20,971	19,055	-1,916
	Hot water	GJ	2,130	2,866	3,154	288
	Cold water	GJ	10,475	9,714	9,714	0
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	21,602	1,555	2,651	1,096
	Total water and sewage	Thousand m <sup>3</sup>	2,167	2,084	2,017	-67









\*2 Year-on-year change = FY2021 - FY2020. A negative figure indicates a decrease in consumption. Both cost and consumption decreases show data by SMBC.


## Recognition and Accreditation

SMFG and its Group companies have earned recognition for their sustainable activities in the form of various certifications and awards, detailed below.

### SMFG's Inclusion in ESG Indices

SMBC Group's proactive sustainable activities have been well-received by the markets. SMFG is included in the world's major ESG indices as shown below.


Index	Details
<p>■ <b>FTSE4Good Global 100 Index</b></p>  <p>FTSE4Good</p>	<p>The FTSE 4 Good Global Index Series was created by FTSE International Limited, a joint venture set up by the Financial Times newspaper of the United Kingdom and the London Stock Exchange</p> <p>FTSE4Good Global 100 Index </p>
<p>■ <b>FTSE Blossom Japan Index</b></p>  <p>FTSE Blossom Japan</p>	<p>This index is comprised of Japanese stocks with high evaluation in terms of ESG. The Government Pension Investment Fund (GPIF) of Japan has selected the index as a core ESG benchmark</p> <p>FTSE Blossom Japan Index </p>
<p>■ <b>FTSE Blossom Japan Sector Relative Index</b></p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>This index is comprised of Japanese stocks with high evaluation in terms of ESG. The Government Pension Investment Fund (GPIF) of Japan has selected the index as a core ESG benchmark</p> <p>FTSE Blossom Japan Sector Relative Index </p>
<p>■ <b>MSCI Japan ESG Select Leaders Index</b></p>  <p>MSCI Japan ESG Select Leaders Index</p>	<p>An index created by US company MSCI (Morgan Stanley Capital International), comprising stocks of companies that are highly evaluated from an ESG perspective.</p> <p>MSCI Japan ESG Select Leaders Index </p>
<p><b>Disclaimer</b></p> <p>THE INCLUSION OF SUMITOMO MITSUI FINANCIAL GROUP IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SUMITOMO MITSUI FINANCIAL GROUP BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.</p>	

Index	Details
<p>■ <b>Bloomberg Gender-Equality Index</b></p> 	<p>An index developed in 2017 by Bloomberg that assesses initiatives, attitude to information disclosure, results, etc., of companies regarding gender equality</p>

## Awards and Certifications (SMBC Group)

### CX and Quality

#### Certification Received

Recipient company	Certification	Details
SMBC Trust Bank	COPC® CX Standard CSP 6.1 version	The company obtained the certification of the “COPC® CX Standard CSP 6.1 version,” which is an international quality-assurance standard concerning contact center operation.
SMBC Nikko Securities	COPC® CX Standard CSP 6.2 version	The company obtained certification in terms of suitability with the “COPC® CX Standard CSP 6.2 version” , which is an international quality-assurance standard concerning contact center operation.
SMBC Nikko Securities	<p>Obtained certification as 5-Star Recognized Center under the HDI Five-Star Certification Program provided by HDI-Japan.</p> 	<p>In the HDI Five-Star Certification Program provided by HDI-Japan, the Japanese affiliate of the Help-Desk Institute, an international organization in the support-service industry, the company was the first in Japan to obtain certification in two divisions: the inquiry-desk segment, which evaluates call-center in-call telephone reception, and the Web-support portal segment, which evaluates Web support.</p>

Recipient company	Certification	Details
SMBC Nikko Securities	Self-suitability Declaration and Consumer-oriented Declaration (as per ISO10002)	In accordance with the international standard "ISO10002/JIS Q 10002 (Quality management --- Customer satisfaction --- Guidelines for complaints-handling in an organization)" compiled by ISO concerning the organizational handling of customer complaints, an adequate organizational system was established, responding to the voices of customers, and the "Self-suitability Declaration (as per ISO10002)" was formulated. At the same time, a "Consumer-oriented Declaration" (to reflect the corporate thoughts and handling policy of the company towards realization of consumer-oriented management that is being promoted by the Consumer Affairs Agency, whereby all enterprises should prioritize the benefits of consumers) was made. This was the first case in which a securities company implemented both declarations.
SMBC Consumer Finance	COPC® CX Standard for Customer Service Providers (CSPs), Release 6.0a	For three of their domestic client service centers (Tokyo, Osaka, and Fukuoka), the company obtained the certification of "COPC® CX Standard CSP version Release 6.0a," an international quality-assurance standard for contact center operation. This was the first case of such certification in the domestic nonbank sector (including sales on credit and credit cards). For assurance centers in the two domestic offices (Tokyo and Fukuoka) as well, the company obtained the certification of "COPC® CX Standard CSP version Release 6.0a" (international quality-assurance standard for the contact center and BPO(※) operations). This was the first case of COPC certification concerning BPO operation as a domestic company. ※Operation for business process outsourcing

## — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2021	Sumitomo Mitsui Banking Corporation	Received the "UCDA Award" (equivalent to the Grand Prize), the "Easy-to-Understand Information Award", the "Special Award", and "Execution Committees Award (Gold)." at the UCDA Awards 2021	Quality of information (easy to see, easy to understand, easy to communicate) on pamphlets and videos
2021	SMBC Nikko Securities	Obtained certification as "3 Stars Customer Service", "3 Stars Support Portal" under the HDI-Japan Certification Program in two dept..	Customer Service: Quality of call center performance Support Portal: Quality of support by internet
2020	SMBC Trust bank	Obtained certification as 3-Star Recognized Center (top ranking in Japan) under the HDI-Japan Certification Program in the inquiry desk and Monitoring category.	Quality of call center operator response
2019	Sumitomo Mitsui Card Company	Awarded a three-star rating in Japan for two consecutive years since 2018 in the Quality Monitoring category of the HDI-Japan Monitoring-Desk Ratings	Quality of call center operator response
2018	Sumitomo Mitsui Card Company	Won silver award in Best Customer Service category of Contact Center World Awards competition (sponsored by Contact Center World.com)	Call center operation reform measures centered on strengthening and improving customer experience (CX)
2018	Sumitomo Mitsui Banking Corporation	Awarded grand prize in Japan Institute of Information Technology's Service Hospitality Awards 2018	Initiatives to improve hospitality by using the latest digital technologies to provide paperless stores

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	Sumitomo Mitsui Banking Corporation	Recognized as a "Tokyo Barrier-free Mindsets Support Corporation" by the Tokyo Metropolitan Government	Initiatives to promote barrier-free mindset among employees
2018	Sumitomo Mitsui Banking Corporation	Ranked first three years running in J.D. Power Japan's Retail Banking Customer Satisfaction Study (Japanese bank sector)	Customer satisfaction rating among asset management customers
2017	Sumitomo Mitsui Banking Corporation	Received Universal Manners Award 2017 (Sustainability division)	Initiatives such as hardware that incorporates universal design and promoting employment of disabled people by the SMBC Group
2017	Sumitomo Mitsui Banking Corporation	Awarded "highly commended" prize in Japan Institute of Information Technology's Service Hospitality Awards 2017	Initiatives to improve hospitality by using the latest digital technologies to provide paperless stores
2017	Sumitomo Mitsui Banking Corporation	Received gold awards at the Contact Center World Awards in Technology Innovation and Outbound Campaign categories at the Global Conference sponsored by ContactCenterWorld.com	Technology Innovation: Initiatives to streamline operations and improve customer satisfaction and employee satisfaction by the use of AI in contact centers Outbound Campaign: Initiatives involving strategy, planning, and human resources to ensure the success of outbound operations
2017	Sumitomo Mitsui Banking Corporation	Obtained "highly commended" prize in Best Customer Support of the Year held by the Japan Institute of Information Technology	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2017	Sumitomo Mitsui Banking Corporation	Awarded Technology category prize in the Call Center Awards 2017 run by RIC Telecom Co., Ltd.'s Computer Telephony Editing Department, publisher of "Computer Telephony" magazine	Initiatives to streamline contact centers and improve customer satisfaction by the use of technology
2017	Sumitomo Mitsui Banking Corporation	Obtained certification as 3-Star Recognized Center (top ranking in Japan) under the HDI-Japan Certification Program in the inquiry desk and Web support portal divisions.	Inquiry desk: Survey of inquiry desk quality and performance Web support portal: Survey of Web support features and performance
2017	Sumitomo Mitsui Banking Corporation	J.D. Power Asia Pacific's Call Center Satisfaction Study 2017 Ranked first among national banks in Japan	Customer satisfaction, including call center response to customers
2015	Sumitomo Mitsui Banking Corporation	Received a gold award at the Contact Center World Awards, Asia-Pacific Conference, and a silver award at the Global Conference sponsored by ContactCenterWorld.com	Initiatives to link branches and contribute to sales activities using remote channels






Year received	Recipient company	Name of award /commendation	Details of award /commendation
2015	Sumitomo Mitsui Banking Corporation	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan for the second consecutive year since 2014.	Initiatives to link branches and contribute to sales activities using remote channels
2015	Sumitomo Mitsui Banking Corporation	Awarded judges' special prizes in the "Call Center Awards 2015" held by RIC Telecom Co., Ltd.'s Computer Telephony Editing Department, publisher of Computer Telephony magazine.	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2015	Sumitomo Mitsui Banking Corporation	Obtained recommendation prize under the Best Customer Support of The Year held by the Japan Institute of Information Technology for the second consecutive year since 2014.	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels.
2014	SMBC Nikko Securities	Received a silver award at the Contact Center World Awards, Asia-Pacific Conference sponsored by ContactCenterWorld.com, for the fourth successive year since 2011.	For operating methods at contact centers and contributions to increasing customer satisfaction and management
2013	SMBC Nikko Securities	Certified as a Gold Rank Company designated by the Japan Telegraph and Telephone Users Association	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an Award for Excellence, the highest honor, in the Best Contact Center of the Year Awards sponsored by the Japan Institute of Information Technology, for the fourth successive year since 2010.	Operating method of contact centers, enhanced customer satisfaction, and contribution to management
2013	SMBC Nikko Securities	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan, for the sixth successive year since 2008.	Sales business model using contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the ninth successive year since 2005.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Corporate Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the fifth successive year since 2009.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received a Three-Star Prize, the highest evaluation in Japan, in the HDI-Japan Inquiry-Desk Ratings, for the eighth successive year since 2006.	Quality of telephone service at contact centers
2012	Sumitomo Mitsui Banking Corporation	In the 2012 Japan Investor Satisfaction Study conducted by J.D.POWER SMBC ranked highest in customer satisfaction in the full-service bank segment.	Levels of customer satisfaction for account offerings, customer interaction, etc.







Year received	Recipient company	Name of award /commendation	Details of award /commendation
2010	SMBC Nikko Securities	Judge's special prize in the 2010 Contact Center Awards sponsored by the monthly Computer Telephony	Operating methods at contact centers and contributions to increasing customer satisfaction and management
2010	SMBC Nikko Securities	Okinawa Prefecture IT Business Award sponsored by Okinawa Prefecture	Contribution to the development of information and communications industries in Okinawa Prefecture

## The Environment

### Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2022	Sumitomo Mitsui Banking Corporation	Received the Minister of Environment Award (General Division) as the best practice in FY2021 from the Principles for Financial Action for the 21 <sup>st</sup> Century 	Release of green deposits
2022	Sumitomo Mitsui Banking Corporation	Received the Bronze Prize in the financial service Category of "ESG Finance Awards" sponsored by the Ministry of the Environment. 	Commitment towards sustainability and its governance structure
2022	Sumitomo Mitsui Banking Corporation	Received the Excellence Award for the Sustainable Finance Award hosted by the Research Institute for Environmental Finance 	Contributions to the promotion of sustainable finance, including the release of green deposits
2020	Sumitomo Mitsui Financial Group	Received the Excellence Award for Environmental Reporting at the 23rd Environmental Communication Awards co-organized by the Ministry of the Environment and the Global Environmental Forum 	SMBC Group Report 2019 and Sustainability Report
2020	SMBC Nikko Securities	Environment Minister Award (Silver Medal) was given in the category of financial service of the "ESG Finance Award" hosted by the Environment Ministry. 	Support system for green bond issuance

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2020	Sumitomo Mitsui Banking Corporation	Received the Bronze Prize in the financial service Category of "ESG Finance Awards" sponsored by the Ministry of the Environment. 	Green loan
2018	Sumitomo Mitsui Financial Group	Won Principles for Financial Action for the 21st Century* Special Award *Financial action initiatives that aim to create a sustainable society devised by the Ministry of the Environment and over 250 financial institutions and other organizations 	Environmental magazine JUNIOR SAFE
2016	Sumitomo Mitsui Financial Group	Received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award 	Environmental magazine JUNIOR SAFE
2013	Sumitomo Mitsui Banking Corporation	Pronounced regional winner Asia/Pacific category of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards 2013 sponsored by the Financial Times (FT) in conjunction with the IFC 	Contributions, through corporate activity and business, to sustainability in the three fields of the environment, society, and governance
2012	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Asia/Pacific segment of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the three fields of the environment, society, and governance
2011	Sumitomo Mitsui Finance and Leasing Company	Received the highest-rank rating in the DBJ Environmental Ratings, for which the Development Bank of Japan undertakes environmentally responsible management evaluation and provides financing at preferential interest rates in accordance with the resultant credit ratings.	Environmental management
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Cross-Regional segment of the Sustainable Bank of the Year category of the Sustainable Finance Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the fields of environment, society, governance
2011	Sumitomo Mitsui Banking Corporation	Green IT Promotion Council Chairman Award at the 2011 METI Green IT Awards (Commends services/systems with excellent energy-conservation impact)	ATM Journal electronic storage system (Reduces paper use by 28 million A4 sheets per year)
2010	Sumitomo Mitsui Banking Corporation	7th Eco Products Awards Eco-service Environment Minister's Prize (eco-products grand prize)	SMBC Environmental Assessment Loan/Private Placement Bond
2010	Sumitomo Mitsui Banking Corporation	The IT General Award, one of the IT Awards sponsored by the IT Institute (Japan Institute of Information Technology)	"CUTE" next-generation branch system
2009	Sumitomo Mitsui Banking Corporation	Nikkei Veritas Superiority Award (Nikkei Superior Products and Services Awards)	SMBC Environmental Assessment Loan/Private Placement Bond

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2009	Sumitomo Mitsui Banking Corporation	Review Board Special Award at the 2009 METI Green IT Awards (jointly with NEC and Oki)	"CUTE" next-generation branch system (Reducing paper use by 3 million A4 sheets per year)
2009	Sumitomo Mitsui Banking Corporation	At the 18th Global Environmental Awards, sponsored by the Fuji Sankei Group, the Fuji Sankei Communications Group Prize for excellence	Emission-rights business and all other environment-related initiatives

## Security Compliance

### — Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Card Company		Acquisition of authorization for the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) Privacy Mark granted to enterprises that have systems for devising appropriate measures to protect personal information
SMBC Finance Service		
Japan Research Institute		
SMBC Consumer Finance		

### — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	SMBC Consumer Finance	Award for companies that contribute to the PrivacyMark system	Recognized for many years of maintaining and improving measures to protect personal information as an enterprise granted use of the PrivacyMark and efforts to promote the PrivacyMark system
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist for 2011 Compliance Innovator of the Year in the 7th Annual Compliance Awards sponsored by Thomson Reuters.	Initiatives to strengthen stances with regard to money laundering and the severing of relations with anti-social forces



## Social Contribution Activities

### Awards and Certification Received





Year received	Recipient company Name of award /commendation	Name of award /commendation	Details of award /commendation
2019	SMBC Nikko Securities	Excellent Company Award for Employment of Persons with Disabilities (Director-General of the Industrial Labor Bureau Award)	Evaluate unique initiatives to create an environment where people with disabilities can work actively in the workplace
2017	Sumitomo Mitsui Banking Corporation	SMBC received a letter of appreciation from the Tokyo Metropolitan Board of Education as a "Fiscal Year 2017 Company contributing to the Tokyo Teaching Committee"	Achievement in after school activity such as support in Tokyo Metropolitan Special Support School District
2009	Sumitomo Mitsui Banking Corporation	Received certificate of commendation from the governor of Tokyo for contributions to a Tokyo metropolitan social welfare initiative.	Meritorious service to enhance the welfare of the Tokyo metropolis





## Employees

### Awards and Certification Received





Year received	Recipient company	Name of award /commendation	Details of award /commendation
2022	Sumitomo Mitsui Financial Group	<p>Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.</p> 	Creating a workplace where the people of LGBT can work comfortably
	Sumitomo Mitsui Financial Group	<p>Acquired 5stars (Top 24 Companies) at "6th Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p>  <p>* "Smart Work Management" refers to maximizing the potential of workers through varied and flexible work styles, and developing strategies to maximize productivity and the broader performance of the organization using positive feedback loops, thereby fostering innovation and new market development.</p>	Implementation of Smart Work management





Year received	Recipient company	Name of award /commendation	Details of award /commendation
	Sumitomo Mitsui Finance and Leasing Company	Recognized as a 2020 Certified Health and Productivity Management Organization (large enterprise category)	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it
	SMBC Nikko Securities		
	Sumitomo Mitsui Card Company		
	SMBC Consumer Finance		
	Japan Research Institute		
	Sumitomo Mitsui DS Asset Management Company		
	Sumitomo Mitsui Financial Group(Sumitomo Mitsui Banking Corporation)	2022 Certified Health and Productivity Management Organizations (Large Enterprise Category (White 500)) (Top 500 enterprises of the recognized enterprises)	
	SMBC Finance Service		
2021	Sumitomo Mitsui Financial Group	Acquired the highest "Gold" rank and Best Practice Award in 'PRIDE index and where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.	* Creating a workplace where the people of LGBT can work comfortably * The Group also received the "Best Practice" award for its "LGBTQ Ally Message Video" produced in collaboration with other companies
2021	Sumitomo Mitsui Financial Group	Acquired 5stars (Top 21 Companies) at "5th Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management	Implementation of Smart Work management
2021	Sumitomo Mitsui Financial Group(Sumitomo Mitsui Banking Corporation),SMBC Nikko Securities,Sumitomo Mitsui Card Company,SMBC Consumer Finance,SMBC Finance Service,Japan Research Institute,Sumitomo Mitsui DS Asset Management Company	Recognized as a 2021 Certified Health and Productivity Management Organization (large enterprise category)	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2020	Sumitomo Mitsui Financial Group	Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.  	Creating a workplace where the people of LGBT can work comfortably
2020	Sumitomo Mitsui Financial Group	Acquired 4stars at "2nd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management  	Implementation of Smart Work management
2020	Sumitomo Mitsui Financial Group	Selected as a "Nadeshiko Brand" in the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) Nadeshiko Brand Initiative for the purpose of selecting and publicizing enterprises that encourage women's success in the workplace  	Initiatives to encourage women's success in the workplace
2020	Sumitomo Mitsui Financial Group(Sumitomo Mitsui Banking Corporation)	Recognized as a 2020 Certified Health and Productivity Management Organization (large enterprise category)	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it
	SMBC Consumer Finance		
	Japan Research Institute		
	Sumitomo Mitsui DS Asset Management Company		
	SMBC Nikko Securities	2020 Certified Health and Productivity Management Organizations (Large Enterprise Category (White 500)) (Top 500 enterprises of the recognized enterprises)	
	SMBC Finance Service		
2019	Sumitomo Mitsui Financial Group	Acquired 4.5stars (Top 50 Companies) at "3rd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management  	Implementation of Smart Work management

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2019	Sumitomo Mitsui Financial Group	Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues. 	Creating a workplace where the people of LGBT can work comfortably
2019	Sumitomo Mitsui Financial Group	Selected as a "Nadeshiko Brand" in the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) Nadeshiko Brand Initiative for the purpose of selecting and publicizing enterprises that encourage women's success in the workplace 	Initiatives to encourage women's success in the workplace
2019	Sumitomo Mitsui Financial Group, Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities, SMBC Finance Service, Japan Research Institute	Recognized as a 2019 Certified Health and Productivity Management Organization (large enterprise category)	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it
2018	Sumitomo Mitsui Financial Group	Acquired 4stars at "2nd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management 	Implementation of Smart Work management
2018	Sumitomo Mitsui Banking Corporation	Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues. 	Creating a workplace where the people of LGBT can work comfortably







Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	Sumitomo Mitsui Financial Group	Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category)	Acquired Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices
2018	Sumitomo Mitsui Financial Group	Acquired 4.5 stars (Top 40 Companies) at "1st Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management 	Implementation of Smart Work management
2017	Sumitomo Mitsui Banking Corporation	Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues. 	Creating a workplace where the people of LGBT can work comfortably
2017	Sumitomo Mitsui Banking Corporation	Received the Catalyst Special Award hosted by Catalyst, a non-profit organization established in the United States to globally support efforts to promote women's participation 	Strong commitment from top management to promoting participation by women, development of measures suited to each operating unit, and initiatives focused on improving flexibility of work styles
2017	Sumitomo Mitsui Financial Group	Selected as a "Nadeshiko Brand," which are listed companies jointly selected by the Ministry of Enterprise, Trade and Industry and Tokyo Stock Exchange for excellence in promoting active participation by women 	Initiatives to promote active participation by women

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2017	Sumitomo Mitsui Financial Group	Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category)	Acquired Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices
2015	Sumitomo Mitsui Banking Corporation	Received the "Diversity Management Selection 100" from the Ministry of Economy, Trade and Industry to companies with particularly outstanding diversity management practices 	Appraised that SMBC is promoting and considering diversity as a part of important corporate management.
2015	Sumitomo Mitsui Financial Group	SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace 	Initiatives for promoting women's roles in the workplace
2013	Sumitomo Mitsui Financial Group	SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace. 	Initiatives for promoting women's roles in the workplace
2012	Sumitomo Mitsui Banking Corporation	Named one of the best 25 companies to work for in Japan in the "Great Place to Work" ranking conducted by the Great Place to Work® Institute Japan. 	Internal systems and corporate culture

## Development of the Next Generation

### Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Banking Corporation	"Kurumin" certification for the next generation 	Received "Kurumin" certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.
Sumitomo Mitsui Finance and Leasing Company		
SMBC Nikko Securities		
Sumitomo Mitsui Card Company		
SMBC Finance Service		
SMBC Consumer Finance		
Japan Research Institute		
Sumitomo Mitsui Banking Corporation	"Platinum Kurumin Certification"	In addition to the previous "Kurumin Certification," SMBC and JRI acquired the "Platinum Kurumin Certification" for companies certified by the Minister of Health, Labour and Welfare as taking the lead in supporting the nurturing of the next generation at an even higher level, including numbers of men using children raising leave systems. (*The color differs by company. Light Green: SMBC; Yellow : SMCC; Orange : SMBCCF)
Sumitomo Mitsui Card Company	platinum kurumin mark 	
SMBC Consumer Finance		
Sumitomo Mitsui Banking Corporation	Eruboshi (second rank) certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace 	Acquired "Eruboshi" for companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women.
SMBC Nikko Securities		
SMBC Finance Service		
SMBC Consumer Finance		
Japan Research Institute	Eruboshi (third rank)	
SMBC Trust bank		

## — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	SMBC Nikko Securities	12th Kids Design Award	Received the 12th Kids Design Award for finance and economic education in the category of designs that develop children's creativity and shape their future, a first for a securities company

\* Commendation titles and the like are those used at the time they were bestowed.

