

CSR REPORT 2010

Sumitomo Mitsui Financial Group CSR Report

[Digest version with examples of activities and statistical performance: online PDF file]

Editorial policy

This report is intended to supplement the information given in our CSR Report 2010 (digest version). It chiefly comprises details of activities at each stakeholder and a statistical summary of environmental performance in areas that are the subject of frequently asked questions. It should be read in tandem with the CSR Report 2010 (digest version), which outlines specific activities of interest undertaken by the Group.

The full version of SMFG's CSR report for fiscal 2010, CSR Report: Online Version, is published on our website, at

<http://www.smfg.co.jp/responsibility/>
(Japanese only)

(Date of issue: September 2010)

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SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Performance in Fiscal 2009 and Goals for Fiscal 2010

CSR activities

The key priorities of Group CSR activities are to deliver higher added value through our four major stakeholder groups, based on a solid management framework, and to contribute to sustainable development of society as a whole. For this reason, we have set up our Group CSR Committee, to evaluate CSR

implementation plans across the whole Group and manage progress. Our CSR activities are undertaken based on a PDCA (Plan, Do, Check, and Act) cycle, in line with individual SMFG companies' mission statements and the Group definition of CSR and set of business ethics.

Major activities at Group companies

	Performance in fiscal 2009	Goals for fiscal 2010
Our customers	<ul style="list-style-type: none"> •Worked more actively through the Customer Satisfaction Committee (SMFG) •Enabled more sophisticated analysis of Voice of the Customers (VOC) feedback (SMBC) •Continued "Better Communication with the Retail Customer" Project (SMBC) •Pursued "universal design and services" commitment (SMBC) •Expanded channels for gathering VOC feedback and strengthened alliances with individual departments (SMCC) •Raised personnel awareness (training for new hires, employee opinion survey, test using customer satisfaction checklist) (SMCC) •Organized second round of customer satisfaction questionnaires (SMFL) •Gave point-by-point briefing on lease accounting and taxation via email newsletters (SMFL) •Executed action plan based on results of customer satisfaction survey (JRI) •Improved compliance system and implemented in-house training and study (JRI) •Carried out customer satisfaction (CS) questionnaire survey; chose CS slogans for in-house use; and enhanced investor information (SMBC Friend) •Archived customer feedback on VOC Database and took due response measures (SMBC Friend) •Carried out fiscal 2009 customer satisfaction survey (Nikko) •Internally announced groupwide targets for improving customer satisfaction and employee satisfaction (Nikko) •Compiled second guidebook to help improve services for the elderly and persons with disabilities (Minato) •Posted data on VOC feedback and measures for service improvement (updated), and communicated specific instances of improvement (Minato) •Improved over-the-counter service standards for financial products, and arranged monitoring and instruction by external organizations regarding over-the counter service standards (KUBC) •Organized regular internal compliance training at each department and branch (KUBC) 	<ul style="list-style-type: none"> •Establish Group Customer Satisfaction Committee working group (SMFG) •Create mechanism for more broad-based collection of VOC feedback (customer opinions and needs) (SMBC) •Continue initiatives to improve "universal design and services" (SMBC) •Continue employee awareness-raising activities and strengthen customer relations (SMCC) •Hold periodic compliance study sessions (SMCC) •Continue and improve customer satisfaction questionnaires (SMFL) •Strengthen provision of products and information services based on customer needs (SMFL) •Continue to carry out and analyze customer satisfaction survey, and draft and execute action plans (JRI) •Strengthen checking mechanisms for improving content of customer solution-proposal (JRI) •Carry out customer satisfaction questionnaire survey; improve, expand and diversify various seminars; and carry out customer satisfaction training (SMBC Friend) •Carry out fiscal 2010 customer satisfaction survey (Nikko) •Ensure understanding of compliance system groupwide (Nikko) •Step up use of VOC feedback, and communicate specific instances of improvement (Minato) •Improve customer satisfaction training program (Minato) •Work to create a stronger culture of compliance (KUBC)
Our shareholders and the markets	<ul style="list-style-type: none"> •Reorganized and expanded website content for shareholders and investors (SMFG, SMBC) •Prepared for listing on the New York Stock Exchange (SMFG) •Revised year-end results presentation to consolidated-basis disclosure (SMFL) •Clarified points for further explanation by separately posting major items in year-end results materials (SMFL) •Marketed environmental investment trust products (Nikko) •Ensured appropriate and timely disclosure (Minato) •Used more visual presentation methods at the General Shareholders' Meetings (Minato) 	<ul style="list-style-type: none"> •Deal with listing on the New York Stock Exchange (SMFG) •Expand disclosure (SMFL) •Continue marketing environmental investment trust products (Nikko) •Marketing "Green Bond" (Nikko) •Ensure full transparency in disclosure (SMFG, Nikko) •Enhance due and timely disclosure in line with internal disclosure rules (Minato)
Our employees	<ul style="list-style-type: none"> •Promoted better work-life balance (SMBC, SMCC, SMFL, JRI, SMBC Friend, Nikko, Minato, KUBC) •Arranged annual workplace Children's Visitation Day and Family Visitation Day (SMBC, SMCC, SMFL, SMBC Friend) •Expanded diversity-related measures (SMBC) •Broadened range of employee training (SMBC) •Received <i>Kurumin</i> certification (Ministry of Health, Labour and Welfare) for activities to support child-rearing (SMCC) •Compiled and propagated personal growth plan and guidelines for younger employees (SMFL) 	<ul style="list-style-type: none"> •Step up promotion of better work-life balance (SMBC, SMCC, SMFL, JRI, SMBC Friend, Nikko, Minato, KUBC) •Organize annual workplace Children's Visitation Day and Family Visitation Day (SMBC, SMCC, SMFL, JRI, SMBC Friend) •Expand diversity-related measures (SMBC) •Improve productivity, encourage employees to go home earlier, and hold a meeting for improving operational efficiency (SMBC) •Ensure that personnel appraisals are fair and acceptable to employees (SMCC)

	Performance in fiscal 2009	Goals for fiscal 2010
Our employees	<ul style="list-style-type: none"> Organized training to foster department and branch managers, and held training to raise managerial standards (SMFL) Created "Communication Sheet" for exchange of opinions for those taking maternity and parental leave (JRI) Compiled "Communication Handbook" and arranged training for management (JRI) Established Women's Square Site (intranet) as an in-house information tool (Nikko) Carried out various employee questionnaires (Nikko) 	<ul style="list-style-type: none"> Devise policies for helping employees with mental health issues and for nurturing talent (SMCC) Continue management training (using "Communication Handbook") (JRI) Support female employees, using external programs (Nikko) Strengthen training mechanisms for younger employees (Nikko) Consider getting <i>Kurumin</i> certification (Ministry of Health, Labour and Welfare) for activities to support child-rearing (Minato) Organize skills development program (KUBC) Organize health promotion seminars (KUBC)
Social and community activities	<ul style="list-style-type: none"> Promoted and implemented jointly-planned social contribution activities across the whole SMFG Group (SMFG, Group companies) Promoted financial and economic education (SMBC) Continued deployment at all branches of personnel with Service Care Attendant qualifications (over 1,200 staff) (SMBC) Collected donations through the World Present point service (SMCC) Sponsored children's kabuki festival performances (SMCC) Expanded PET bottle cap collection activities (SMFL) Informed employees about special (transfer-charge-free) accounts for donations to disaster victims (SMFL) Carried out Socially Responsible Investment (SRI) survey (JRI) Began considering measures to help persons with disabilities and mothers with children to join workforce and support themselves (JRI) Donated some income from a fund that invests in companies contributing to the betterment of society (SMBC Friend) Held beach cleanup events (SMBC Friend) Collected donations for disaster relief (Nikko) Arranged tours of branches, and office tours and training for students and the public (Nikko) Participated in environmental preservation activities in the vicinity of branches (Nikko) Proactively took measures to promote grassroots-level financing and ensure smooth and efficient financing (Minato) Contributed to sustainable regional economic development (Minato) Developed products and services rooted in the local community (KUBC) Carried out regional contribution activities (KUBC) 	<ul style="list-style-type: none"> Expand jointly-planned social contribution activities across the whole SMFG Group (SMFG) Make operational changes to social contribution activities (SMBC) Continue collecting donations through World Present point service (SMCC) Support and make donations to bone-marrow bank (SMCC) Encourage employees to participate in volunteering activities (SMFL) Donation activities for disaster relief funds, etc. (SMFL) Continue SRI survey (JRI) Continue considering measures to help persons with disabilities and mothers with children to join workforce and support themselves (JRI) Continue beach cleanup events (SMBC Friend) Install charity vending machines (SMBC Friend) Continue donations for disaster relief (Nikko) Continue arranging tours of branches, and office tours and training for students and the public (Nikko) Continue participation in environmental preservation activities in the vicinity of branches (Nikko) Continue proactive measures to promote grassroots-level financing and ensure smooth and efficient financing (Minato) Continue contributions to sustainable regional economic development (Minato) Support for local cleanup activities, etc., by bank employees (Minato) Continue to develop products and services rooted in the local community (KUBC) Continue regional contribution activities (KUBC)
Environmental activities	<ul style="list-style-type: none"> Held SMFG Environmental Business Forum (SMFG, Group companies) Took measures to reduce environmental impact (SMFG Group companies) Won 2009 Nikkei Veritas Superiority Award (Nikkei Superior Products and Services Awards) for SMBC Environmental Assessment Loan/Private Placement Bond (SMBC) Strengthened marketing of environmental financing products (SMBC) Promoted Web Meisai (online monthly statements) (SMCC) Joined eco-point businesses, etc. (SMCC) Sponsored eco japan cup 2009 (SMBC, SMFL) Expanded scope of ISO14001 certification to include affiliates (SMFL) Supported environmental financing (JRI) Supported eco japan cup 2009 (JRI) Promoted adoption of eco-friendly materials for branch renovation (SMBC Friend) Promoted shift to eco-vehicles (SMBC Friend) Researched and adapted to changes in ISO14001 environmental management standard (Nikko) Began handling new products <i>Minato Eco-Private Placement Bond</i>, and <i>Minato Eco-Monogatari</i> carbon offset time deposits (Minato) Participated in Hyogo Prefecture's environmental policy-making (Minato) Marketed <i>eco time deposits</i> (KUBC) Carried out fund-raising for greening initiatives (KUBC) 	<ul style="list-style-type: none"> Hold SMFG Environmental Business Forum (SMFG, Group companies) Continue initiatives to reduce environmental impact (SMFG Group companies) Orientate operations to address environmental and other growth business areas (SMBC) Take measures to address biodiversity issues (organize seminar at 10th Conference of the Parties to the Convention on Biological Diversity (COP10) and consider running stand at environmental exhibits) (SMBC) Continue promoting Web Meisai (online monthly statements) (SMCC) Continue participating in eco-point businesses, etc. (SMCC) Strengthen environmental management systems (SMFL) Sponsor eco japan cup 2010 (SMBC, SMFL) Support eco japan cup 2010 (JRI) Continue to promote environmental businesses (support for business establishment and through environmental financing) (JRI) Continue adoption of eco-friendly materials for branch renovation (SMBC Friend) Continue to promote shift to eco-vehicles (SMBC Friend) Continue to arrange environmental education through e-learning program (Nikko) Continue marketing established products and increase their appeal (Minato) Support environmental business fair sponsored by Sakai City (KUBC) Consider handling environment-friendly products (KUBC)

Abbreviations

The Group: the whole Group

SMFG: Sumitomo Mitsui Financial Group, Inc.

SMBC: Sumitomo Mitsui Banking Corporation

SMCC: Sumitomo Mitsui Card Company, Limited

SMFL: Sumitomo Mitsui Finance and Leasing Co., Ltd.

JRI: The Japan Research Institute Limited

SMBC Friend: SMBC Friend Securities Co., Ltd.

Nikko: Nikko Cordial Securities Inc.

Minato: THE MINATO BANK, LTD.

KUBC: Kansai Urban Banking Corporation

Together with Our Customers

Basic approach

In partnership with Group companies, SMFG is working to improve standards of customer satisfaction and service quality. We are committed to improving customer satisfaction levels on a Groupwide basis. Our Group Customer Satisfaction Committee meets regularly, and discussions are held on customer satisfaction promotion policies at each Group company. We also compile reports and hold discussions on results of analysis of our customer feedback program, Voice of the Customers (VOC).

Likewise, one of SMBC's core principles in its Mission Statement is "to provide optimum added-value to our customers and together with them achieve growth."

To live up this commitment, we systematically collect and analyze customer opinions canvassed at Head Office and each of our branches, and take measures to improve the value of services from the customers' perspective.

Customer satisfaction measures at Group companies

Company	Performance in fiscal 2009	Policies for fiscal 2010
SMFG	<ul style="list-style-type: none"> •Held Group Customer Satisfaction Committee meetings •Collected and analyzed VOC feedback from customers of Group companies •Researched case studies in customer satisfaction •Adjusted policies and orientation regarding customer satisfaction 	<ul style="list-style-type: none"> •Continue holding Group Customer Satisfaction Committee meetings •Establish Committee working group as sub systems, for still more pooling of information within the Group •Broaden scope of information sharing (include companies represented on Committee)
SMBC	<ul style="list-style-type: none"> •Analyzed VOC feedback on smooth and efficient financing for SMEs, and investment products, etc., and reflected findings in policies •Made modifications focusing on products and services that may significantly impact customers 	<ul style="list-style-type: none"> •Create systems for more broad-based collection of VOC feedback (customer opinions and needs) •Improve products and services from the viewpoint of the customer •Develop practical ability to strengthen the customer first policy, through study sessions and training, etc.
SMCC	<ul style="list-style-type: none"> •Extracted VOC feedback from in-house portal site, and took remedial action •Carried out customer satisfaction questionnaire survey for cardholders •Promoted awareness-raising for employees (training for new hires, employee opinion survey, test using customer satisfaction checklist) •Continued compliance study sessions 	<ul style="list-style-type: none"> •Select areas for remedial action by responsible department, and strengthen alliances with other departments and offices •Ensure early development and improvement of products and services based on VOC feedback •Promote employee awareness-raising (training for new hires, employee opinion survey, test using customer satisfaction checklist, introduction of Voice of Gratitude system) •Continue to hold compliance study sessions
SMFL	<ul style="list-style-type: none"> •Published results of customer satisfaction questionnaire on our website and via email newsletters •Based on questionnaire results, improved customer satisfaction awareness through guidance and CSR study sessions at branches and offices •Regularly provided information via email newsletters •Ensured rapid response to customer concerns using in-house computer systems 	<ul style="list-style-type: none"> •Improve question content and questioning techniques in customer satisfaction questionnaire, and expand its scope •Publish CSR policies on our website •Expand range of information provided based on study of customer needs •Upgrade system for gathering VOC feedback
JRI	<ul style="list-style-type: none"> •Carried out action plan based on customer satisfaction survey (reduced defects in system development projects) •Upgraded content of training in consulting skills development •Strengthened information provision, using new website 	<ul style="list-style-type: none"> •Continue to carry out and analyze results of customer satisfaction survey, and establish and execute action plans •Entrench solution-proposal system on companywide basis, strengthen mechanisms for checking terms of proposals •Upgrade compliance system and continue in-house education and training programs
SMBC Friend	<ul style="list-style-type: none"> •Planned and promoted action program for fiscal 2009 (customer satisfaction questionnaire survey, selection of CS slogans for in-house use, enhancement of investment information tools, etc.) •Archived customer feedback on VOC Database, and took due response measures •Ensured rapid response to securities-related customer complaints 	<ul style="list-style-type: none"> •Compile and promote action program for fiscal 2010 (carry out customer satisfaction questionnaire survey, upgrade, expand and broaden scope of seminars, carry out customer satisfaction training, etc.) •Strengthen analysis and make proactive use of VOC feedback •Regularly organize compliance study sessions
Nikko	<ul style="list-style-type: none"> •Carried out fiscal 2009 customer satisfaction survey •Improved products and services through analysis of VOC feedback •Customer satisfaction training for employees •In-house announcement of targets for Groupwide improvement of customer satisfaction and employee satisfaction •Held committee meetings on improving customer and employee satisfaction •Held VOC feedback meetings 	<ul style="list-style-type: none"> •Carry out fiscal 2010 customer satisfaction survey •Carry out in-branch service standard monitoring for fiscal 2010 •Improve products and services through analysis of VOC feedback •Provide customer satisfaction training for employees •Announce in-house targets for Groupwide improvement of customer satisfaction and employee satisfaction; study companies that excel in customer satisfaction management •Hold committee meetings on improving customer and employee satisfaction •Hold VOC feedback meetings
Minato	<ul style="list-style-type: none"> •Reviewed and carried out measures to ensure better communication with the retail customer at branches •Used corporate customer questionnaire and customer comment cards at branches to proactively gather customer feedback •Strengthened customer protection and other management mechanisms 	<ul style="list-style-type: none"> •Ensure better communication with the retail customer at branches (measures for serving senior citizens better) •Continue acquisition of ISO9001 certification •In-house training (improvement of service care and capabilities in handling customer transactions) •Enhance customer protection and other management mechanisms
KUBC	<ul style="list-style-type: none"> •Strengthened mechanisms for explaining products and services to customers, and ensuring propriety of record-keeping •Set up post-merger customer query referral center and strengthened mechanisms for addressing customer queries •Analyzed and confirmed VOC feedback, and reflected it in management policy •Maintained strong performance in survey by external monitoring organization (first among 12 participating banks for 11 consecutive years) (former Kansai Urban Banking Corporation) 	<ul style="list-style-type: none"> •Enhance customer protection and other management mechanisms •Ensure more sophisticated analysis of VOC feedback •Take further measures to improve over-the-counter consulting services •Improve convenience for the customer

Initiatives to strengthen compliance

Compliance with laws, regulations, and other social standards is a basic requirement for corporations in general. Especially for our Group, compliance is a particularly important issue because of their public mission and social responsibilities as key players in the financial system and socioeconomic infrastructure. Given that the laws and regulations the Group must observe are enacted and amended on a year-to-year basis, the Group needs to premise its business activities on an accurate understanding of changes in the regulatory environment.

Major laws and regulations (enacted or amended) affecting SMFG's operations in recent years

SME Financial Facilitation Act (enacted)

Installment Sales Law, Act on Specified Commercial Transactions, Money Lending Business Law, Subcontract Law (amended)

Following the overhaul of our Group structure with the addition of Nikko Cordial Securities Inc. as a member of SMBC Group in fiscal 2009 and other changes, cooperative relations among Group companies have deepened and the organization is now better positioned for achieving business growth.

Below (Topics) are the major compliance measures taken by SMFG and SMBC in fiscal 2009, as well as improvement measures scheduled for implementation in fiscal 2010.

Topics

Company	Major compliance measures
SMFG	During fiscal 2009, SMFG and Group companies' measures included (1) the creation of mechanisms to deal with possible conflict of interest issues arising from amendments to firewall regulations, (2) stronger measures to prevent money laundering at Group companies, and (3) the assessment of progress in compliance at Group companies. In fiscal 2010, SMFG is strengthening compliance management at Group companies. The priority areas for strengthening oversight in fiscal 2010 include (1) guidance and oversight of Group companies to deal with a changing regulatory environment, and (2) creation of an internal management structure appropriate for a comprehensive financial services group. These measures will enable us to strengthen compliance management at the individual Group company level.
SMBC	During fiscal 2009, SMBC (1) created mechanisms to manage conflict of interest issues arising from amendments to firewall regulations; (2) provided more detailed explanations of credit policy to SMEs for smooth and efficient financing; and (3) took further preventive measures against financial activities of anti-social forces. In fiscal 2010, measures focusing on better adapting our compliance posture to social change are being implemented, including a review of our marketing practices for derivative and other products which entail risk, creating more effective mechanisms for resolving complaints and conflict in anticipation of establishment of a new Japanese financial-sector ADR (Alternative Dispute Resolution) mechanism, further measures to facilitate financing to SMEs and mortgage borrowers, and taking further preventive measures against financial activities of anti-social forces. To thoroughly familiarize all employees with these measures, SMBC is also organizing monthly staff compliance study sessions, and conducting regular compliance awareness-raising campaigns, developing online materials, and taking other measures to strengthen compliance in everyday banking operations.

Major compliance measures at Group companies in fiscal 2009

SMCC	SMCC reviewed operations and repositioned itself to more effectively deal with complaints and root out financial activities by anti-social forces. Measures included revisions to cardholder and merchant outlet contracts in light of amendment of the Money Lending Business Law and Installment Sales Law. Measures were also taken to strengthen the company's system of prior checking regarding the Personal Information Protection Act and the Subcontract Law and other legislation, and to strengthen protection of intellectual property rights.
SMFL	SMFL took measures to strengthen its ability to root out financial activities by anti-social forces and prevent money-laundering. Preparations were also made for amendment of the Money Lending Business Law and related legislation. The company reviewed related systems and made changes to its compliance monitoring and checklist with regard to the Act on Prevention of Transfer of Criminal Proceeds. In addition, measures were taken to prepare for revision of systems ahead of introduction of overall lending limits in line with full enactment of the revised Money Lending Business Law, and support was provided regarding qualification tests introduced for managers of money lending operations.
JRI	More rigorous information management and upgrading of compliance education and training programs were the priorities at JRI. Measures taken included review of standards for selection of external outsourcers, and more rigorous information management using personal data protection systems such as phased-checks and approvals of handling of personal data master files. Training programs were arranged for new hires and other staff at all levels and job grades, and compliance awareness-raising campaigns were organized on a monthly basis.
SMBC Friend	SMBC Friend revised its rules governing marketing and solicitation to ensure that its advisory services were more closely tailored to customers' knowledge, experience, asset level and investment goals. In addition, it compiled internal rules and management manuals to create a regulatory framework to meet revised firewall regulations. Measures were also taken to thoroughly familiarize employees in this area, with training programs arranged for each department affected.
Nikko	As part of moves to set up a compliance framework under its new post-integration structure, Nikko arranged training programs at all departments, offices and branches to thoroughly familiarize employees with its new commitments as an SMBC subsidiary. To ensure a framework is in place for groupwide compliance, amendments were made to the company's approach to conflict of interest and information management. Employees were thoroughly familiarized with important rules on a continuous basis, using a wide range of tools.
Minato	Measures taken during fiscal 2009 at Minato included (1) creation of mechanisms to deal with possible conflict of interest issues arising from amendments to firewall regulations; (2) provision of more detailed explanations of credit policy to SMEs for smooth and efficient financing; (3) further preventive measures against financial activities by anti-social forces; and (4) strengthening of mechanisms for customer information management (including operational launch of a new information and file management system).
KUBC	Measures taken during fiscal 2009 at KUBC included (1) creation of mechanisms for management of conflict of interest following amendment of firewall regulations; (2) provision of more detailed explanations of credit policy to SMEs for smooth and efficient financing; and (3) further preventive measures against financial activities by anti-social forces. Monthly compliance training programs within departments and branches were organized for all employees. In addition, thorough employee understanding of compliance issues was ensured through regular teleconferencing including all departments and branches.

Environmental initiatives by Group companies

For many years, SMFG has regarded environmental protection as an area where a comprehensive financial group can effectively bring its various roles to bear and perform its social responsibilities through its core business operations. While pursuing its commercial operations, the Group has designated environmental businesses as channels through which it can best contribute to society and the global community. For example, the Groupwide cross-organizational Eco-Biz Promotion Council (centered on SMBC) has met regularly since fiscal 2005, developing advanced and effective products and services for protective and remedial measures for the global environment.

Our dual roles in supporting environmental businesses

Financial-sector intermediary role

- Fostering and supporting environmental businesses
- Promotion of carbon credit* related businesses
- Development and provision of environment-friendly financial products and services

PR Role

- Publication of the environmental magazine SAFE
- Arranging environmental seminars
- Organizing environmental business matching
- Participation in various exhibitions, etc.
- Disclosure through our annual and CSR reports

*Carbon credits are also referred to as "Kyoto credits," "emission allowances," and "Certified Emission Reductions (CER)." In this report, we use "carbon credits" to refer to these and the other concepts recognized under the Kyoto Protocol.

Environmental initiatives by Group companies

Company	Customers	Program/Product	Description	
SMFG	Corporate	SAFE environmental magazine	Started in 1996, this bimonthly magazine contains interviews with top management of environmentally advanced companies, analyses of business and the latest regulatory trends, and other useful information for corporate environmental activities. It can be read online at SMFG's website (in Japanese). http://www.smfg.co.jp/responsibility/csrinfo/safe.html	
		SMFG Environmental Business Forum	SMFG, Group companies and SMBC Consulting Co., Ltd. jointly hold multifunctional events at Eco-Products, one of Japan's largest environmental exhibitions. This forum combines many types of events such as business matching, environmental seminars, etc.	Digest
		SMBC-ECO Loan	This loan offers reductions on interest rates of up to 0.25% for SMEs with environmental management systems certified by any of more than 20 organizations, including NPOs and local governments.	
SMBC JRI		SMBC Environmental Assessment Loan/Private Placement Bond	Terms and conditions of this loan/bond depend on the results of an assessment of a company's environmental friendliness using standards established by JRI. Customers can choose the fund procurement method — loans or private placement bonds.	Digest
		Eco-Products International Fair	At the fifth (March 2009) and sixth (March 2010) fairs, SMFG President Teisuke Kitayama chaired the planning committees and helped organize the booths, international conferences and other activities held in tandem with the fairs.	Digest
SMBC		Ministry of Environment's interest-free financing program	The Ministry of the Environment operates a special interest-free financing program to support the attainment of the objectives under the Kyoto Protocol. Companies receive loans from financial institutions with interest subsidized by the government to finance capital investment, on condition that they set CO2 emission reduction targets and achieve them within a specified period. As one of the financial institutions authorized to make loans under this program, SMBC provides support for companies tackling environmental issues.	
		Global ECOBIZ Assist	This program supports the globalization of Japanese companies with environmental technologies by offering preferential fees and interest rates on loans for international trade. It offers these to midsize companies and SMEs that develop and manufacture equipment related to water, waste materials, new energy sources, air pollution reduction, energy conservation and other areas (soil pollution remediation, greening, restoration of natural areas, etc.).	
		eco japan cup	This is a contest for selecting companies that have practical environmental technologies and ideas. SMBC gives assistance to those venture companies jointly with Japanese universities and has mechanisms to provide support for their R&D activities (in Japanese). http://www.eco-japan-cup.com/	Digest
		Assistance in using the domestic carbon credit system	SMBC and Group companies are working on a program for assisting CO2 emission reduction activities by using the domestic carbon credit system that began in October 2008.	
		Carbon credit related business activities (matching, advisory, trust and consulting activities)	SMBC serves customers with needs involving carbon credits by using overseas offices, trust functions and other resources to offer products and services such as introduction of sellers in developing countries, advisory services to support transactions, trust products, and financing. SMBC established a consulting company in Brazil to assist in development of Clean Development Mechanism (CDM) projects.	
		Carbon credit trading	In June 2009, SMBC became a carbon credit dealer, making it the first Japanese bank to purchase and sell carbon credits in direct transactions with customers.	
		Matching business	SMBC utilizes its network of overseas offices to introduce partners in developing countries for corporate customers planning to set up or expand business operations overseas.	
		Strengthening alliances with international and financial institutions	In March 2010, with the aim of providing financing for renewable energy projects and developing its carbon credits trading and other businesses, SMBC signed a memorandum of understanding with International Finance Corporation (IFC) and Environmental Cooperation-Asia (ECO-Asia), a regional program of the United States Agency for International Development (USAID). SMBC has been forging business alliances with local financial institutions and economic organizations in Malaysia, the Philippines, Brazil and other countries through signings of similar agreements, as part of an effort to build a stronger global network.	P7
	Climate & Children Supporters	SMBC and UNICEF started this program to target both the causes and results of climate change. When participating companies buy carbon credits to fight global warming, monetary contributions to the program are also made to aid a developing country (Mozambique) that is suffering from the effects of disasters thought to be due to global warming.		



Company	Customers	Program/Product	Description
SMBC	Individuals	Environmental campaign using JGBs for individuals	SMBC has been conducting an environmental campaign for each issue of Japanese government bonds (JGBs) since June 2008. Since June 2010, when SMBC began handling a new series of three-year JGBs for individuals, SMBC has used part of its earnings from the sale of these bonds to purchase one 100kg carbon credit per customer, and transfers the credits gratis to the Japanese government, thereby helping to reduce Japan's volume of greenhouse gas emissions.
		DWS New Resource Technology Fund	To adapt to global shifts and growth in demand patterns, this fund invests mainly in stocks of companies worldwide with excellent growth prospects involving businesses associated with the three themes of daily lifestyle infrastructure, food and clean energy.
SMBC Nikko		SMBC Nikko World Bank Bond Fund	On February 1, 2010, SMBC and Nikko Cordial Securities commenced handling of the SMBC Nikko World Bank Bond Fund (nickname: The World Bank Green Fund). This investment trust is the world's first fund developed in cooperation with the World Bank that invests in World Bank green bonds, according to research by Nikko Asset Management Co., Ltd. Funds from the World Bank green bonds support only World Bank-funded projects in developing countries to mitigate global warming. A portion of the profits from this green fund will be donated to UNICEF and the Japanese Red Cross Society.
SMBC SMFL	Individuals Corporate	Leading the Tokyo Metropolitan Government's Eco-Finance Project	SMBC has been selected as a core financial institution in the Eco-Finance Project being implemented by the Tokyo Metropolitan Government over a 5-year period starting in fiscal 2009. In this project, funds deposited by the Tokyo Metropolitan Government with SMBC are used to meet a wide range of needs, conditioned on satisfying certain environmental standards, from financing and leasing for corporate clients to mortgage loans, automobile loans, and fixed-term deposits for individuals.
SMFL	Corporate	Carbon-neutral leases	Started in August 2007, this is a new service that renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. The goal is to provide more support to companies that protect the environment through their own activities.
		Consulting business on amended Act on the Rational Use of Energy	SMFL is enhancing environmental advisory services for companies in response to the amended Act on the Rational Use of Energy. This includes comprehensive energy conservation proposals that utilize leases.
		Trading of used machinery and equipment	Machinery and facilities with expired leases or bought from the customer are sold by SMFL to customers needing such articles. Through the purchase and sale of used machinery, SMFL aims to become an environment-oriented leaser committed to product recycling and reuse.
JRI		Environmental advisory business	This business is involved in many projects centered on waste treatment and energy. The objective is to combat global warming and support the growth of environmental companies by creating new businesses.
JRI SMBC SMBCCN JRIS	Corporate Others	Consulting for construction of Tianjin Eco-City, and attracting Japanese companies	Leveraging its environmental business expertise, JRI is creating a plan for the use of renewable energy at the Tianjin Eco-City, China's national project for an environmentally sustainable city. SMBC, SMBCCN and JRIS have signed a basic agreement with the Tianjin Eco-City Administrative Committee, on initiatives to attract Japanese companies to the project.
SMCC	Individuals	Eco Point business partnership	In alliance with the Eco Point initiative promoted by the Japanese Ministry of Environment and other organizations, SMCC offers a service in which Eco Points may be exchanged for Sumitomo Mitsui VISA Gift Vouchers. Additionally, a sum equivalent to 0.1% of the face value of gift vouchers (the Sumitomo Mitsui VISA Gift Voucher or the Sumitomo Mitsui VISA Gift Voucher + ¥500 QUO Card), for which Eco Point exchange applications have been made, is donated to the government-designated non-profit organization Environmental Relations. This group plants trees in deforested areas of southern Kyushu and carries out environmental protection activities.
		Web Registration Campaign	SMCC is vigorously promoting the use of online account statements (credit/debit sums are e-mailed and the details posted on its website) as a means of conserving paper and helping cut CO ₂ emissions.
SMBC Friend Nikko		Electronic statement service	Promoting use of online account statements
Minato	Corporate	Minato ECO Loan/ Private Placement Bond	Minato offers preferential interest rates on loans and partial rebates on financial agency and underwriting charges for private placement bonds issued by corporations that have acquired environmental management system certification.
	Corporate Individuals	Minato Eco-Monogatari carbon-offset time deposit	In a first for a financial institution in Japan, Minato began handling forestry-based carbon offset service-linked deposits, following the launch of a forestry-based carbon offset business (with CO ₂ absorbed by forests) in fiscal 2009 by Hyogo Prefectural Federation Forest Owners Cooperative Association. A sum equivalent to 0.1% of the total value of time deposits opened under the program (¥5 billion) was contributed as a forestry-based carbon offset service usage payment, helping assure the maintenance of forestry environments within Hyogo Prefecture through the agency of the Association.
		Minato ECO housing loan Minato ECO product purchasing loan	The bank offers environment-friendly loans to customers who buy or install new-energy and energy-saving equipment (solar power generation systems, Eco-Will household cogeneration systems, Eco-Jozu high-efficiency water heaters, Eco Cute CO ₂ refrigerator heat-pump water heaters, or systems using solar thermal energy), as well as for purchases and construction of residences including these system and features.
KUBC	Individuals	Carbon Offset eco-time deposits	To commemorate the merger (of former Kansai Urban Banking Corporation and The Biwako Bank Ltd.) that led to its establishment, the bank between September 2009 and February 2010 offered carbon credit time deposits to help combat global warming. A sum equivalent to 0.02% of the balance of such deposits held under custody at the two former banks was used to purchase carbon credits. In May 2010, a sum equivalent to 0.02% of the total balance of such deposits at the end of February 2010 (¥38.6 billion) was used to buy 2,148 tons of carbon credits, which were transferred free of charge to the Japanese government.
		Mother Lake eco-time deposits	The bank offers time deposits through which customers can contribute to the Mother Lake Shiga Support Fund, which protects the natural environment of Lake Biwa. A sum equivalent to 0.01% of the balance of such deposits held under custody is donated to the Fund.
		Housing loan for solar power generation	The bank has launched a campaign in which applicable interest rate cuts of up to 1.0% a year are offered to customers who take out housing loans for residences in which solar power generation facilities are installed.

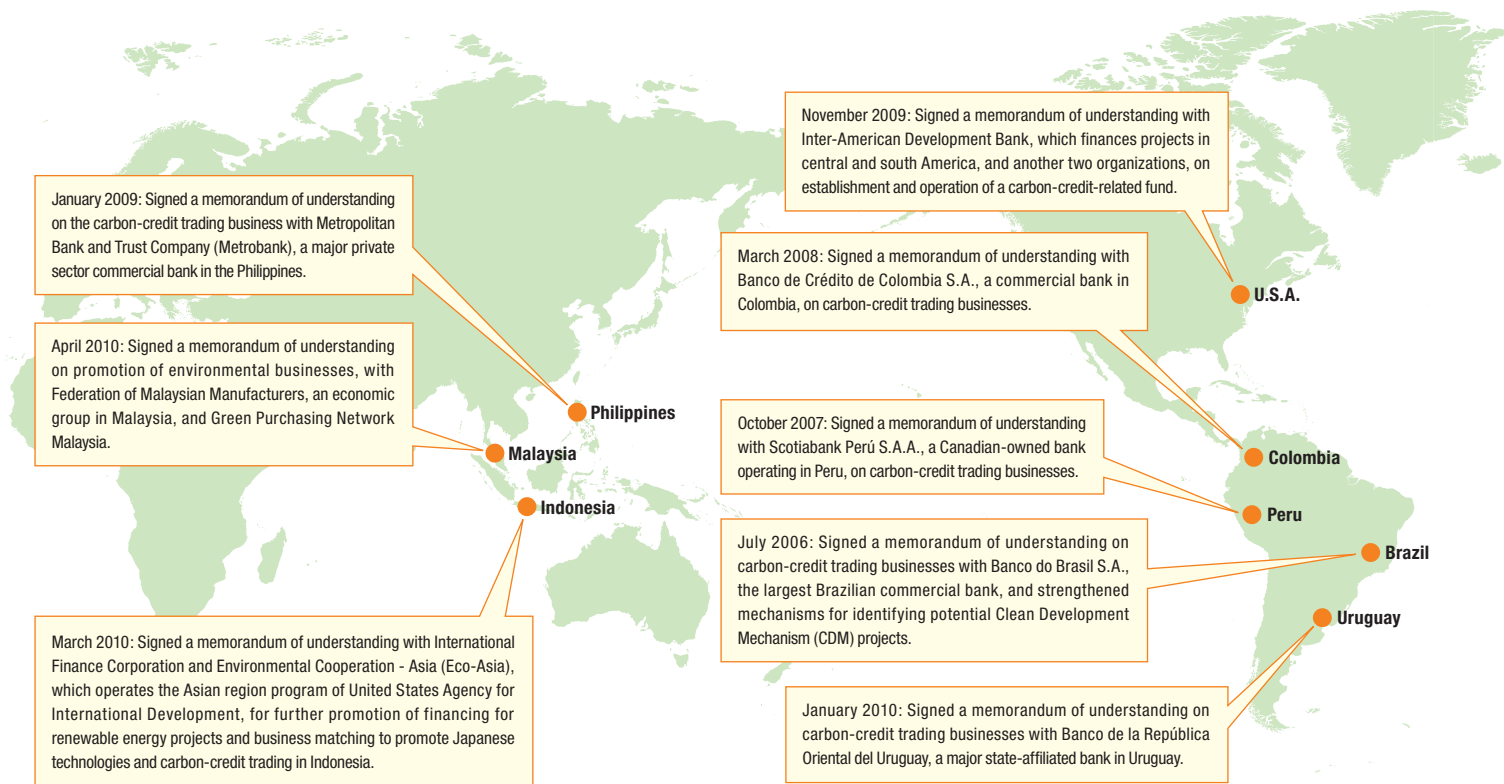
*JRI, SMBC, Sumitomo Mitsui Banking Corporation (China) Limited, The Japan Research Institute (Shanghai) Consulting Co., Ltd.

Enhancement of global alliances in environmental business

As they seek ways of balancing the need to grow while protecting the global environment, the newly emerging countries are also seeing a boom in businesses in the environmental sector. For example, SMBC is building a strong and broad network with strategic partners. In collaboration with them, SMBC backs

environment-related projects through financing, introduces Japanese companies with green technology and provides know-how for carbon-credit trading.

By using our environmental business expertise and experience as a financial services group offering a multiplicity of products and services, the Group will continue to meet a wide range of environmental, energy-related and other needs.



Environment-related products and services: Facts and figures (fiscal 2009)

■ For corporate customers (lending and fund-raising services)

SMBC

SMBC Environmental Assessment Loan/Private Placement Bond: 25 companies, ¥80.2 billion

Ministry of the Environment's interest-free financing program (for Kyoto Protocol goal attainment): used by 11 companies, ¥62.74 billion

SMBC-ECO Loan: 110 contracts, ¥4.71 billion

Minato

Minato ECO Loan/Private Placement Bond: 15 contracts, ¥1.33 billion

■ For individual customers (loans)

SMBC

Tokyo Metropolitan Government's Eco-Finance Project: 305 contracts, ¥13.4 billion (housing loan applications)

Minato

Minato ECO Housing Loan/Minato ECO Product Purchasing Loan: 62 contracts, ¥1.45 billion (loan applications)

KUBC

Housing Loan for Solar Power Generation: 7 contracts, ¥190 million (term-end balance)

■ Deposit products

Minato

Minato Eco-Monogatari carbon offset time deposits: ¥1.51 billion (deposits made)

KUBC

Carbon Offset eco-time deposits: ¥38.6 billion (balance at the end of promotional campaign from September 2009 to February 2010)

■ Investment trusts

SMBC/Nikko

SMBC Nikko World Bank Bond Fund: ¥16,096 million (total net assets at term-end)

Nikko

Environmental investment trust products: ¥124,872 million (total net assets at term-end)

■ Lease products and services

SMFL

Leasing of eco-friendly equipment: ¥12.92 billion

■ Consulting services

JRI

Environmental measure and policy proposals: 421 cases

Creation and promotion of environment-related businesses: 153 cases

SMFG and the Group companies strive to create a workplace for their human resources where each and every employee can take pride in and be highly motivated about his or her work. In the following pages, we would like to introduce some of our initiatives in the human resources area taken by SMBC, as well as by other Group companies including SMCC, SMFL, JRI, SMBC Friend, and Nikko.

Five Goals of SMBC's Human Resource Management

1. Maintain and strengthen sound business management to enable SMBC to compete in global markets
2. Develop staff with specialized professional skills who can provide customers with higher-value-added products and services
3. Motivate employees even more strongly by respecting their individuality based on understanding of the inherent value of diversity and encouraging them to seek personal fulfillment
4. Foster a corporate culture that encourages a forward-looking and creative attitude and places value on mutual collaboration
5. Be mindful of the social responsibilities of the Group, and nurture a corporate culture that will contribute to the healthy development of society

Training staff with specialized professional skills

To provide a higher level of motivation for growth and development among younger personnel, SMBC provides basic practical training programs in consumer banking, corporate banking, and operations under separate programs known as the Retail Banking College, Corporate Banking College, and Banking Operations College. Employees acquire the necessary business knowledge and skills through a combination of on-the-job training and classroom courses. SMBC is currently reinforcing its training system by assigning mentors to new recruits at the workplace and placing regional and head-office mentors at the Training Institute.



Corporate Banking College

Following the amendment of the Money Lending Business Law, SMCC has been putting increased effort into the development of staff with professional expertise in the credit business. Measures taken include active support for employees to become registered managers of moneylending operations (a new state qualification), and regularly holding in-house workshops on developing credit card operation and product knowledge.

SMFL has established its "SMFL Standards," which set forth a human resources development plan and methods for realizing its human resources goal for each year. This is targeted principally at *sogoshoku* (management-track) staff up to their fifth year in the company. SMFL has created "Young Employees' Growth Plan & Guide," based on the SMFL Standards and has also opened an in-house business school that will be used to supplement on-the-job training from the current fiscal year onward.

The credo of JRI on human resources is that its staff is the source of added value in its solutions and proposals. In line with this, JRI has set up the Staff Development Department within the Computer System Division, and the Human Resources Incubation Center within the Comprehensive Research Division for well-planned development of human resources.

To improve young employees' knowledge and raise their skills so as to enable the company to cope effectively with the diversification and increasing sophistication of the securities business, SMBC Friend has started a course of classes for acquisition of in-house skill accreditation. It has also introduced a tutor system to raise the effectiveness of on-the-job training for new employees. As a full-line securities company which needs to nurture a wide variety of financial professionals, Nikko is working to provide enhanced training to impart the necessary knowledge and skills in each specialist area. It has designated the first three years after entering the company as the crucial training period for young staff members, and is putting its full corporate resources into creating an effective employee development program. In these ways, all Group companies are taking measures to reinforce their human resources development systems.



Staff training at Nikko

Creating a corporate culture that derives strength from diversity

● Human resources diversity

The Group is implementing initiatives to create diversity (e.g. gender, nationality) in the workplace. At SMBC, some 40% of the new university graduates hired for fiscal 2010 for *sogoshoku* and consumer services positions were women, and the number of women holding managerial positions has been increasing sharply. In fiscal 2008, the Diversity and Inclusion Department was established within the Human Resources Department and other initiatives were launched for creating a corporate culture that derives strength from diversity.



SMFG's Diversity Report

Together with Our Employees

● Revision of personnel system

To enable motivated employees to take on the challenge of performing more difficult work in a higher-level post, SMBC has introduced a new workplace hierarchy system in which job rankings are more finely subdivided. This is intended to make it easier for talented individuals to be quickly promoted to mid-management levels. We are also aiming to create a more seamless organizational system in which an employee's performance is evaluated not simply in terms of a single year's achievements on the job, but overall contribution to the company.

● Creation of new job titles

SMBC has launched a new title, "Senior," for *ippanshoku* (general work) employees on the Business Career Path working in front-office positions at the Middle Market Banking Unit. SMCC has likewise instituted a new *ippanshoku* employee position using the term "Leader." In this way, we are expanding the playing field for *ippanshoku* staff so that they can be promoted to managerial positions.

● Developing staff needed for global operations

As a result of the growth of SMBC's operations on the global stage, proficiency in foreign languages is becoming increasingly vital. To answer this need, SMBC is expanding its programs for employees to study at language schools, and is assigning more young employees to overseas offices. SMBC is strongly committed to training national staff at its overseas operations. The training facility established in Singapore by the Asia Pacific Training Department covers a broad range of subjects for employees in this region. Sessions are focused primarily on business training and the development of capabilities and skills. Furthermore, SMBC is taking steps to develop human resources on a global scale by providing education in the history of the bank and its management philosophy to newly-hired national staff during their training courses.

● Diversity training

Based on our Mission "to provide a challenging and professionally rewarding work environment for our dedicated employees," SMBC is creating workplaces in which a diverse range of human resources can be deployed and which are capable of responding flexibly to changes in the operating environment. The concept of diversity comprises gender, ethnicity and other aspects, and SMBC is taking measures to actively encourage employment of women, persons with disabilities and senior citizens, among others. Through training sessions for all grades of employee (training for new hires, newly appointed mid-management employees, personnel newly appointed to management positions, and newly appointed department and branch managers) and events such as diversity seminars delivered by external experts, it is deepening the understanding of each individual employee, encouraging reform of mindset and behavior on diversity issues, and getting employees involved more actively in their work.

● Employing persons with disabilities

SMBC has established a special company called SMBC Green Service Co., Ltd. that provides employment opportunities for people with physical disabilities. In December 2008, the company opened the Kobe Branch, and in February 2009 the Unagidani Office in Osaka for the purpose of creating jobs not only for physically but also for mentally impaired persons. In addition, to upgrade their skills, SMBC encourages its employees to participate actively in skill competitions for the disabled. Over the years, a number of its employees have participated in the National Skill Competition for the Disabled (known as the "Abilympics"), three of whom were winners in the fiscal 2008 and 2009 competitions. As of March 2010, disabled people accounted for 1.9% of our employees, above the legally mandatory level of 1.8%.

● Providing support for a good work-life balance

The Group has an employee support program that provides a range of assistance for achieving work-life balance. In fiscal 2008, SMCC, SMFL, SMBC Friend, and JRI all drew up their own Work-Life Balance Guidebook, based on actual experiences at SMBC.



Children's Visitation Program

All Group companies, including Nikko, already operate systems for parental leave, leave for taking care of sick children, shorter working hours, restricted overtime work, and exemption from late-night work. All these systems provide employee benefits exceeding those mandated by law. In addition, SMBC, SMCC, and JRI provide child-care subsidies, while SMBC, SMCC, and SMFL operate a system for the rehiring of former employees. These systems all help



A "Mama Lunch"

realize a good work-life balance for the Group's employees. There are also annual Children's Visitation Day and Family Visitation Day to give employees' family members a better understanding of employees' work at SMBC, SMCC, SMFL, JRI, and SMBC Friend. JRI also holds "Mama & Papa Lunches" as forums for information exchange between employees who are raising children while working. SMBC has instituted a "Go Home Early to the Family Day," while SMFL is pursuing a campaign to encourage employees to reduce the amount of overtime work. Nikko has introduced an online support system for employees returning to work after parental leave. SMBC, SMCC, and JRI have all received *Kurumin* certification



"Go Home Early to the Family Day"

from the Japanese Ministry of Health, Labour and Welfare in recognition of their activities in support of child rearing. All Group companies are doing their utmost to create systems that ensure a good work-life balance, as well as workplaces where employees can fully demonstrate their abilities. We plan to pursue such measures still further in the future.



Kurumin certification

Heightening awareness of individual rights

At SMBC, we have included in our principles of action the concepts that “we will respect the individual human dignity of our customers and employees” and “we will not permit discrimination of any kind.” We are implementing the following initiatives to heighten the awareness of all employees regarding individual rights.

- Conducting training meetings for manager-level staff (once a year), and personnel newly appointed to management positions and staff who have recently joined the bank
- Holding study meetings to discuss individual rights issues, with manager-level personnel leading these sessions (twice a year)
- Soliciting slogans promoting individual rights from management and staff (once a year)

■ SMBC named as one of the best 25 companies in Japan in the “Great Place to Work” rankings

In March 2010, SMBC was selected for the third year running as one of the best companies in Japan as a place to work at in the survey conducted by Great Place to Work® Institute Japan.*



*Great Place to Work® Institute, Inc., a U.S. company, is a survey organization that supplies data for the annual list of the “100 Best Places to Work” published by Fortune magazine. The survey has two major components: a survey of the internal systems and corporate culture of respondent companies, and a questionnaire survey of the employees of these companies. The survey of employees receives a weighting of two-thirds in determining the final results.

Work-life balance systems (employee support programs) at major Group companies

	Parental leave	Leave for taking care of sick children	Shorter working hours	Restrictions on overtime	Exemption from late-night work	Other principal systems
SMBC	18 months or maximum of 2 years in case of inability to place in daycare center	Up to March 31 in the 6th grade of elementary school (10 days per annum for one child; 20 days for two or more children)	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable up to March 31 in the 6th grade of elementary school.	Up to March 31 in the 6th grade of elementary school	Up to March 31 in the 6th grade of elementary school	<ul style="list-style-type: none"> • Work relocations • Child-care subsidies • Leave to care for sick family members • Shorter working hours to care for sick family members • System for rehiring former employees
SMCC	18 months or maximum of 2 years in case of inability to place in daycare center	Up to March 31 in the 6th grade of elementary school (5 days per annum for one child; 10 days for two or more children)	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable up to March 31 in the 3rd grade of elementary school.	Up to March 31 in the 3rd grade of elementary school	Up to March 31 in the 3rd grade of elementary school	<ul style="list-style-type: none"> • Work relocations • Child-care subsidies • Leave to care for sick family members • System for rehiring former employees
SMFL	1 year or maximum of 18 months in case of inability to place in daycare center	No restrictions on children's age or number of days leave	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes up to March 31 in the 6th grade of elementary school.	Up to entry into elementary school	Up to entry into elementary school	<ul style="list-style-type: none"> • Work relocations • System for rehiring former employees
SMBC Friend	18 months or maximum of 2 years in case of inability to place in daycare center	Up to March 31 in the 3rd grade of elementary school (5 days per annum for one child; 10 days for two or more children)	Employees can reduce daily working hours to between 6 hours and 6 hours 50 minutes up to March 31 in the 3rd grade of elementary school.	Up to March 31 in the 3rd grade of elementary school	Up to March 31 in the 3rd grade of elementary school	<ul style="list-style-type: none"> • Leave to care for sick family members • Shorter working hours to care for sick family members
JRI	18 months or maximum of 2 years in case of inability to place in daycare center	Up to March 31 in the 6th grade of elementary school (5 days per annum for one child; no upper limit)	Employees can choose to work 6 hours per day (9:30 to 16:30) up to March 31 in the 3rd grade of elementary school (this system can be combined with flextime).	Up to entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> • Child-care subsidies • Leave to care for sick family members • Shorter working hours to care for sick family members • Days off to care for sick family members
Nikko	Up to 3 years old	Up to entry into elementary school	Up to child's entry into junior high school, employees can reduce working hours in increments of 30 minutes for a maximum reduction of 2 hours 30 minutes per day.	Up to entry into junior high school	Up to entry into junior high school	<ul style="list-style-type: none"> • Use of designated day-care center at discounted rates • Leave to care for sick family members • Special days off to care for sick family members • Staggered working hours (shift system)

Together with Our Employees

Staff Profile

SMBC

March 31	2008	2009	2010
Number of employees*	20,273	23,543	25,122
Male	13,457	13,669	13,793
Percentage of total	66.38%	58.06%	54.90%
Female	6,816	9,874	11,329
Percentage of total	33.62%	41.94%	45.10%
Average age	38 yrs 7 mths	36 yrs 9 mths	36 yrs 2 mths
Male	40 yrs 10 mths	40 yrs 5 mths	40 yrs 2 mths
Female	34 yrs 2 mths	31 yrs 8 mths	31 yrs 3 mths
Average years of service	15 yrs 11 mths	13 yrs 10 mths	13 yrs 3 mths
Male	17 yrs 5 mths	16 yrs 11 mths	16 yrs 8 mths
Female	12 yrs 11 mths	9 yrs 6 mths	9 yrs 0 mths
Ratio of employees with disabilities**	2.05%	1.95%	1.90%

* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

** As of March 1 of the respective years

April 1	2008	2009	2010
Number of new hires	1,254	962	569
Number of newly employed female graduates***	518	388	204
Ratio of newly employed females to total new employees	41.3%	40.3%	35.9%

*** Includes *sogoshoku* staff and consumer service staff. Business Career Path employees are excluded.

Fiscal	2007	2008	2009
Number of women in managerial positions****	354	456	584
Number of employees taking parental leave	163 (Men taking such leave: 22)	222 (Men taking such leave: 27)	331 (Men taking such leave: 29)
Number of career hires	500	136	11

**** As of the end of each fiscal year

SMCC

March 31	2008	2009	2010
Number of employees*	1,989	2,156	2,247
Male	1,075	1,112	1,133
Percentage of total	54.05%	51.58%	50.42%
Female	914	1,044	1,114
Percentage of total	45.95%	48.42%	49.58%
Average age	36 yrs 4 mths	36 yrs 2 mths	36 yrs 4 mths
Male	39 yrs 8 mths	39 yrs 8 mths	39 yrs 10 mths
Female	32 yrs 2 mths	32 yrs 6 mths	32 yrs 10 mths
Average years of service	10 yrs 3 mths	10 yrs 3 mths	10 yrs 7 mths
Male	10 yrs 9 mths	11 yrs 2 mths	11 yrs 6 mths
Female	9 yrs 6 mths	9 yrs 4 mths	9 yrs 7 mths

* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

April 1	2008	2009	2010
Number of new hires	114	98	84
Number of newly employed female graduates**	79	66	46
Ratio of newly employed females to total new employees	69.3%	67.3%	54.8%

** Includes contract employees

SMFL

March 31	2008	2009	2010
Number of employees*	1,575	1,640	1,666
Male	1,022	1,023	1,035
Percentage of total	64.89%	62.38%	62.12%
Female	553	617	631
Percentage of total	35.11%	37.62%	37.88%
Average age	37 yrs 2 mths	37 yrs 1 mths	37 yrs 3 mths
Male	40 yrs 2 mths	40 yrs 2 mths	40 yrs 3 mths
Female	31 yrs 9 mths	32 yrs 0 mths	32 yrs 4 mths
Average years of service	12 yrs 1 mths	12 yrs 1 mths	12 yrs 5 mths
Male	14 yrs 6 mths	14 yrs 10 mths	15 yrs 2 mths
Female	7 yrs 8 mths	7 yrs 6 mths	8 yrs 0 mths

* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and original full-time employees of affiliates (including at overseas subsidiaries).

April 1	2008	2009	2010
Number of new hires	48	40	28
Number of newly employed female graduates	5	2	1
Ratio of newly employed females to total new employees	10.4%	5.0%	3.6%

JRI

March 31	2008	2009	2010
Number of employees*	2,060	2,215	2,322
Male	1,618	1,732	1,792
Percentage of total	78.54%	78.19%	77.17%
Female	442	483	530
Percentage of total	21.46%	21.81%	22.83%
Average age	39 yrs 1 mths	38 yrs 11 mths	39 yrs 0 mths
Male	40 yrs 0 mths	39 yrs 8 mths	39 yrs 11 mths
Female	36 yrs 0 mths	35 yrs 11 mths	35 yrs 9 mths
Average years of service	9 yrs 8 mths	9 yrs 7 mths	9 yrs 11 mths
Male	10 yrs 0 mths	9 yrs 11 mths	10 yrs 3 mths
Female	8 yrs 8 mths	8 yrs 7 mths	8 yrs 8 mths

* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

April 1	2008	2009	2010
Number of new hires	139	147	50
Number of newly employed female graduates**	39	46	14
Ratio of newly employed females to total new employees	28.1%	31.3%	28.0%

** Includes only *sogoshoku* staff. *Ippanshoku* staff are excluded.

SMBC Friend

March 31	2008	2009	2010
Number of employees*	1,911	2,011	2,072
Male	1,354	1,434	1,462
Percentage of total	70.85%	71.31%	70.56%
Female	557	577	610
Percentage of total	29.15%	28.69%	29.44%
Average age	36 yrs 9 mths	36 yrs 9 mths	36 yrs 11 mths
Male	39 yrs 3 mths	39 yrs 1 mths	39 yrs 4 mths
Female	30 yrs 9 mths	31 yrs 1 mths	31 yrs 4 mths
Average years of service	13 yrs 3 mths	13 yrs 2 mths	13 yrs 3 mths
Male	15 yrs 4 mths	15 yrs 1 mths	15 yrs 4 mths
Female	8 yrs 1 mths	8 yrs 3 mths	8 yrs 5 mths

* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

April 1	2008	2009	2010
Number of new hires	280	232	148
Number of newly employed female graduates**	132	117	68
Ratio of newly employed females to total new employees	47.1%	50.4%	45.9%

** Both non-area specified and area specified staff

Nikko

	2008	2009	2010
Number of employees* **	7,137	6,004	6,584
Male	4,184	3,578	4,057
Percentage of total	58.62%	59.59%	61.62%
Female	2,953	2,426	2,527
Percentage of total	41.38%	40.41%	38.38%
Average age	37 yrs 8 mths	37 yrs 2 mths	38 yrs 1 mths
Male	38 yrs 11 mths	38 yrs 11 mths	39 yrs 6 mths
Female	36 yrs 0 mths	34 yrs 7 mths	35 yrs 9 mths
Average years of service	11 yrs 7 mths	12 yrs 0 mths	12 yrs 1 mths
Male	12 yrs 6 mths	13 yrs 0 mths	12 yrs 9 mths
Female	10 yrs 4 mths	10 yrs 7 mths	11 yrs 1 mths

* The number of full-time employees. The following have all been excluded from this total: executive officers, seconded employees, employees of temporary employment agencies, and national staff at overseas branches.

** As of March 1 of each fiscal year

April 1	2008	2009	2010
Number of new hires ***	408	182	159
Number of newly employed female graduates	136	53	54
Ratio of newly employed females to total new employees	33.3%	29.1%	34.0%

*** Professional staff (Classes I-II) and FA

• The combined employment ratio for persons with disabilities for the above six companies was 1.88% as of March 2010.

Environmental Activities

For further details, please see our website.



<http://www.smfg.co.jp/responsibility/> (Japanese site)

The Group recognizes environmental preservation to be one of its most important management issues. Based on our Group Environmental Policy, we are taking the following ongoing measures to preserve and achieve harmony with the natural environment in our corporate activities.

SMFG is a signatory to the “Statement by Financial Institutions on the Environment and Sustainable Development” of the United Nations Environment Programme (UNEP).



■ The Group Environmental Policy

<Basic concepts>

Recognizing the importance of realizing a sustainable society, SMFG is making continuous efforts to harmonize environmental preservation and corporate activities, in order to support the economy and contribute to the general well-being of society as a whole.

<Specific environmental policies>

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

Three pillars of the Group’s activities

The three pillars of our environmental action plan are to “reduce environmental impact,” “manage environmental risk,” and “promote environmental businesses*.” Under the supervision of the Group CSR Committee, we set environmental objectives for various activities and follow the PDCA (plan, do, check, and act) cycle in these environmental activities.

SMFG and six principal Group companies have obtained ISO14001 certification, the international standard for environmental management systems (EMS).

*For details of environmental businesses, please see pages 5 to 7.

Reducing environmental impact

● Realizing carbon neutrality

SMBC has made its Head Office “carbon neutral” through the procurement of “green” sources of energy and purchases of carbon credits. SMFL’s Tokyo Head Office is also carbon neutral.

● Response to Amended Act on the Rational Use of Energy

To respond to the amendments to the Act on the Rational Use of Energy that came into effect in April 2010, the Group is taking steps to enable energy consumption volumes to be visually identifiable at the head offices and business premises of individual Group companies. In fiscal 2009, reports were submitted detailing energy usage for each company.

Certain Group companies, specially designated under the law as they use 1,500kl or more of energy (crude oil equivalent) per annum, are working to reduce energy consumption intensity by an average of 1% per annum, as required by law. For example, the Hachioji branch of SMBC Friend has been designated as an environmental model branch, and measures to this end are being discussed and tested.

Meanwhile, at the eco japan cup 2010, of which the company is one of the sponsors, SMBC asked the general public to put forward ideas for saving energy at bank branches, for practical application in the future. Looking ahead, the Group will take measures of its own to reduce environmental impact, while upholding dialogue with stakeholders.

● Greening bank operations

SMBC has been steadily promoting introduction of green IT in its branch terminals and ATMs. Introduction of new CUTE terminal for handling over-the-counter transactions, which was jointly developed with NEC Corporation and Oki Electric Industry Co., Ltd., enables electronic storage of ID documents using highly sophisticated image processing, leading to a reduction in paper usage of 3 million A4 sheets per year. SMBC donated part of the cost savings enabled by this system to the Tokyo Metropolitan Government’s Green Tokyo Fund, for the “Creating Umi-no-Mori (Sea Forest)” project.

This system won a special award at the Green IT AWARD 2009, held by the Green IT Promotion Council. The commendation was given for CUTE’s significant contribution to reducing the environmental impact of bank operations by realizing paperless processing using IT, as well as for being a good example of how companies in different industries can collaborate to help preserve the environment. In April 2010, SMBC began storing ATM transaction data, which had hitherto been printed out on paper (the “ATM Journal”), in the CUTE operations processing server. This is expected to save 28 million A4 sheets annually.

Estimated SMBC energy consumption

			FY2001	FY2006	FY2007	FY2008	FY2009
Four head office buildings	Electricity	kWh	24,865,409	22,637,003	22,431,646	21,772,194	21,211,653
	Utility gas	m ³	1,249,804	1,154,186	1,146,418	934,914	873,352
	Water	m ³	174,000	153,455	149,098	142,607	148,538
Other	Electricity	kWh	250,060,853	204,233,340	203,712,174	203,138,295	200,050,245
	Utility gas	m ³	4,482,180	2,834,726	3,015,683	2,936,803	2,763,771
	Water	m ³	1,352,657	1,175,537	1,158,594	1,200,064	1,097,318
Total	Electricity	kWh	274,926,262	226,870,343	226,143,820	224,910,489	221,261,898
	Utility gas	m ³	5,731,984	3,988,912	4,162,101	3,871,717	3,637,123
	Water	m ³	1,526,657	1,328,992	1,307,692	1,342,671	1,245,856

Basis for estimation: Electricity and utility gas consumption in Japan (based on volume consumed and energy expenditures).

Environmental Activities

Environmental goals at Group companies for fiscal 2010

Company	Program	Goals for fiscal 2010	Company	Program	Goals for fiscal 2010
SMBC	Reducing environmental impact	Curbing CO ₂ emissions	SMFL	Reducing environmental impact	Energy usage (curbing CO ₂ emissions)
		Reducing waste disposal			Paper usage
		Paperless office measures			Business vehicle use (new program)
		Education and training			Employee education
		Environmental credit risk			Environmental contribution and measures
	Managing environmental risk	Support for corporate customers		Managing environmental risk	Promoting product re-use
		Strengthen operational frameworks			Support for corporate customers
		Services		Environmental businesses	Curtailing electricity use
		Internal and external PR			Reducing copier paper use
		Environment-oriented social contribution activities			Green purchasing
SMCC	Reducing environmental impact	Energy usage (curbing CO ₂ emissions)	SMBC Friend	Reducing environmental impact	Switching to eco-vehicles
		Paper usage			Employee education
		Green purchasing			Services
		Employee education			Energy usage (curbing CO ₂ emissions)
		Services			Paper usage
	Managing environmental risk	Support for corporate customers		Environmental businesses	Green purchasing
		Strengthen operational frameworks			Employee education
		Services			Policy proposals
		Internal and external PR			Providing information
		Environment-oriented social contribution activities			Support for corporate customers
JRI	Reducing environmental impact	Energy usage (curbing CO ₂ emissions)	JRI	Reducing environmental impact	Energy usage (curbing CO ₂ emissions)
		Paper usage			Paper usage
		Green purchasing			Green purchasing
		Employee education			Employee education
		Services			Policy proposals
	Managing environmental risk	Support for corporate customers		Environmental businesses	Providing information
		Strengthen operational frameworks			Support for corporate customers
		Services			Energy usage (curbing CO ₂ emissions)
		Internal and external PR			Paper usage
		Environment-oriented social contribution activities			Green purchasing

* This energy usage volume target is only for the first half due to the difficulty of comparison following relocation to our new head office.

** Includes the Onarimon office, which was relocated to the Takebashi office (Tokyo)

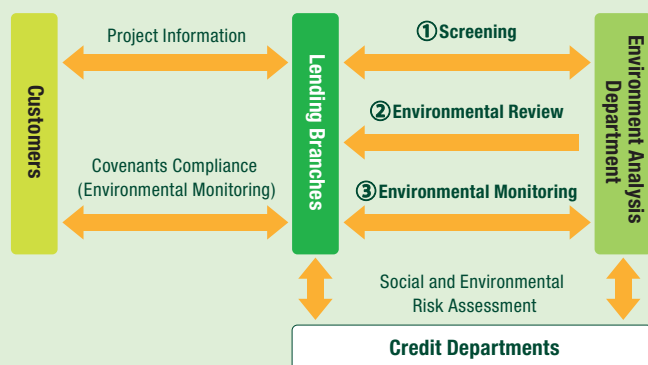
Managing environmental risk

For a financial institution, environmental risk includes the risk that land or assets pledged as collateral by borrowers may be contaminated or contain asbestos. SMBC believes that it is important to factor in environmental risk when deciding whether to extend credit (including new soil measures). Factoring environmental risk into credit assessment (environmental credit risk) is stipulated in our Credit Policy, which clearly indicates general and basic concepts, guidelines and standards based on our mission and Code of Conduct.

● Adoption of the “Equator Principles”

SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing social and environmental risk in project financing. Its Environment Analysis Department (EAD) assesses the social and environmental risk of large-scale projects in accordance with the Principles.

■ Flow chart: Environmental and social risk assessment at SMBC



- ① **Screening:** EAD puts the project into one of three categories (A, B and C), based on the magnitude of its potential social and environmental impacts.
- ② **Environmental Review:** For all category A and B projects, EAD reviews all the related information of the project and, when appropriate, conducts site visits. EAD refers to its original sector checklists to complete the Environmental Review Sheet. The Environmental Review Sheet is then forwarded to the Credit Department and becomes an important factor in the credit approval process.
- ③ **Environmental Monitoring:** For category A and B projects, social and environmental covenants are included in the financing documents. The lending branch and EAD monitor the client's compliance with these covenants.

■ Number of risk-assessed projects (April 2009-March 2010)

By Region		By Sector	
Europe, Middle East and Africa	33	Infrastructure	24
Asia and Oceania	16	Power	15
Americas	8	Oil and Gas	13
		Petrochemicals	3
		Mining and Steel	2
Total	57	Total	57

By Category		
Category A:	Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented	7
Category B:	Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures	43
Category C:	Projects with minimal or no social or environmental impacts	7
Total		57

● Dealing with soil contamination and asbestos risk

To deal with the risk that land pledged as collateral by borrowers may be contaminated, SMBC requires contamination risk assessment for land meeting certain criteria. When the risk is judged to be high, the assessed value of the potential risk is deducted from the value of the collateral. In addition, similar measures are taken regarding asbestos risk — risk assessments are conducted for asset collateral meeting certain criteria, and the assessed value of the potential risk is deducted from the value of the collateral. SMBC also encourages its customers to have structures surveyed more comprehensively for asbestos pollution. Regarding its own premises, SMBC surveys and properly removes asbestos from structures.

External awards for environmental initiatives

● SMBC Environmental Assessment Loan/Private Placement Bond SMBC wins 2009 Nikkei Veritas Superiority Award

SMBC received the Nikkei Veritas Award for Superiority at the 2009 Nikkei Superior Products and Services Awards for its SMBC Environmental Assessment Loan/Private Placement Bond, a financial product developed in collaboration with JRI. In this product, the environmental friendliness of the business operations of a corporate customer seeking to raise funds is assessed using JRI's own assessment standards. The terms and conditions of the loan or bond are then set in accordance with the results of the assessment. SMBC has received high praise for this product, which aims to support companies that are helping to preserve the global environment.



■ List of awards

- 2007 (Banco Sumitomo Mitsui Brasileiro (Brazil)): Runner-up in the FT Sustainable Banking Award 2007 (Achievement in Carbon Finance)
- 2008 (JRI's Yamato Center): First megabank datacenter to receive the Agency for Natural Resources and Energy Director-General's Award in the Ministry of Economy, Trade and Industry's 2007 Awards for Excellence in Energy Management in Factories
- 2008: "Fight Global Warming Campaign" using JGBs for individuals receives Nikkei Veritas Award for Superiority at the 2008 Nikkei Superior Products and Services Awards
- 2009: In recognition of its range of environmental business promotion measures, SMBC receives the Fuji Sankei Communications Group Prize for excellence in developing advanced environmentally responsible products and services
- 2009: CUTE next-generation terminal for over-the-counter transactions jointly developed with NEC and Oki Electric Industry receives Special Award at Green IT AWARD 2009
- 2009: SMBC Environmental Assessment Loan/Private Placement Bond receives Nikkei Veritas Award for Superiority at the 2009 Nikkei Superior Products and Services Awards

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