

Three green leaves of different sizes are arranged in a diagonal line from the top right towards the center of the page.

# CSR REPORT 2011

## Sumitomo Mitsui Financial Group CSR Report

**【Digest version with examples of activities and statistical performance: online PDF file】**

### Editorial policy

By including initiatives and in-depth information not covered by the digest version of this report, our aim is to present a more detailed overview of our CSR activities.

It should be read in tandem with the CSR Report 2011 (digest version), which outlines specific activities of interest undertaken by the Group.

The full version of SMFG's CSR report for fiscal 2011, CSR Report: Online Version, is published on our website, at <http://www.smfg.co.jp/responsibility/> (in Japanese only)

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Performance in Fiscal 2010 and Goals for Fiscal 2011

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 2010	Goals for fiscal 2011
Our customers	SMFG	<ul style="list-style-type: none"><li>Established Group Customer Satisfaction Committee working group and strengthened Group customer satisfaction</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Created mechanism for more broad-based collection of VOC feedback (such as the introduction of the “DB Light” database)</li><li>Improved communication with retail customers (including contests to find ways of improving branch environments)</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Through “CS LIVE!” in-house portal, strengthened VOC feedback analysis capabilities</li><li>Enhanced customer satisfaction (in-depth surveys)</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Based on VOC feedback, improved business processes</li><li>Improved service quality in cardholder solicitation and through call centers</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Continued and improved customer satisfaction questionnaires</li><li>Strengthened provision of products and information services based on customer needs</li></ul>
	JRI	<ul style="list-style-type: none"><li>Carried out action plan based on results of customer satisfaction survey</li><li>Enhanced compliance education and arranged in-house training</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Compiled an action program for fiscal 2010</li><li>Continued to more effectively analyze and leverage VOC feedback</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Carried out fiscal 2010 customer satisfaction survey</li><li>Held VOC feedback meetings</li></ul>
	Minato	<ul style="list-style-type: none"><li>Organized care service training programs (dealing with dementia, hands-on universal service training)</li><li>In-branch staff monitoring (for telephone service quality)</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Stepped up consulting role</li><li>Created a more customer-friendly atmosphere in branches</li></ul>
Our shareholders and the markets	SMFG	<ul style="list-style-type: none"><li>Regular stakeholder dialogue sessions (May, August, December and March)</li><li>CSR website upgrade</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Issued brief summary report on CSR activities (CSR bulletin)</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Expanded disclosure</li></ul>
	JRI	<ul style="list-style-type: none"><li>Carried out Socially Responsible Investment (SRI) survey(s)</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Ensured full transparency in disclosure</li></ul>
	Minato	<ul style="list-style-type: none"><li>Enhanced due and timely disclosure</li><li>Provided information for shareholders and investors in Topics section of website (Japanese only)</li></ul>
Our employees	SMFG	<ul style="list-style-type: none"><li>Prepared data on employees for all Group companies (for at-a-glance guide for each Group member company to support systems for achieving a better work-life balance)</li><li>Promoted a better work-life balance at Group companies</li><li>Expanded “Thanks Message” program, in which employees express appreciation to chosen colleagues</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Expanded employee support program (care-leave system)</li><li>Established work-life balance guidebook (for carers)</li><li>Expanded globalization training</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Expanded mental health support program</li><li>Expanded measures for curbing overtime hours</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Promoted work-life balance</li><li>Took measures to deal with mental health issues</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Established SMFL in-house business school to supplement on-the-job training</li><li>Continued campaign to reduce overtime</li></ul>
	JRI	<ul style="list-style-type: none"><li>Took measures to improve work-life balance</li><li>Organized training programs for management-level employees (covering work-life balance, mental health, etc.)</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Expand disclosure of employee (work-life balance) data across the Group</li><li>Develop at-a-glance guide to support the achievement of better work-life balance across the whole Group</li><li>Take measures to promote wider knowledge and understanding of care-leave system (including incentives for compilation of work-life balance guidebooks)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Step up globalized employee training</li><li>Expand career training for younger employees including life planning</li></ul>
Environmental activities	SMFG	<ul style="list-style-type: none"><li>Develop discussion themes for Customer Satisfaction Committee working group</li><li>Deepen familiarity with the barrier-free concept in terms of both nuts-and-bolts installations and design and planning</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Strengthen collection and analysis of VOC data and information on customer needs</li><li>Create framework for quality improvement (better value for the customer)</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Based on VOC feedback, take corrective measures after complaints are received</li><li>Continue customer satisfaction surveys</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Collect and analyze VOC feedback, and continue to share information across the company</li><li>Improve business processes based on VOC feedback</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Plan customer satisfaction measures in partnership with SMFG companies</li><li>Continue to provide products and information that meet the needs of customers</li></ul>
	JRI	<ul style="list-style-type: none"><li>Continue to conduct customer satisfaction surveys</li><li>Analyze results of customer satisfaction surveys; draft and implement action plans</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Continue to more effectively analyze and leverage VOC feedback</li><li>Continue to settle complaints based on the new Alternative Dispute Resolution (ADR) system for the financial sector</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Conduct questionnaire surveys and in-branch monitoring of customer responses for fiscal 2011</li><li>Improve products and services by analyzing VOC feedback</li><li>Steadily implement the Business Improvement Plan for the prevention of fraudulent activity</li></ul>
Social and community activities	Minato	<ul style="list-style-type: none"><li>Foster greater awareness of customer satisfaction issues</li><li>Expand collection of VOC feedback</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Step up consulting role</li><li>Create a more customer-friendly atmosphere in branches</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Improve convenience by cross-linking CSR websites</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Continue holding stakeholder dialogue sessions</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Expand disclosure</li></ul>
	JRI	<ul style="list-style-type: none"><li>Continue SRI surveys</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Ensure full transparency in disclosure</li></ul>
	Minato	<ul style="list-style-type: none"><li>Enhance due and timely disclosure</li><li>Hold corporate briefing meetings</li></ul>
Our employees	SMFG	<ul style="list-style-type: none"><li>Expand disclosure of employee (work-life balance) data across the Group</li><li>Develop at-a-glance guide to support the achievement of better work-life balance across the whole Group</li><li>Take measures to promote wider knowledge and understanding of care-leave system (including incentives for compilation of work-life balance guidebooks)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Step up globalized employee training</li><li>Expand career training for younger employees including life planning</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Expand systems for supporting a better work-life balance</li><li>Expand various training programs</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Entrench work-life balance programs</li><li>Expand career design and other programs</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Continue business school measures</li><li>Continue work-life balance policies</li></ul>
	JRI	<ul style="list-style-type: none"><li>Expand care support measures</li><li>Further promote work-life balance improvement</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Expand disclosure of employee (work-life balance) data across the Group</li><li>Develop at-a-glance guide to support the achievement of better work-life balance across the whole Group</li><li>Take measures to promote wider knowledge and understanding of care-leave system (including incentives for compilation of work-life balance guidebooks)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Step up globalized employee training</li><li>Expand career training for younger employees including life planning</li></ul>
Environmental activities	SMFG	<ul style="list-style-type: none"><li>Held SMFG Environmental Business Forum (SMFG, Group companies)</li><li>Took new measures to reduce environmental impact (met requirements of the amended Energy Conservation Law, planned model environment-friendly branches, trialed electric vehicles)</li><li>Held various environmental awareness-raising events (Environmental Business Forum, Eco-Products Exhibition in Malaysia, Eco-products International Fair, eco japan cup)</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Promoted recycling through extraction of rare earths from expired and discarded credit cards</li><li>Promoted environmental businesses</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Continued making environmental donations and grants through social contribution-type credit cards</li><li>Continued environmental beautification and protection activities</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Strengthened environmental management systems</li></ul>
	JRI	<ul style="list-style-type: none"><li>Continued to promote environmental businesses</li><li>Carried out enterprise evaluations for purposes of financing with environmental-awareness conditionality</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Continued to promote shift to eco-vehicles and implementation of carbon-offset program</li><li>Continued adoption of eco-friendly materials for branch renovation (carpeting with carbon credits, etc.)</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Responded appropriately to renewal inspection for ISO14001 environmental management system</li><li>Continued measures in energy- and resource-saving</li></ul>
	Minato	<ul style="list-style-type: none"><li>Adopted energy-savings facilities at newly built branches after relocations</li><li>Continued introduction of hybrid vehicles</li></ul>
Social and community activities	KUBC	<ul style="list-style-type: none"><li>Supported environmental businesses</li><li>Promoted CSR environmental management systems</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Organized cooperative events at all companies of the Group (social contribution activities, etc.)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Improved management of the employee volunteer fund</li><li>Created donation accounts for areas affected by the Great East Japan Earthquake</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Participated in Book Off-led social contribution project for bookstores (building libraries in developing countries)</li><li>Continued collecting donations through World Present point service</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Continued to provide environmental grant subsidies through social contribution-type credit cards</li><li>Created opportunities for soliciting donations, by exchanging card reward points earned for purchases or online</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Encouraged employees to participate in volunteering activities</li><li>Supported “social innovation”</li></ul>
	JRI	<ul style="list-style-type: none"><li>Provided management support for ICT employment seminar for students of special support schools in Tokyo</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Launched online practical course “You-You Toshi” (Self-composed Investment), for inexperienced investors</li><li>Marketed “Environmental Sustainability Bond” (social contribution-type financing)</li></ul>
Our employees	Nikko	<ul style="list-style-type: none"><li>Participated in local contribution and environmental activities</li><li>Continued arranging tours of branches, and office tours and training for students and the public (“Nikko Family Exciting Experience Day,” etc.)</li></ul>
	Minato	<ul style="list-style-type: none"><li>Continued proactive approach to relationship banking and financing facilitation</li><li>Made contributions to sustainable regional economic development</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Continued to develop products and services rooted in the local community</li><li>Continued regional contribution activities</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Organize cooperative events at all companies of the Group (social contribution activities, etc.)</li><li>Implement measures to support recovery in areas affected by the Great East Japan Earthquake (including energy-saving)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Expand range of products and services for infrastructure development amid rising aged dependency ratio (care businesses, special nursing home loans, etc.)</li><li>Promote new social-issue solution businesses (appraisal-based financing for food and agriculture companies)</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Continue collecting donations through World Present point service (UNICEF, UNESCO, World Wildlife Fund, UN World Food Programme and the Japanese Red Cross, etc.)</li><li>Encourage cardholders to use online services enabling donations to social contribution organizations</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Continue to provide grant subsidies through social contribution-type credit cards</li><li>Create opportunities for soliciting donations, by exchanging card reward points earned for purchases or online</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Continue donation activities</li><li>Reposition CSR activities in light of ISO26000</li></ul>
Environmental activities	JRI	<ul style="list-style-type: none"><li>Continue participation in joint planning for the whole Group</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Consider marketing new social contribution-type products</li><li>Conduct review of AED installations</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Participate in local contribution and environmental activities</li><li>Continue arranging tours of branches, and office tours and training for students and the public (“Nikko Family Exciting Experience Day,” etc.)</li></ul>
	Minato	<ul style="list-style-type: none"><li>Continue proactive approach to relationship banking and financing facilitation</li><li>Continue contributions to sustainable regional economic development</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Continue to develop products and services rooted in the local community</li><li>Continue regional contribution activities</li></ul>
	SMFG	<ul style="list-style-type: none"><li>Organize cooperative events at all companies of the Group (social contribution activities, etc.)</li><li>Implement measures to support recovery in areas affected by the Great East Japan Earthquake (including energy-saving)</li></ul>
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Social and community activities	Cedyna	<ul style="list-style-type: none"><li>Continue to provide grant subsidies through social contribution-type credit cards</li><li>Create opportunities for soliciting donations, by exchanging card reward points earned for purchases or online</li></ul>
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Abbreviations	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: SMBC Nikko Securities Inc. Minato: THE MINATO BANK, LTD. KUBC: Kansai Urban Banking Corporation
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	Performance in fiscal 2010	Goals for fiscal 2011
Our employees	SMBC Friend	<ul style="list-style-type: none"><li>Introduced support program for better work-life balance</li><li>Introduced instructor system to strengthen training of young employees</li></ul>
	Nikko	<ul style="list-style-type: none"><li>Further expanded work-life balance measures (improved maintenance and inspection of environmental facilities and systems)</li><li>Carried out various questionnaire surveys of employees</li></ul>
	Minato	<ul style="list-style-type: none"><li>Acquired <i>Kurumin</i> certification (Ministry of Health, Labour and Welfare) for programs in compliance with the Law to Promote Measures to Support the Development of the Next Generation</li><li>Continued action plan (model project for promotion of a more balanced work-life balance)</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Took measures to improve work-life balance</li><li>Expanded incentives for skills improvement and organized lectures on support programs for acquiring publicly recognized qualifications</li></ul>
Environmental activities	SMFG	<ul style="list-style-type: none"><li>Held SMFG Environmental Business Forum (SMFG, Group companies)</li></ul>
	SMBC	<ul style="list-style-type: none"><li>Took new measures to reduce environmental impact (met requirements of the amended Energy Conservation Law, planned model environment-friendly branches, trialed electric vehicles)</li><li>Held various environmental awareness-raising events (Environmental Business Forum, Eco-Products Exhibition in Malaysia, Eco-products International Fair, eco japan cup)</li></ul>
	SMCC	<ul style="list-style-type: none"><li>Promoted recycling through extraction of rare earths from expired and discarded credit cards</li><li>Promoted environmental businesses</li></ul>
	Cedyna	<ul style="list-style-type: none"><li>Continued making environmental donations and grants through social contribution-type credit cards</li><li>Continued environmental beautification and protection activities</li></ul>
	SMFL	<ul style="list-style-type: none"><li>Strengthened environmental management systems</li></ul>
	JRI	<ul style="list-style-type: none"><li>Continued to promote environmental businesses</li><li>Carried out enterprise evaluations for purposes of financing with environmental-awareness conditionality</li></ul>
	SMBC Friend	<ul style="list-style-type: none"><li>Continued to promote shift to eco-vehicles and implementation of carbon-offset program</li><li>Continued adoption of eco-friendly materials for branch renovation (carpeting with carbon credits, etc.)</li></ul>
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	Minato	<ul style="list-style-type: none"><li>Continued proactive approach to relationship banking and financing facilitation</li><li>Made contributions to sustainable regional economic development</li></ul>
	KUBC	<ul style="list-style-type: none"><li>Continued to develop products and services rooted in the local community</li><li>Continued regional contribution activities</li></ul>



# Together with Our Customers

## Basic approach

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

The bank set up the Quality Management Dept. with the aim of organizing a system for proactively responding to the opinions and perspectives of customers and for raising business and management standards. Based on analysis of the feedback gathered from customers, we are working proactively to improve customer service quality through measures such as meetings aimed at improving policies of the CS and Quality Improvement Committee, which includes executives of the Management Committee.

### Customer satisfaction measures at Group companies

Company	Performance in fiscal 2010	Policies for fiscal 2011
SMFG	<ul style="list-style-type: none"><li>• Cedyna joined Group CS Committee</li><li>• Established a working group for the Group CS Committee, with ongoing meetings</li></ul>	<ul style="list-style-type: none"><li>• Establish Group CS policy, etc.</li><li>• Promote universal design and universal service</li><li>• Promote acquisition of Service Care Attendant qualifications</li></ul>
SMBC	<ul style="list-style-type: none"><li>• Improved frameworks for collecting VOC feedback and uncovering customer needs (through the introduction of systems such as the “DB Light” database)</li><li>• Improved products and services from the viewpoint of the customer (strengthened monitoring of reception etc., when explanations of products were given to customers)</li><li>• Expanded records of customer reactions (compliments etc.) for branches of the bank</li></ul>	<ul style="list-style-type: none"><li>• Form systems for more widely gathering VOC feedback and information about their needs</li><li>• Carry out multilayered analysis of VOC feedback, and consider tailoring responses to customers’ characteristics and region</li><li>• Provide information on CS to branches of the bank, and expand opportunities for discussing how to make operations more customer-oriented</li><li>• Support businesses serving the needs of the rapidly rising numbers of elderly</li></ul>
SMCC	<ul style="list-style-type: none"><li>• Created a “customer satisfaction character” (Kokoron)</li><li>• Launched in-house Thanks Message program</li></ul>	<ul style="list-style-type: none"><li>• Launch customer satisfaction incentive program for employees (Kokoron incentive program)</li><li>• Using the in-house portal site “CS LIVE!,” raise employee awareness of CS</li></ul>
Cedyna	<ul style="list-style-type: none"><li>• Collected and analyzed VOC information and share information across the company</li><li>• Improved service quality at counters and call centers for soliciting cardholders</li></ul>	<ul style="list-style-type: none"><li>• Collect and analyze VOC feedback and continue to share information across the company</li><li>• Continue quality improvement measures at counters and call centers for soliciting cardholders</li></ul>
SMFL	<ul style="list-style-type: none"><li>• Developed alternative questionnaire response methods (online replies)</li><li>• Kept customers informed (online newsletter, website explanation of the amended Waste Disposal and Public Cleansing Law and other topics)</li></ul>	<ul style="list-style-type: none"><li>• Continue customer satisfaction surveys</li><li>• Continue to provide products and information tailored to customer needs</li></ul>
JRI	<ul style="list-style-type: none"><li>• Carried out action plan based on customer satisfaction survey</li><li>• Analyzed the results of customer satisfaction surveys, and drafted and executed action plans</li></ul>	<ul style="list-style-type: none"><li>• Continue to carry out customer satisfaction surveys, analyze the results, establish and execute action plans</li><li>• Strengthen checks for completeness of solution proposals to customers</li></ul>
SMBC Friend	<ul style="list-style-type: none"><li>• Carried out customer satisfaction questionnaire survey</li><li>• Strengthened analysis and made proactive use of VOC feedback</li><li>• Increased number of seminars, and broadened range of topics</li></ul>	<ul style="list-style-type: none"><li>• Continue to strengthen analysis and make proactive use of VOC feedback</li><li>• Adopt universal design typefaces for the company profile</li></ul>
Nikko	<ul style="list-style-type: none"><li>• Carried out fiscal 2010 customer satisfaction survey</li><li>• Carried out in-branch service standard monitoring for fiscal 2010</li><li>• Improved products and services through analysis of VOC feedback</li><li>• Provided customer satisfaction training for employees</li></ul>	<ul style="list-style-type: none"><li>• Carry out fiscal 2011 customer satisfaction survey</li><li>• Carry out in-branch service standard monitoring for fiscal 2011</li><li>• Improve products and services through analysis of VOC feedback</li><li>• Provide customer satisfaction training for employees</li></ul>
Minato	<ul style="list-style-type: none"><li>• Established policies for improvement based on VOC feedback and carried out follow-up checks</li><li>• Organized care service training programs</li><li>• Conducted a survey into the standard of customer explanation</li></ul>	<ul style="list-style-type: none"><li>• Make more effective use of VOC and report back success stories</li><li>• Further foster awareness of customer satisfaction</li><li>• Carry out customer satisfaction surveys (individual)</li></ul>
KUBC	<ul style="list-style-type: none"><li>• Strengthened consulting role</li><li>• Used data from VOC feedback in service response</li><li>• Improved CS in branch-based transactions</li></ul>	<ul style="list-style-type: none"><li>• Strengthen consulting role</li><li>• Use data from VOC feedback to ensure better service response</li><li>• Improve customer satisfaction in branch-based transactions</li></ul>

## Initiatives to strengthen compliance

In its capacity as a financial holding company, Sumitomo Mitsui Financial Group is putting in place mechanisms enabling it to ensure due instruction and monitoring relating to compliance at all Group companies, in light of the need for sound and appropriate management across the full spectrum of Group businesses. Management of compliance is undertaken independently by each company through regular discussion meetings with the Group and one-on-one interviews with Group company representatives.

In light of the business policy of the Group, the bank regards rigorous observance of compliance as a leading management issue and expects all of its employees to value trust, observe laws and regulations, maintain high ethical standards, and behave with fairness and integrity. It is committed to observing the Banking Law and the Financial Instruments and Exchange Law and the other legislation and to eliminating anti-social forces from its business transactions.

### Compliance measures at Group companies

Company	Major compliance measures
SMFG	In fiscal 2010, in partnership with each Group member company, SMFG set about forming an internal management system befitting a comprehensive financial services group. It provided guidance and monitoring to Group companies as they responded to changes in the regulatory environment. For fiscal 2011, the Group has designated as priority policies strengthening overseas units’ compliance with their regulatory environments, and strengthening the compliance posture on a Group basis. It is strengthening compliance management at all Group companies.
SMBC	In fiscal 2010, measures were 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 the establishment of a new Japanese financial-sector ADR (Alternative Dispute Resolution) mechanism, further measures to facilitate financing, and taking further preventive measures against financial activities of anti-social forces. In fiscal 2011, the Group strengthened its compliance posture to adapt to changes in the social environment. Measures included a more rigorous approach to marketing risk products, deepening cooperation among Group companies including management of conflict of interest, responses to the amended Act on Prevention of Transfer of Criminal Proceeds, stepping up avoidance of transactions with anti-social forces, and strengthening overseas compliance in the face of business growth and regulations in individual countries. 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.
SMCC	SMCC has 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 are 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. The Group now has daily self-checking mechanisms in place, with online tests given to confirm that employees at each department and branch fully understand these issues when they learn about them on the intranet and through study sessions — not only the jargon but also its meaning — and act accordingly.
Cedyna	Cedyna is strengthening its compliance posture on a continuous basis, with a focus on the Money Lending Business Law, and the Installment Sales Law. The company also designated July and August as “personal information protection” months, with activities designed to ensure safeguarding of the valuable personal information of our customers, and October as “corporate ethics month” to raise corporate behavior standards still higher, based on a spirit of corporate ethics and compliance. It also organized education and training sessions for all employees and job grades on the themes of protection of human rights, rules on insider trading, and avoidance of all transactions with anti-social forces.
SMFL	SMFL has designated strengthening compliance as an important management priority. It is creating a companywide two-tier compliance framework based on the concept of “independently complying with legislation through self-responsibility at each business division, and practicing rigorous management using independent auditing departments after an incident occurs.” It has also established a compliance program for action in specific events. Based on this program, it carries out continuous activities aimed at further strengthening compliance systems, including inspections and evaluations.
JRI	More rigorous information management and upgrading of compliance education and training programs have been the priorities at JRI. Measures taken included the review of standards for selection of external outsourcers, and more rigorous information management using personal data protection systems such as phased-checks and approvals for the handling of personal data master files. Training programs have been arranged for new hires and other staff at all levels and job grades and compliance awareness-raising campaigns are organized on a monthly basis.
SMBC Friend	SMBC Friend has rigorous rules governing marketing and solicitation, to ensure that its advisory services are more closely tailored to customers’ knowledge, experience, asset level and investment goals, including the establishment of a set of standards for transactions, according to the degree of risk. Customers’ opinions and complaints are collated and entered into a “VOC database,” and then used to improve operations. Every month, all departments and branches engage in the discussion of compliance issues. These sessions are designed to improve awareness of compliance among all employees. Other priorities are training and education, including compliance training and tests using e-learning methods, to confirm the understanding of younger and mid-level employees.
Nikko	As part of moves to set up a compliance framework under its new post-integration structure, SMBC Nikko Securities has distributed to all employees a compliance manual to ensure their complete understanding. In addition, the company carries out compliance tests on all employees to deepen their understanding. To ensure a framework is in place for Group-wide 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. In May 2011, the company submitted its Business Improvement Plan to the Financial Services Agency, after an administrative order was imposed on it by the Agency with regard to fraudulent conduct by a Nikko salesperson against customers (not involving customer accounts at the company). The company is making steady progress under the Business Improvement Plan, aiming to regain the confidence of its customers and the public.
Minato	Measures undertaken by Minato included, (1) introduction of rules to prevent abuse of deposits by anti-social forces in an anti-crime management drive, and toughening up measures and systems to stop transactions with anti-social forces, (2) preventive measures for insider trading, with the company introducing rules making it compulsory for employees to report in advance any purchase or sale of stock, and (3) improvement of efficiency and rigor in procedures for internal legal consultation, through the introduction of a management system. Every month, the company carries out compliance training at each department and branch. In this program, three kinds of training material are used — a compliance newsletter, compliance “mini-lessons” and compliance bulletins, to ensure thorough compliance understanding by all employees in an easy-to-understand way.
KUBC	In fiscal 2010, measures undertaken by KUBC included (1) the creation of frameworks for strengthening preventive measures against transactions involving anti-social forces, (2) strengthening frameworks for system integration, and (3) the establishment of ADR frameworks for financial institutions. Monthly compliance training sessions for all departments and branches are organized in-house for all employees, to deepen their understanding of these issues. In addition, measures are taken to strengthen compliance in daily operations including deepening awareness of compliance through regular risk-management meetings.



Environmental and social impact of loans

Impact of loans on society

Environmental and social risk in loan (credit) activities

SMBC believes that it is important to factor in environmental risk when deciding whether to extend credit. 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.

For example, to deal with the risk of soil and asbestos contamination in real estate pledged as collateral, certain conditions are set, and a risk assessment is compulsory. When the risk is judged to be too high for a collateralized property, the assessed value of the potential risk is deducted from its value.

In our Credit Policy, the production of cluster bombs is also stipulated as one area of fund use where credit is prohibited.

Managing environmental and social risk in large-scale development projects

Large-scale development projects may have significant impacts toward society and the environment; therefore, international civil society requires financial institutions to assess the environmental and social impacts of projects when providing financial support. SMBC adopted the Equator Principles in December 2005 and established the Environment Analysis Department (EAD) within the International Banking Unit 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. The Equator Principles are a set of guidelines developed by private financial institutions for managing environmental and social issues related to project financing.



Basic approach to environmental and social risk assessment

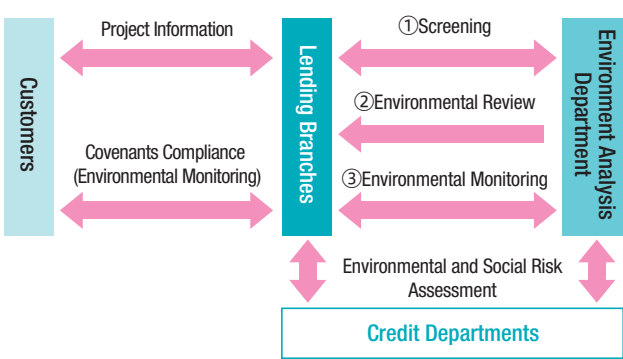
Since its establishment in January 2006, EAD has made efforts to establish its own internal procedures and has completed the Procedures for Social and Environmental Risk Assessment (Procedures). The Procedures set the internal policy and procedures for environmental and social risk assessment in accordance with the Equator Principles, and EAD started their implementation in June 2006.

Environmental and social risk assessment process

EAD is responsible for SMBC's overall operations in relation to environmental and social risk assessment for project financing all over the world. When considering involvement in a project that is subject to the Procedures, the lending branch will submit a Screening Form to EAD. EAD reviews all the related information of the project and, when appropriate, conducts site visits. EAD refers to its original sector checklists to prepare an

Environmental Review Sheet. The Environmental Review Sheet is then forwarded to the Credit Department which becomes an important factor in the credit approval process.

Flow chart: Environmental and social risk assessment at SMBC



- ①Screening: EAD puts the project into one of three categories (A, B and C), based on the magnitude of its potential environmental and social impacts.
- ②Environmental 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.
- ③Environmental Monitoring: For category A and B projects, environmental and social 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 2010-March 2011)

By Region		By Sector	
Europe, the Middle East and Africa	35	Infrastructure	40
Asia and Oceania	37	Power	41
Americas	32	Oil and Gas	14
Total	104	Petrochemicals	1
		Mining and Steel	5
		Others	3
		Total	104

By Category	
Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented	12
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	73
Category C: Projects with minimal or no social or environmental impacts	19
Total	104



Environmental Initiatives

Environmental initiatives by Group companies

Company	Clients	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 viewed online at SMFG's website (in Japanese). <a href="http://www.smfg.co.jp/responsibility/magazine/safe/">http://www.smfg.co.jp/responsibility/magazine/safe/</a>
		SMFG Environmental Business Forum	SMBC holds multifunctional programs, including environmental seminars and business matching opportunities at the Eco-Products event, one of Japan's largest environmental exhibitions.
SMBC JRI	Corporate	SMBC Environmental Assessment Loan/Private Placement Bond	Conditions of this loan/bond depend on the results of an assessment of a company's environmental friendliness using standards established by SMBC and JRI. Clients can choose the fund procurement method — loans or Private Placement Bond.
		SMBC Environmental Assessment Loan/Private Placement Bond eco value up	For mid-sized and smaller enterprises, for which environmental awareness appraisal needs are growing, the bank has reorganized its method of appraisal for the SMBC Environmental Assessment Loan/Private Placement Bond. After conducting qualitative valuations based on assessment standards developed independently in-house, the bank makes a qualitative assessment through interviews by its environmental appraisal organization, and relays the overall results to the customer in the form of an "environmental management analysis sheet."
		Eco-Products international exhibition	The Group helped organize the international committee for Eco-Products, one of Asia's largest environmental exhibitions, and opened its own booth. At the fifth and sixth events, SMBC Chairman Teisuke Kitayama served as chairman of the preparatory committee.
SMBC	Corporate	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.
		Ministry of Environment's interest-subsidized financing program	Under the interest-subsidy program of the Ministry of the Environment, borrowers may receive loans from financial institutions with interest subsidized by the government, provided that they set and achieve carbon dioxide emission reduction targets during a specified period. As one of the financial institutions authorized to provide loans under this program, the bank supports companies taking environmental initiatives.
		Support for using the carbon credit system in Japan	We support emissions reduction initiatives in cooperation with Group companies and other entities, using the Japan carbon credit system launched in October 2008.
		Carbon-credit related business activities (matching, advisory, trust and consultation activities)	SMBC serves clients with needs associated with carbon credits by using overseas offices for their trust operations and other resources to offer products and services such as introducing sellers in developing countries, providing advisory services to support transactions, offering trust products and financing. SMBC established a consultation company in Brazil to assist in the development of Clean Development Mechanism (CDM) projects.
		Carbon credit trading	In June 2009, SMBC became a carbon credit trader, the first Japanese bank to trade carbon credits directly with clients.
		Matching business for overseas customers	In corporation with overseas units, the bank brings together Japanese environmental technology and equipment suppliers, and partners in developing countries.
		Strengthening alliances with international and financial institutions	In April 2010, the bank executed a Memorandum of Understanding with the Federation of Malaysian Manufacturers and Green Purchasing Network Association Malaysia for the promotion of environmental businesses in Malaysia. In efforts to further establish a more solid global network, SMBC has formed business alliances with local financial institutions and economic organizations in the Philippines, Brazil and other countries for the promotion of financing for renewable energy projects and carbon-credit trading.
		"Climate & Children Supporters" (From June 30, 2008 to June 30, 2011)	An original program of SMBC which supports measures to prevent global warming through the trading of carbon credits while helping children affected by drastic climate changes through UNICEF. When participating companies trade carbon credits to prevent global warming, they automatically support elementary schools in Mozambique which is known for its frequent droughts and natural disasters, having built 35 wells and 53 toilets under the UNICEF water management and public hygiene project.
	Individuals	Environmental campaign using JGBs for individuals	We have been contributing to global environmental protection by 1) trading the equivalent of 100kg of carbon credits and 2) planting trees equivalent to the number of trees planted in an area of 1㎡ for the number of individuals who purchased JGBs. Concurrently, we have been supporting the recovery and reconstruction of areas struck by the Great East Japan Earthquake by trading carbon credits generated in northeastern Japan.
		DWS New Resource Technology Fund	To capitalize on changes in the nature and pace of global demand growth, this fund invests in stocks of promising companies around the world engaged in the three fields of daily products and services, food, and clean energy.
Nikko	Individuals	Environmental businesses in Japan (open-ended fund)	This fund invests in stocks of Japanese companies that are expected to benefit from environmental businesses, chiefly those with good environmental technologies.
		Nikko Eco Fund	In a first for Japan, SMBC Nikko Securities has begun handling the Nikko Eco Fund, a socially responsible fund that takes an environmentally-aware investment perspective, originally launched by Nikko Asset Management Co., Ltd. in 1999.
		Nikko DWS New Resource Fund	To capitalize on changes in the nature and pace of global demand growth, this fund invests in stocks of promising companies around the world engaged in the three fields of water, agriculture and alternative energy.
		UBS (JP) Climate Change Fund	This fund invests in the stocks of companies around the world with innovative technological capabilities for combating global warming.
		Nikko World Trust – Nikko Green New Deal Fund (JPY Non-hedged Class)/(JPY Hedged Class)	The Green New Deal is an economic recovery policy based on global environmental initiatives. This fund invests by purchasing stocks of companies in countries where high growth in green businesses is anticipated.
		UBS (JP) Global Smart Grid Fund	This fund invests in the stocks of companies in Japan and abroad with impressive technological capabilities in the fields of power generation, transmission and storage for the "one-dimensional network" (smart grid), which efficiently supplies and manages power with two-way communication between power companies and consumers.
SMBC Nikko	Individuals	Green Bonds	"Green Bonds," the purpose of which is to promote environmental preservation, is the generic name given to the various bonds offered by SMBC Nikko Securities starting in 2010. Funds raised from these bonds must be used for environmental protection measures.
		SMBC Nikko World Bank Bond Fund	The bank and SMBC Nikko Securities in February 2010 began offering the SMBC Nikko World Bank Bond Fund (nickname, "The World Bank Green Fund"), an investment trust jointly developed with the World Bank. This is the first fund in the world to invest in the green bonds* issued by the World Bank (data provided by Nikko Asset Management Co., Ltd.) Furthermore, a portion of earnings from the fund will be donated to the Japan Committee for UNICEF and the Japanese Red Cross Society for the resolution of social conflicts around the world. * The green bonds in which the fund invests are securities issued by the World Bank.



# Environmental Initiatives

## Environmental initiatives by Group companies

Company	Clients	Program/Product	Description
SMBC / SMFL	Corporate Individuals	eco japan cup	This is a contest for selecting companies which have practical environmental technologies and ideas. SMBC also arranges for venture companies to conduct R&D jointly with Japanese universities and the funding of their R&D activities. http://www.eco-japan-cup.com/ (In Japanese only)
		Tokyo Metropolitan Government Eco Finance Project	The bank was selected as a core financial institution in the Eco Finance Project organized in partnership with the Tokyo Metropolitan Government over five years starting in fiscal 2009. In the project, funds deposited by the Tokyo Metropolitan Government with SMBC is 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	The first new service in the leasing industry started in August 2007, which renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. The goal is to provide further support to companies that protect the environment through their own activities.
		Consulting business for the amended Energy Conservation Law	SMFL is strengthening its environmental advisory services for companies needing to meet the requirements of the amended Energy Conservation Law. Through its leasing operations, it proposes comprehensive energy-saving solutions.
		Trading of used machinery and equipment	Machinery and facilities with expired leases or bought back from the client are sold by SMFL to clients needing such items. Through the purchase and sale of used machinery, SMFL aims to become an environment-friendly leaser committed to the recycling and reuse of products.
JRI	Corporate, other	Environmental advisory business	This business is involved in many projects mainly for waste treatment and energy. Its objective is to prevent global warming and support the growth of environmental companies by creating new businesses.
		Energy-saving industrial initiative with Guangdong Province	In November 2010, we executed a memorandum with the Department of Science and Technology of Guangdong Province on a joint promotion of industries which conserve energy and reduce carbon emissions. We plan to promote low-carbon and energy-saving industries and Energy Service Companies, including measures such as policy research for energy-saving and the promotion of technological transfers through collaborative model projects by Japanese and Chinese companies.
JRI / SMBC / SMBCCN / JRIS	Corporate, other	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	This is an alliance with the Eco-Point business promoted by the Ministry of the Environment, in which eco-points may be exchanged for Sumitomo Mitsui VISA Gift Cards. A sum equivalent to 0.1% of the face value of product vouchers under the Sumitomo Mitsui VJA Gift Card is donated to the government-designated non-profit organization Environmental Relations. This group plants trees in deforested areas of southern Kyushu and is involved in other environmental protection activities.
		IC chip recycling	Rare metal extracted from IC chips installed in expired credit cards, are recycled.
SMCC / Cedyne	Individuals	Web Registration Campaign	SMCC and Cedyne are 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 carbon dioxide emissions.
Cedyne	Individuals	Socially contributing environmental cards	Cedyne issues socially contributing environmental credit cards such as "Chikyuni Yasashii Card" and "Cedyne Card AXU" which donate part of the payments made by such cards to environment preservation organizations.
SMBC Friend	Individuals	Environmental Sustainability Bond	SMBC Friend Securities marketed "The Environmental Sustainability Bond" issued by the European Bank for Reconstruction and Development (EBRD) during the period from December 2010. The funds raised by such bonds are used to support natural energy development, forestry regeneration and other environmental projects selected by EBRD based on its evaluation standards.
Friend / Nikko	Individuals	Electronic statement service	Promoting the usage of online account statements
Minato	Corporate	Minato ECO Loan Private Placement Bond	Minato Bank offers preferential interest rates on loans and preferential fees on underwriting of Private Placement Bonds for corporations which have acquired an environmental management system certification.
	Individuals	Minato ECO product purchasing loan Minato ECO housing loan	Minato Bank offers environment-friendly loans to clients purchasing and installing new-energy or energy-saving equipment. It additionally offers housing loans with discounted interest rates to clients (a) purchasing homes installed with such equipment, (b) renovating their homes to be energy efficient, (c) refinancing housing loans of energy efficient homes or (d) constructing or purchasing new homes which meet the residential environmental efficiency standards set forth by the city of Kobe (Comprehensive Assessment System for Environmentally Efficient Construction).
KUBC	Individuals	Carbon offset eco-time deposits	To commemorate the merger of Kansai Urban Banking Corporation and The Biwako Bank, Ltd., KUBC offered anti-global warming time deposits from September 2009 to February 2010 at branches of both former entities. In the program, a sum equivalent to 0.02% of the outstanding balance of deposits under custody is used to buy carbon dioxide emission rights. In May 2010, a total of 2,148 tonnes in carbon emission rights were transferred free of charge to the Japanese government using a sum equivalent to 0.02% (¥38.6 billion) of the balance of time deposits at the end of February 2010.
		Mother Lake eco-time deposits	KUBC offers time deposits, through which clients may contribute the amount equivalent to 0.01% of their deposit balance to "The Mother Lake-Shiga Support Fund," which preserves the natural environment of Lake Biwa. In April 2011, KUBC donated ¥5.25 million to this Fund, which is equivalent to 0.01% of ¥52.5 billion, the outstanding balance as of February 28, 2011.
		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 clients who take out housing loans for residences in which solar power generation facilities are installed.
		Donation to environmental fund by housing loans	When clients purchase homes which are installed with designated solar power generation systems and located in the subdivisions in the Katata district of Otsu-city, Shiga Prefecture, a certain percentage of the housing loan amount is donated to the Ohmi Environment Conservation Foundation, the activities of which are dedicated to the preservation of Lake Biwa.
	Corporate	Eco-support credit guarantee system	In partnership with the Shiga Prefecture Credit Guarantee Association, the bank offers the "environmental management support (eco-support) credit guarantee" to small and medium-sized enterprises with environmentally-responsible businesses.

Abbreviation      SMBCCN: Sumitomo Mitsui Banking Corporation (China) Limited

# Together with Our Employees

SMFG and its Group companies strive to create the kind of work environment which every employee feels proud of and is able to develop his or her full potential and capabilities in. In the following pages, we introduce some of the activities initiated by the Human Resources Department of SMBC and other Group companies, including Sumitomo Mitsui Card, Cedyne, Sumitomo Mitsui Finance and Leasing (SMFL), the Japan Research Institute (JRI), SMBC Friend Securities, SMBC Nikko Securities, The Minato Bank and Kansai Urban Banking Corporation.

### Five Goals of SMBC's Human Resources Development

1

To develop professional and specialized employees who can provide our clients with highly valued products and services.

2

To maintain and strengthen our sound business management enabling SMBC to globally compete in the market.

3

To cultivate the kind of corporate culture which encourages the values of forward-looking, creative attitude and mutual cooperation.

4

To be conscious of the social responsibilities of the Group, and cultivate the kind of corporate culture that contributes to the sound development of society.

5

To encourage employees to respect their individuality based on an understanding of diversity and personal fulfillment.

## Training employees with specialized professional skills

In order to motivate and encourage younger employees and to promote their personal development, the bank provides basic practical training programs in three areas: the Retail Banking College; the Corporate Banking College and the Banking Operations College. Our employees are able to acquire the required business knowledge and skills through on-the-job training and seminars. The bank enhances its training programs by assigning mentors to newly hired employees and the Training Institute's instructors to regional head office departments.



Retail Banking College

Following the amendments to the Money Lending Business Law, Sumitomo Mitsui Card has increased its efforts toward the development of professional expert employees in the credit business. We have taken measures to proactively support our employees to become licensed money lending officers by regularly holding in-house seminars, educating them with knowledge on products and other related subjects.

Cedyne strives to promote high professional standards and encourage the setting of challenging goals. Younger employees are encouraged to work in various departments to learn and gain business skills and diverse work experience. They strengthen their professional skills by taking programs at different levels for each type of business and with specific objectives.

SMFL has established "SMFL Standards," which annually set forth the human resources development plan for *sogoshoku* (management-track) employees of not more than five years with the company. SMFL has created the "Young Employees' Growth Plan & Guide," based on the SMFL Standards, and it has also established an in-house business school which supplements on-the-job training.

JRI believes that its human resources provide added value, which is translated into its solutions and proposals. With that in mind, JRI has established the Staff Development Department in the Computer System Division, and the Human Resources Incubation Center in the Comprehensive Research Division for the well-planned development of human resources.

SMBC Friend Securities has started to offer its accredited in-house classes for young employees to acquire business skills to enhance their knowledge and improve their skills, in order for the company to respond appropriately to the continuously advancing sophistication and diversification of the securities business. It has also introduced a tutoring program for effective on-the-job training of new employees.

SMBC Nikko Securities, as a comprehensive securities and investment banking firm, is further strengthening its educational programs to develop employees with expert knowledge and improve their professional skills by providing its newly hired employees with OJT personally assisted by instructors, follow-up seminars and other programs such as the "new employee instructor program."

The Minato Bank has consistently implemented the system of the Minato Retail-business College ("MRC") which improves the quality of consultation services offered to its individual clients.

Kansai Urban Banking Corporation has a basic training program designed for the first five years of employment with the bank in order to develop an energetic group of employees. It has also created a system to develop potential mid-management employees and promote the careers of younger and female employees.

As described above, each Group company is further strengthening its educational system.



Training Seminar at Kansai Urban Banking Corporation



Creating a corporate culture which derives strength from diversity

Human resources diversity

The Group is implementing its initiatives to create diversity (e.g. gender, nationality) at work. In April 2008, the Diversity and Inclusion Department was established in the Human Resources Department, and other initiatives were implemented for creating the kind of corporate culture which derives its strength from diversity.

Personnel system

In order to motivate employees to take on more challenges in performing difficult tasks for promotion, SMBC has introduced a new workplace hierarchy system in which job rankings are more finely subdivided. This system will make it possible for talented individuals to be quickly promoted to mid-management levels. In order to enhance a sense of unity as “Team SMBC” and to achieve a proactive and energetic bank, our employees’ performances are evaluated not simply in terms of one fiscal year’s achievements but also evaluated on their overall contributions to the company.

Developing employees for global operations

In order to respond to the rapid globalization of society and businesses, SMBC is striving to develop global human resources with practical language skills and an international business sense. In fiscal 2010, in order to enhance the overseas market presence and internal globalization of the company, the bank substantially increased the number of employees taking language classes or having overseas business experience, and those employed locally by overseas offices and subsidiaries, and promoted the exchange of employees between offices in Japan and overseas.



“Global Corporate Banker” training

Focusing on training for locally hired employees at overseas units, SMBC’s Asia Pacific Training Department was established in Singapore for employees of the Asia and Oceania regions, and provides mainly business training and skills development courses. In training new hires among local employees in banking operations, we also provide opportunities for learning about the bank’s history and philosophy, as part of our commitment to human resource development at overseas units.

Employing persons with disabilities

SMBC has established a special company called SMBC Green Service Co., Ltd. which provides employment opportunities for the physically-challenged. In December 2008, the company opened its Kobe Branch, and the Unagidani Office in Osaka in February 2009 for creating jobs not limited to the physically challenged but also

including the mentally-challenged. To raise employee skill levels, the bank 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”). Some were winners in the fiscal 2008 and 2009 competitions. As of March 2011, physically-challenged employees accounted for 1.95% of our total number of employees, more than the legally mandated level of 1.8%.

Providing support for good work-life balance

The Group has an employee support program which provides assistance and support for maintaining a proper work-life balance. In fiscal 2008, Sumitomo Mitsui Card, SMFL, JRI, and SMBC Friend Securities developed their “Work-Life Balance Guidebook,” based on actual experiences at SMBC. All Group companies have already implemented the programs for parental leave, leave for taking care of ill children, and shorter working hours. Such programs provide more employee benefits than those mandated by law. In addition, SMBC, Sumitomo Mitsui Card, and JRI provide child-care subsidies, while SMBC, Sumitomo Mitsui Card, SMFL, Cedyna, and KUBC



Go Home Early to the Family Day

have implemented a program for rehiring former employees. These programs assist and support in realizing a good work-life balance for the Group’s employees. There is also an annual visitation day for the employee’s children and other family members to give them an opportunity to see the employee at work at SMBC, Sumitomo Mitsui Card, SMFL, JRI, and SMBC Friend Securities. JRI also organizes “Mama & Papa Lunches” for an opportunity for employees to exchange information on raising children.

SMBC encourages family members to visit employees at their desks and has promoted a “Go Home Early to the Family Day,” while SMFL has a campaign to encourage employees to take their summer vacations and to reduce overtime work. SMBC Nikko Securities has introduced an online support program for employees returning to work after parental leave. Cedyna was awarded the “Best Balance Award” in 2010, under the “Promotion of Work Life Balance Certification System” organized by Shinjuku Ward in Tokyo, recognized for its diverse human resources programs and achievements. The Minato Bank regularly provides training programs for employees coming back to work after maternity leave. SMBC, Sumitomo Mitsui Card, Cedyna, JRI and The Minato Bank have all obtained “Kurumin certification” issued by the Japanese Ministry of Health, Labour and Welfare, for programs in compliance with the Law to Promote Measures to Support the Development of the Next Generation.



“Kurumin certification”

Principal work-life balance systems (employee support programs) by Group companies

	SMBC	SMCC	Cedyna	SMFL	JRI
Parental leave	18 months or maximum of 2 years in case of inability to place in daycare center	18 months or maximum of 2 years in case of inability to place in daycare center	Up to 3 years old	1 year or maximum of 18 months in case of inability to place in daycare center	18 months or maximum of 2 years in case of inability to place in daycare center
Leave for taking care of sick children	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)	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)	Up to March 31 in the 3rd grade of elementary school (5 days per annum for one child; no upper limit)	No restrictions on children's age or number of days leave	Up to March 31 in the 6th grade of elementary school (5 days per annum for one child; no upper limit)
Shorter working hours	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.	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.	Employees can choose to work 5, 6, or 7 hours a day up to March 31 in the 3rd grade of elementary school.	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.	Employees can choose to work 4, 5, 6 or 7 hours per day up to March 31 in the 3rd grade of elementary school (this system can be combined with flextime).
Restrictions on overtime	Up to March 31 in the 6th grade of elementary school	Up to March 31 in the 3rd grade of elementary school	Up to entry into elementary school	Up to entry into elementary school	Up to entry into elementary school
Exemption from late-night work	Up to March 31 in the 6th grade of elementary school	Up to March 31 in the 3rd grade of elementary school	Up to entry into elementary school	Up to entry into elementary school	For employees who are pregnant or have given birth within the previous 12 months
Other principal systems	<ul style="list-style-type: none"><li>• Work relocations</li><li>• Child-care subsidies</li><li>• Leave to care for sick family members</li><li>• Shorter working hours to care for sick family members</li><li>• System for rehiring former employees</li></ul>	<ul style="list-style-type: none"><li>• Work relocations</li><li>• Child-care subsidies</li><li>• Leave to care for sick family members</li><li>• System for rehiring former employees</li></ul>	<ul style="list-style-type: none"><li>• Maternity leave and work</li><li>• Short-term childcare leave</li><li>• Leave to care for sick family members</li><li>• System for rehiring former employees</li><li>• Maternity leave (for men)</li></ul>	<ul style="list-style-type: none"><li>• Work relocations</li><li>• System for rehiring former employees</li></ul>	<ul style="list-style-type: none"><li>• Child-care subsidies</li><li>• Leave to care for sick family members</li><li>• Shorter working hours to care for sick family members</li><li>• More time off and shorter working hours to care for sick family members</li><li>• Days off to care for sick family members</li></ul>

	SMBC Friend	Nikko	Minato	KUBC
Parental leave	18 months or maximum of 2 years in case of inability to place in daycare center	Up to 3 years old	Up to 3 years old	1 year or maximum of 18 months in case of inability to place in daycare center
Leave for taking care of sick children	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)	Up to entry into elementary school (5 days per annum for one child; 10 days for two or more children)	Up to entry into elementary school (5 days per annum for one child; 10 days for two or more children)	Up to entry into elementary school (5 days per annum for one child; 10 days for two or more children)
Shorter working hours	Up to March 31 in the 3rd grade of elementary school, employees can reduce daily working hours to between 6 hours and 6 hours 50 minutes	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 elementary school, employees can opt for 6-hour working day	Up to 3 years old, employees can opt for 6-hour working day
Restrictions on overtime	Up to March 31 in the 3rd grade of elementary school	Up to entry into junior high school	Up to entry into elementary school	Up to entry into elementary school
Exemption from late-night work	Up to March 31 in the 3rd grade of elementary school	Up to entry into junior high school	Up to entry into elementary school	Up to entry into elementary school
Other principal systems	<ul style="list-style-type: none"><li>• Leave to care for sick family members</li><li>• Shorter working hours to care for sick family members</li></ul>	<ul style="list-style-type: none"><li>• Use of designated day-care center at discounted rates</li><li>• Leave to care for sick family members</li><li>• Special days off to care for sick family members</li><li>• Shorter working hours to care for sick family members</li><li>• Staggered working hours (shift system)</li></ul>	<ul style="list-style-type: none"><li>• Maternity leave (to help spouse)</li><li>• Leave to care for sick family members</li><li>• Shorter working hours to care for sick family members</li></ul>	<ul style="list-style-type: none"><li>• System for rehiring former employees</li><li>• Leave to care for sick family members</li><li>• Home helpers provided</li></ul>

Enhancing awareness of individual rights

SMBC has implemented in its corporate principles of action concepts which state that “we will respect the individual human dignity of our clients and employees” and “we will not allow any discrimination.” Training seminars and study sessions on human rights issues and discrimination are organized for general managers of branches and departments (once a year), employees newly-appointed to management positions, and newly hired employees. Campaigns for creating slogans promoting individual human rights are also organized to motivate our employees to reflect and think about individual human rights (twice a year) and to come up with a slogan for the campaign (once a year). KUBC is implementing measures to further enhance awareness of individual human rights by organizing human rights awareness study sessions for each regional group and inviting employees to think and

come up with an individual human rights slogan. SMFG and its Group companies participate in the “United Nations Global Compact,” and also endorse and support its 10 principles in the areas of human rights, labor standards, environment and anti-corruption measures.

SMBC was Named as One of the Best 25 Companies to Work in Japan in the “Great Place to Work” Ranking

In March 2011, SMBC was selected for the fourth consecutive year as one of the best companies in Japan to work in the survey conducted by Great Place to Work® Institute Japan.



\* Great Place to Work® Institute, Inc., incorporated in the U.S., is a survey organization which provides data for the annual list of the “100 Best Places to Work” published by Fortune magazine. The survey consists of two main sections: a survey on the internal systems and corporate culture of respondent companies, and a questionnaire survey by the employees of these companies. The employee survey carries a two-thirds weight in determining final results.



# Together with Our Employees

## Staff profile by Group companies

SMBC				
March 31	2009	2010	2011	
Number of employees*	23,543	25,122	25,073	
Male	13,669	13,793	13,546	
Percentage of total	58.06%	54.90%	54.03%	
Female	9,874	11,329	11,527	
Percentage of total	41.94%	45.10%	45.97%	
Average age	36 yrs 9 mos.	36 yrs 2 mos.	36 yrs 5 mos.	
Male	40 yrs 5 mos.	40 yrs 2 mos.	40 yrs 3 mos.	
Female	31 yrs 8 mos.	31 yrs 3 mos.	31 yrs 11 mos.	
Average years of service	13 yrs 10 mos.	13 yrs 3 mos.	13 yrs 5 mos.	
Male	16 yrs 11 mos.	16 yrs 8 mos.	16 yrs 9 mos.	
Female	9 yrs 6 mos.	9 yrs 0 mos.	9 yrs 7 mos.	
Number of women in managerial positions**	456	584	766	
Ratio of employees with disabilities (% of total)**	1.95%	1.90%	1.95%	

April 1	2009	2010	2011
Number of new hires	962	569	572
Number of newly employed female graduates****	388	204	188
Ratio of newly employed females to total new employees	40.3%	35.9%	32.9%

Fiscal	2008	2009	2010
Number of employees taking parental leave	222 (Men taking such leave: 27)	331 (Men taking such leave: 29)	476 (Men taking such leave: 26)
Number of career hires	136	11	6

\* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.  
\*\* As of each March 31; job grades above assistant vice president  
\*\*\* As of March 1 of the respective years  
\*\*\*\* Includes sogoshoku staff and consumer service staff. Business Career Path employees are excluded.

SMFL				
March 31	2009	2010	2011	
Number of employees*	1,640	1,666	1,648	
Male	1,023	1,035	1,025	
Percentage of total	62.38%	62.12%	62.20%	
Female	617	631	623	
Percentage of total	37.62%	37.88%	37.80%	
Average age	37 yrs 1 mos.	37 yrs 3 mos.	37 yrs 11 mos.	
Male	40 yrs 2 mos.	40 yrs 3 mos.	40 yrs 6 mos.	
Female	32 yrs 0 mos.	32 yrs 4 mos.	33 yrs 0 mos.	
Average years of service	12 yrs 1 mos.	12 yrs 5 mos.	12 yrs 10 mos.	
Male	14 yrs 10 mos.	15 yrs 2 mos.	15 yrs 6 mos.	
Female	7 yrs 6 mos.	8 yrs 0 mos.	8 yrs 7 mos.	
April 1	2009	2010	2011	
Number of new hires	40	28	22	
Number of newly employed female graduates	2	1	3	
Ratio of newly employed females to total new employees	5.0%	3.6%	13.6%	
Fiscal	2008	2009	2010	
Number of employees taking parental leave	13	22	34	

\* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and full-time employees of affiliates (including overseas subsidiaries).

Nikko				
March*	2009	2010	2011	
Number of employees**	6,004	6,584	7,094	
Male	3,578	4,057	4,449	
Percentage of total	59.59%	61.62%	62.71%	
Female	2,426	2,527	2,645	
Percentage of total	40.41%	38.38%	37.29%	
Average age	37 yrs 2 mos.	38 yrs 1 mos.	38 yrs 11 mos.	
Male	38 yrs 11 mos.	39 yrs 6 mos.	40 yrs 3 mos.	
Female	34 yrs 7 mos.	35 yrs 9 mos.	36 yrs 8 mos.	
Average years of service	12 yrs 0 mos.	12 yrs 1 mos.	11 yrs 11 mos.	
Male	13 yrs 0 mos.	12 yrs 9 mos.	12 yrs 4 mos.	
Female	10 yrs 7 mos.	11 yrs 1 mos.	11 yrs 2 mos.	
April 1	2009	2010	2011	
Number of new hires***	182	159	493	
Number of newly employed female graduates	53	54	190	
Ratio of newly employed females to total new employees	29.1%	34.0%	38.5%	
Fiscal	2008	2009	2010	
Number of employees taking parental leave	177	207	229	

\* As of March 1 of the respective years  
\*\* The number of full-time employees. The following list of employees is deducted from the total number of employees: executive officers, employees seconded to other companies and organizations, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.  
\*\*\* Professional staff (Classes I-II), FA, and specialists

SMCC				
March 31	2009	2010	2011	
Number of employees*	2,156	2,247	2,300	
Male	1,112	1,133	1,146	
Percentage of total	51.58%	50.42%	49.83%	
Female	1,044	1,114	1,154	
Percentage of total	48.42%	49.58%	50.17%	
Average age	36 yrs 2 mos.	36 yrs 4 mos.	36 yrs 8 mos.	
Male	39 yrs 8 mos.	39 yrs 10 mos.	40 yrs 0 mos.	
Female	32 yrs 6 mos.	32 yrs 10 mos.	33 yrs 5 mos.	
Average years of service	10 yrs 3 mos.	10 yrs 7 mos.	11 yrs 0 mos.	
Male	11 yrs 2 mos.	11 yrs 6 mos.	12 yrs 0 mos.	
Female	9 yrs 4 mos.	9 yrs 7 mos.	10 yrs 0 mos.	

April 1	2009	2010	2011
Number of new hires	98	84	72
Number of newly employed female graduates**	66	46	43
Ratio of newly employed females to total new employees	67.3%	54.8%	59.7%

Fiscal	2008	2009	2010
Number of employees taking parental leave	37 (Men taking such leave: 6)	53 (Men taking such leave: 6)	43 (Men taking such leave: 2)
Number of career hires	37	53	43

\* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.  
\*\* Includes contract employees

JRI				
March 31	2009	2010	2011	
Number of employees*	2,215	2,322	2,323	
Male	1,732	1,792	1,782	
Percentage of total	78.19%	77.17%	76.71%	
Female	483	530	541	
Percentage of total	21.81%	22.83%	23.29%	
Average age	38 yrs 11 mos.	39 yrs 0 mos.	39 yrs 11 mos.	
Male	39 yrs 8 mos.	39 yrs 11 mos.	39 yrs 9 mos.	
Female	35 yrs 11 mos.	35 yrs 9 mos.	36 yrs 4 mos.	
Average years of service	9 yrs 7 mos.	9 yrs 11 mos.	9 yrs 9 mos.	
Male	9 yrs 11 mos.	10 yrs 3 mos.	10 yrs 3 mos.	
Female	8 yrs 7 mos.	8 yrs 8 mos.	8 yrs 6 mos.	
April 1	2009	2010	2011	
Number of new hires	147	50	53	
Number of newly employed female graduates**	46	14	20	
Ratio of newly employed females to total new employees	31.3%	28.0%	37.7%	

Fiscal	2008	2009	2010
Number of employees taking parental leave	30 (Men taking such leave: 3)	25 (Men taking such leave: 6)	48 (Men taking such leave: 7)
Number of career hires	30	25	48

\* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.  
\*\* Includes only sogoshoku staff. Jipanshoku staff are excluded.

Minato				
March 31	2009	2010	2011	
Number of employees*	2,121	2,152	2,166	
Male	1,348	1,320	1,337	
Percentage of total	63.55%	61.34%	61.73%	
Female	773	832	829	
Percentage of total	36.45%	38.66%	38.27%	
Average age	40 yrs 10 mos.	40 yrs 3 mos.	40 yrs 4 mos.	
Male	44 yrs 2 mos.	43 yrs 9 mos.	43 yrs 8 mos.	
Female	35 yrs 2 mos.	34 yrs 11 mos.	35 yrs 0 mos.	
Average years of service	15 yrs 2 mos.	14 yrs 10 mos.	15 yrs 3 mos.	
Male	19 yrs 4 mos.	19 yrs 2 mos.	19 yrs 3 mos.	
Female	8 yrs 0 mos.	8 yrs 1 mos.	9 yrs 0 mos.	
April 1	2009	2010	2011	
Number of new hires**	63	32	44	
Number of newly employed female graduates	13	6	9	
Ratio of newly employed females to total new employees	20.6%	18.8%	20.5%	

Fiscal	2008	2009	2010
Number of employees taking parental leave	23 (Men taking such leave: 1)	20 (Men taking such leave: 1)	16 (Men taking such leave: 1)
Number of career hires	23	20	16

\* The number of full-time employees including executives and employees seconded to other companies or organizations.  
\*\* Excluded employees on short-term contracts, and part-time employees.  
\*\*\* Includes only sogoshoku staff.

Cedyna				
March 31**	2009	2010	2011	
Number of employees*	4,485	3,466	3,340	
Male	2,787	2,062	2,021	
Percentage of total	62.14%	59.49%	60.51%	
Female	1,698	1,404	1,319	
Percentage of total	37.86%	40.51%	39.49%	
Average age	39 yrs 9 mos.	37 yrs 8 mos.	38 yrs 7 mos.	
Male	43 yrs 2 mos.	40 yrs 8 mos.	41 yrs 5 mos.	
Female	34 yrs 1 mos.	33 yrs 2 mos.	34 yrs 4 mos.	
Average years of service	14 yrs 11 mos.	13 yrs 4 mos.	14 yrs 2 mos.	
Male	17 yrs 7 mos.	15 yrs 7 mos.	16 yrs 4 mos.	
Female	10 yrs 6 mos.	9 yrs 11 mos.	11 yrs 0 mos.	

April 1	2009	2010	2011
Number of new hires	79	32	44
Number of newly employed female graduates	46	14	22
Ratio of newly employed females to total new employees	58.2%	43.8%	50.0%

Fiscal***	2008	2009	2010
Number of employees taking parental leave	55 (Men taking such leave: 0)	45 (Men taking such leave: 3)	62 (Men taking such leave: 0)
Number of career hires	55	45	62

\* Excluding employees seconded from other companies, employees on short-term contracts and part-time employees.  
\*\* As of March 31, 2009, the total number of employees includes employees of OMC Card, Inc., Central Finance Co., Ltd., and QUOO Inc.  
\*\*\* For fiscal year 2008, the total number of employees includes employees of OMC Card, Inc., Central Finance Co., Ltd., and QUOO Inc.

SMBC Friend				
March 31	2009	2010	2011	
Number of employees*	2,011	2,072	1,897	
Male	1,434	1,462	1,359	
Percentage of total	71.31%	70.56%	71.64%	
Female	577	610	538	
Percentage of total	28.69%	29.44%	28.36%	
Average age	36 yrs 9 mos.	36 yrs 11 mos.	37 yrs 7 mos.	
Male	39 yrs 1 mos.	39 yrs 4 mos.	39 yrs 8 mos.	
Female	31 yrs 1 mos.	31 yrs 4 mos.	32 yrs 5 mos.	
Average years of service	13 yrs 2 mos.	13 yrs 3 mos.	14 yrs 0 mos.	
Male	15 yrs 1 mos.	15 yrs 4 mos.	15 yrs 9 mos.	
Female	8 yrs 3 mos.	8 yrs 5 mos.	9 yrs 5 mos.	
April 1	2009	2010	2011	
Number of new hires	232	148	149	
Number of newly employed female graduates**	117	68	79	
Ratio of newly employed females to total new employees	50.4%	45.9%	53.0%	

Fiscal	2008	2009	2010
Number of employees taking parental leave	20	22	25

\* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.  
\*\* Both non-area specified and area specified staff

KUBC				
March 31**	2009	2010	2011	
Number of employees*	1,890	2,880	2,809	
Male	1,282	1,989	1,929	
Percentage of total	67.83%	69.06%	68.67%	
Female	608	891	880	
Percentage of total	32.17%	30.94%	31.33%	
Average age	39 yrs 10 mos.	39 yrs 9 mos.	39 yrs 10 mos.	
Male	43 yrs 9 mos.	43 yrs 5 mos.	43 yrs 4 mos.	
Female	31 yrs 6 mos.	31 yrs 7 mos.	32 yrs 3 mos.	
Average years of service	16 yrs 7 mos.	16 yrs 8 mos.	16 yrs 8 mos.	
Male	19 yrs 11 mos.	19 yrs 10 mos.	19 yrs 9 mos.	
Female	9 yrs 5 mos.	9 yrs 5 mos.	10 yrs 1 mos.	
April 1	2009	2010	2011	
Number of new hires	137	97	86	
Number of newly employed female graduates	80	42	50	
Ratio of newly employed females to total new employees	58.4%	43.3%	58.1%	

Fiscal***	2008	2009	2010
Number of employees taking parental leave	19	12	25

\* Total is for full-time non-executive employees of the bank, including employees seconded to other companies and organizations. Excluded are executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies.  
\*\* Up to March 31, 2009, figures are those of prior to the merger with The Biwako Bank, Ltd.  
\*\*\* Up to fiscal 2009, figures are those prior to the merger with The Biwako Bank, Ltd.

# Environmental Activities

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 officially signed the “Statement by Financial Institutions on the Environment and Sustainable Development” of the United Nations Environment Programme (“UNEP”) in July 2002.	
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## The Group Environmental Policy

- < Basic concepts >
- Recognizing the importance of realizing a sustainable society, SMFG is continuously making efforts to preserve and achieve harmony with the natural environment in its corporate activities in order to support the economy and contribute to the betterment of society as a whole.
- < Specific environmental policies >
- ◆ We provide environment friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
  - ◆ We devise means to reduce environmental risks posed by our own activities and society.
  - ◆ We are determined to fulfill our social responsibilities through the conservation of resources and energy and the reduction of waste.
  - ◆ We strictly comply with environment-related laws and regulations.
  - ◆ We practice the highest level of information 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 third parties.
  - ◆ We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
  - ◆ 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.
  - ◆ These policies are disclosed on the Group’s website, and the printed version is available upon request.

## Three pillars of the Group’s activities

The three pillars of our environmental action plan are to “reduce environmental implications,” “manage environmental risks,” 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,



Environmental Activities

Environmental activities

Company	Program	Goals for FY2010	Performance in FY2010		
SMFG	Reducing environmental impact	Reduce energy usage (electricity, gas and water; first half only *) by 13% compared with FY2001 at four head office buildings * This target applies only to the first half of the fiscal year, since variation in energy usage is expected due to head-office relocation.	20.0% down from FY2001	○	
		Continue to buy green power, keeping head office carbon neutral	Ongoing	○	
		When procuring computer system equipment, continue to pick items that comply with Law on Promoting Green Purchasing	Ongoing	○	
		Improve customer management efficiency through the creation of a customer targeting system	Completed	○	
		Promote operational efficiency by streamlining administrative procedures at branches (using Support TV for our Bank staff)	An increase of 51 on average in monthly repayment-rescheduling consultations (improved management efficiency)	○	
	Paperless office measures	Keep business-related waste disposal at four head office buildings at FY2009 volumes (FY2009 volume of waste paper: 79.53 tonnes)	Reduced by 200.59 tonnes	×	
		Reduce paper usage at each department of head office functions at four head office buildings by 20% compared with FY2001 (FY2001: 94,496,000 sheets (A4 equivalent))	Reduced by 70,206,000 sheets 25.7% down from FY2001	○	
		Annual reduction of 330,000 application forms through use of MC (Money-Lifestyle Consulting) Stations	Reduced by 381,067 sheets	○	
		Reduce usage and storage of existing "Paper Journal" system through use of electronic "ATM Journal"	Reduced by 25 million sheets (A4 equivalent) per year	○	
		Reduction of paper usage through use of electronic ID records, etc. (annual reduction of 3 million A4 sheets)	Reduced by 3.3 million sheets (A4 equivalent) per year	○	
SMBC	Education and training	(1) Environmental Management System incorporated into all kinds of training courses, training of internal auditors (2) E-learning with environmental themes (3) Launch of in-house CSR newsletter	All completed	○	
	Managing environmental risks	(1) Based on the estimated value of asbestos risks, re-evaluate real estate used as collateral (2) Keep employees informed of and familiar with points to look out for with regard to environmental credit risk (environmental accounting) (3) Review systems for environmental risk checking	All completed	○	
		Support for corporate customers	(1) Develop environment-friendly loan products and offer a more varied lineup (SMBC Environmental Assessment Loan eco value up, and the business support fund, and Environmentally Responsible Company Support Fund) (2) Environment-related financing: 105 loans handled in one year, ¥152.8 billion (3) Green business matching: 659 cases	All completed	○
		Strengthen operational frameworks	(1) Expanded range of consultation topics to the environment, energy and carbon dioxide reduction (2) Undertake project financing for renewable energy (3) Continuously promote existing carbon credit business (4) Strengthen overseas environmental business initiatives (5) Launch "Growth Industrial Cluster" project team	All completed	○
			Services	Promote Web Passbook, with an annual target of 86,700 accounts	149,029 new accounts
	Promote Web21 online banking, with an annual target of 25,000 user companies	23,384 new companies		△	
		Promote online applications for ValueDoorID (internet banking services for corporate customers), with an annual target of 21,000 user companies	26,211 new companies	○	
PR activities, etc.	Internal and external PR	(1) Provide updates on environmental assessment loans and other environmental business related themes (2) Keep employees and the public informed of the bank's environmental measures through the "Kazega Hakonde Kita Mono" TV feature program, newspaper adverts and television commercials (3) Establish environmental website Update the special pages on NPO C.C.C Furano Field nature school (4) Provide updates on various exhibitions including the SMFG Environmental Business Forum, IGEM (International Greentech & Eco products Exhibition & Conference Malaysia) 2010, and the Eco-Products International Fair	All completed	○	
		Environment-oriented social contribution activities	(1) Conduct beach cleanups by volunteers NPO C.C.C Furano Field nature school tour SMBC local contribution program (2) Donate part of the money saved by paper reduction by the CUTE next-generation sales terminal engine to the Koishikawa Botanical Garden (Tokyo University) and organize seminars for employees studying botanical diversity	All completed	○
	SMCC	Reducing environmental impact	Energy usage (curbing CO2 emissions)	Electric power: 2.6% improvement year on year Water: 1% reduction year on year in usage per employee at fiscal year-end (excluding regional sales department)	○
			Paper usage	1% reduction year on year in copier paper usage volumes per employee at fiscal year-end (all departments and branches)	×
Green purchasing			Continue green purchasing of stationery products (at least 70% of purchases to be green procurement products)	○	
Employee education			Implement employee study sessions using intranet	○	
Environmental businesses		Services	• Promote Web Meisai (online monthly statements) • Aggregate total of contracts (cardholders): 1,750,000 (year-on-year increase of 340,000) • Aggregate total of contracts (merchant outlets): 28,000 (year-on-year increase of 3,000)	Total of accounts: 1.87 million contracts Total of contracts (merchant outlets): 30,000	○

Company	Program	Goals for FY2010	Performance in FY2010		
Cedyna	Reducing environmental impact	Energy usage (curbing CO <sub>2</sub> emissions)	Electric power: Reduction year on year in usage volume per unit of area	Down 10.2% year on year	○
		Meetings	Adopt teleconferencing	Adopted	○
	Environmental businesses	Services	Promote Web Meisai (online monthly statements)	598,000 registered recipients	○
SMFL	Reducing environmental impact	Energy usage (curbing CO <sub>2</sub> emissions)	Reduce electricity usage by 3% year on year (companywide)	Down 6.31%	○
			Expand use of carbon credits (Implement carbon offset program at Osaka head office, in addition to Tokyo head office)	(Tokyo head office portion) (Osaka head office portion) Procedures complete, awaiting verification	△
		Paper usage	Reduce use of copier paper 1% year on year (at three business locations*) * Including portion due to relocation of Onarimon offices to Takebashi offices in Tokyo	Down 5.78% year on year Usage volume: 18.98 million sheets	○
		Employee education	<ul style="list-style-type: none"><li>Organize training program for new employees</li><li>Organize courses in waste disposal after expiry of lease contracts</li><li>Organize lectures for environment-related businesses</li><li>Organize environmental management system study groups</li></ul>	All completed	○
		Business vehicle use (new program)	Promote shift to approved low-emission vehicles, with such vehicles to account for at least 90% of fleet	92.9% (288 out of 310 vehicles)	○
		Environmental contribution and measures	<ul style="list-style-type: none"><li>Midosuji beach cleanup</li><li>Eco-cap PET bottle cap collection</li><li>Co-sponsor eco japan cup</li><li>Booth at Eco-Products exhibition in Malaysia</li><li>Distribute "ECO-NEWS" newsletter</li></ul>	All completed	○
	Managing environmental impact	Promoting product re-use	<ul style="list-style-type: none"><li>Strengthen compliance system</li><li>Regularly monitor practices of waste disposal companies</li></ul>	All completed	○
			Provide information on waste-related legislation on the website and through other channels	Completed	○
	Environmental businesses	Support for corporate customers	Promote leasing of eco-friendly equipment (10% increase year on year)	¥24.63 billion (up 90.6% year on year)	○
			Promote trade in used machinery, with an annual target of 500 units traded (excluding PCs)	654 units handled in one year, Surpassed target by 30.8%	○
SMBC Friend	Reducing environmental impact	Energy usage	(1) Reduce energy use (curbing CO <sub>2</sub> emissions) (2) Reduce electricity usage by 7% compared with FY2003 (3) Carry out work-life balance campaign (4) Continue energy-saving campaign	(1) Completed (2) Down 25% from FY2003 (3) Completed (4) Completed	○
		Paper use	<ul style="list-style-type: none"><li>Reduce copier paper usage volumes per employee by 4% compared with FY2006</li><li>Promote 2-in-1 (two original copy items onto one sheet) and double-sided copying</li><li>Use back of used paper</li></ul>	All completed	○
		Green purchasing	<ul style="list-style-type: none"><li>Continue to expand green purchasing for office supplies</li><li>Maintain eco-product usage rates at 95% or higher</li></ul>	93.2%	△
		Switching to eco-vehicles	<ul style="list-style-type: none"><li>Continue shift to eco-vehicles; target rates: 35.0% (passenger vehicles) and 58.3% (mini-vehicles)</li><li>Continue carbon offset activities through carbon credit purchases</li></ul>	All completed	○
		Employee education	Continuous environmental education and training for employees and awareness-raising using environmental website	All completed	○
	Environmental businesses	Services	<ul style="list-style-type: none"><li>Electronic settlement statements to customer email addresses (Promote Web Meisai)</li><li>14,000 customers (up by 3,000)</li><li>1,100 employees (up by 1,100)</li></ul>	All completed	○
	JRI	Reducing environmental impact	Energy usage (curbing CO <sub>2</sub> emissions)	Reduce annual CO <sub>2</sub> emissions by 1% year on year on an average annual usage basis	Cut by 7,312.7 tonnes (8.3% improvement year on year)
Paper usage			Reduce copier paper usage per employee, by 20% compared with FY2005 * To ensure continuity, the base year (target) was changed (2011/4/19)	5,746.2 sheets per person (2,464.9 sheets, 30%, less than base year)	○
Green purchasing			Encourage long-term green purchasing of stationery, PCs and other items, with green procurement ratio of at least 90%	Procurement ratio of 85.4% For some items, consider purchasing from designated green suppliers	△
Employee education			Ongoing environmental education and training for employees and environmental PR and awareness-raising	Completed	○
Environmental businesses		Policy proposals	Propose environment-related policies and measures	347 measures completed	○
		Providing information	Provide information by publishing environment-related books and holding environmental lectures and seminars	Completed	○
		Support for corporate customers	Support establishment and growth of environmental businesses	Support given in 185 cases	○

Social Contribution Activities

Contributing through our core businesses

SMFG and its Group companies believe that it is important to contribute to the development of society through their core business activities, in light of the highly public nature of Group services as a socially committed financial services provider.

In addition to this contribution to society through day-to-day business operations, we must also act as a responsible corporate citizen by engaging in activities that help lay the foundations for a better society in the future.

For example, SMBC is undertaking an initiative to apply research into iPS cells for the benefit of society through the commercialization of research results.

In a process created by Professor Shinya Yamanaka and his colleagues at Kyoto University in 2006, iPS cells are a new kind of stem cell based on the reprogramming of human adult cells and hold out high promise in areas such as a regenerative medicine, new drug development and pathology.

Through its multifaceted support for two companies working to commercialize research into iPS cell research — the preparatory company iPS Holdings and iPS Academia Japan, Inc., which handles intellectual property management and applications — SMBC aims to channel the benefits of research back to the general public.

Major activities of Group companies

Leveraging our strengths as a comprehensive financial service provider, we are engaged in a variety of social contribution activities through our core businesses.

SMFG	• Installed Automated External Defibrillator (AEDs) at over 800 branches and representative offices, leveraging Group strengths as a financial institution and provider of wide-area, multimodal social infrastructure services that bring many people together.
SMBC	• Contributed to recovery after the Great East Japan Earthquake through framework purchases of carbon credits in the north-east of Japan, through an environmental campaign using JGBs for individuals. • Some of the cost reductions from reduced use of paper thanks to introduction of the CUTE terminal for over-the-counter transactions were channeled into environmental activities.
SMBC Friend	• Marketed “Vaccine Bonds” issued by International Finance Facility for Immunisation (IFFIm).
SMBC / Nikko	• Donated a portion of the earnings from the “SMBC Nikko World Bank Bond Fund” (nickname, “The World Bank Green Fund”). • Made donations using a portion of commissions on investment trust sales for supporting recovery after the Great East Japan Earthquake.
Minato	• Installed handheld hearing support devices at all branches (excluding Housing Loan Plaza facilities) to help the hard of hearing discuss transactions. • Adopted Color Universal Design.
KUBC	• Donated a fixed proportion of the balance of eco-time deposits at the bank to environmental bodies. • Increased installation of ATMs that can be used by visually impaired customers (to 98% of staffed branches as of September 30, 2011).

Our CSR Reporting

At Sumitomo Mitsui Financial Group, three kinds of CSR reports are compiled.



CSR report 2011 (digest version)

Covers CSR baselines and CSR activities at SMFG Group companies, centered on specific examples



CSR report 2011 (digest version with examples of activities and statistical performance; online PDF file)

Covers environment-related statistical data and gives more detailed information on CSR activities



CSR report (online version, Japanese only)

www.smfg.co.jp/responsibility

This is the official version of our CSR report. Covers the full spectrum of CSR activities at SMFG