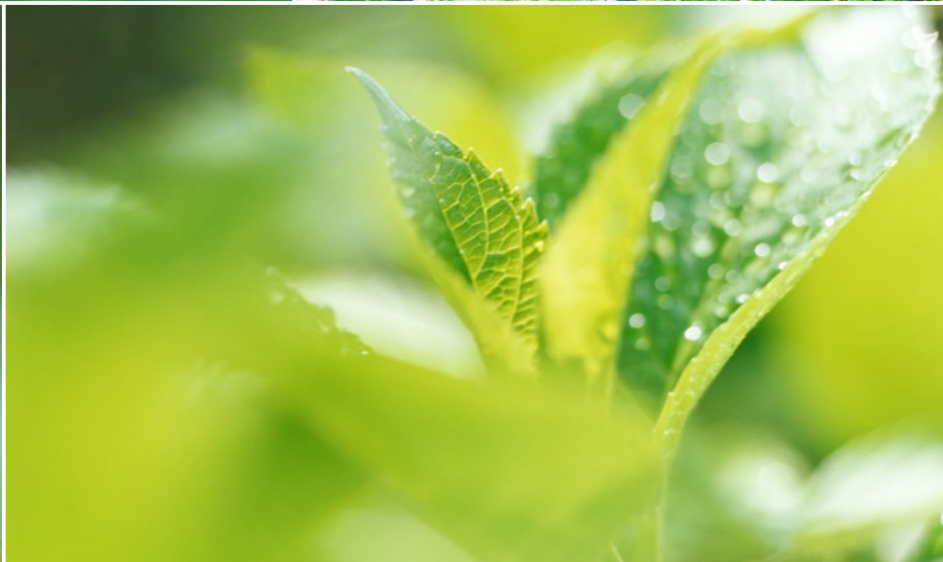
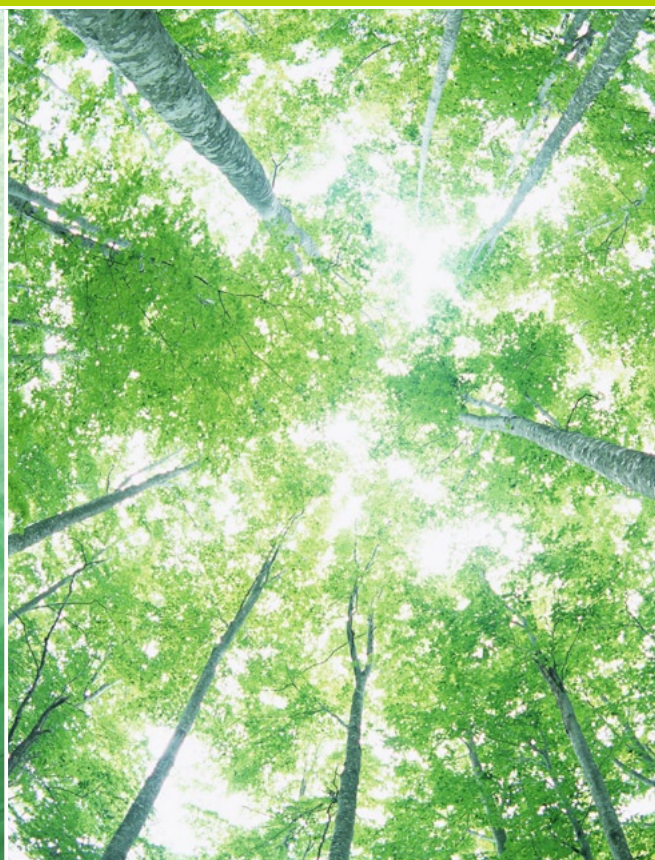




SMFG SUMITOMO MITSUI
FINANCIAL GROUP

CSR REPORT 2013



SUMITOMO MITSUI FINANCIAL GROUP

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Contents

Company Profile and Editorial Policy P.2

Fiscal 2012 Highlights

A Snapshot of SMFG P.3

Recognition for SMFG CSR Initiatives P.4

Commitment from the Top P.5

Priority Issues for Us

Integral Implementation of CSR and Business Activities P.7

SMFG Business Development P.7

Priority Issues for Us P.8

Stakeholder Engagement P.9

Dialogue with Stakeholders

Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles P.10

Priority Issues for Us: Case Study

Support for Reconstruction for the Great East Japan Earthquake P.16

Declining Birthrate and Aging of Population P.17

Environment P.18

Globalization P.20

Summary of CSR Activities at SMFG P.22

CSR at SMFG P.23

Solid Management Structure P.26

Initiatives for Enhancing Customer Satisfaction (CS) and Quality P.28

Environmental Preservation Initiatives P.29

Social Contribution Activities P.32

Close-up : Promoting Employee Participation in Social Contribution Activities P.34

Human Resources P.36

Third Party Opinion P.38

CSR-Related Data at SMFG P.39

CSR: In our DNA for 400 years

Over its long history, mankind has made astonishing strides in the arenas of politics, economics and culture. At present, humanity is facing new and serious challenges, which pose major threats to the sustainable development of society. What kind of contribution can we make as a comprehensive financial group to resolve the various issues facing humanity? We believe that continually asking ourselves this question and acting upon the answers is the essence of our corporate social responsibility (CSR) as a group. Similar thoughts were running through our mind 400 years ago. From that time, the Sumitomo and Mitsui conglomerates have remained true to their original business spirit. In the past, the Sumitomo Group undertook large-scale afforestation programs to solve the problem of pollution around the Besshi copper mine, the Group's starting venture on Shikoku Island. In order to return devastated mountainsides around the mine complex to their natural state, they invited experts to compile an afforestation plan with annual planting of over one million saplings. Meanwhile, the Mitsui Group established the Mitsui Charity Hospital in Tokyo in the Meiji era (late 1800s) to provide basic medical services for those too poor to be covered by the health insurance system. Since then, the institution has evolved over the generations into today's Mitsui Memorial Hospital. SMFG has carried this DNA down to the present. We believe that we have further roles to play in resolving social issues through our core financial services business.



Besshi copper mine in the Meiji era and today



Mitsui Charity Hospital at its establishment

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Company Profile and Editorial Policy

Company Profile

Company Name	Sumitomo Mitsui Financial Group, Inc.
Business Description	Management of banking subsidiaries (under the stipulations of Japan's Banking Act) and of non-bank subsidiaries, as well as the performance of ancillary functions
Establishment	December 2, 2002
Head Office	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Chairman of the Board	Masayuki Oku
President	Koichi Miyata (Concurrent Director at Sumitomo Mitsui Banking Corporation)
Capital	¥2,337.8 billion
Stock Exchange Listings	Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section), Nagoya Stock Exchange (First Section) Note: American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

Editorial Policy

SMFG has put in place this CSR report in an effort to convey to its stakeholders the wide range of initiatives undertaken and the role played by the Group to help create a sustainable society. In order to ensure that readers fully understand that our activities are based on the underlying principle that the fulfillment of CSR is the essence of business itself, and the measures we have taken to realize this conviction, we here report on the full range of CSR initiatives undertaken by the Group. This CSR report aims to cover characteristic initiatives, with descriptions of our latest measures, and to include broader disclosure categories. We have also provided links to examples of initiatives at individual Group companies, making effective use of disclosure reports on the websites of the companies in question.

Scope of this Report

- Sumitomo Mitsui Financial Group, Inc.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Finance and Leasing Company, Limited
- SMBC Nikko Securities Inc.
- SMBC Friend Securities Co., Ltd.
- Sumitomo Mitsui Card Company, Limited
- Cedyne Financial Corporation
- SMBC Consumer Finance Co., Ltd.
- The Japan Research Institute, Limited
- Other Group Companies
(THE MINATO BANK, LTD., Kansai Urban Banking Corporation)

Reporting Period and Other Information

Reporting Period	The fiscal 2012 period, the 12-months from April 1, 2012 to March 31, 2013 ※the Report contains additional information including certain up-to-date data as well as future prospects where considered September 2013
Month of Issue	January 2014
Contact Information	100-0005 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Financial Group, Inc. TEL: +81-3-3282-8111

Reference Guidelines

We refer to GRI "Sustainability Reporting Guideline (G3.1)."

※GRI (Global Reporting Initiative): Established as an international standard for sustainability reporting, compliers set up an international organization GRI in 1997 to encourage its adoption worldwide.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Fiscal 2012 Highlights

A Snapshot of SMFG

- Support for Reconstruction for the Great East Japan Earthquake

551

The number of volunteers participating in reconstruction efforts



Since the Great East Japan Earthquake devastated the nation, the SMFG Group has continued to provide volunteer support in accordance with the needs of each stricken area. Since fiscal 2012, programs in which the families of employees can participate have also been newly commenced.

Note: A cumulative total of approximately 1,430 have participated in volunteer activities from March 2011 to September 2013.

→ **P.16** Priority Issues: Case Study - Support for Reconstruction for the Great East Japan Earthquake

- Environment

177,272_{t-CO₂}

The amount of CO₂ emissions



In carrying out its Group Environmental Policy, the SMFG Group is working diligently to reduce its impact on the environment, a key pillar of its environmental activities. In addition to such wide-ranging voluntary endeavors as the establishment of environment-friendly model branches and the introduction of solar power generation equipment in SMFG's main computer center, we are aggressively pushing forward a broad spectrum of initiatives including the application of carbon credits.

→ **WEB** SMFG Environmental Data
<http://www.smfg.co.jp/english/responsibility/environment/reduction/data01.html>

- Declining Birthrate and Aging of Population

1,594

The number of employees taking parental leaves



The SMFG Group continues to put in place and develop employee support programs as part of efforts to ensure work-life balance. Drawing from a host of initiatives, 1,594 employees from across the Group as a whole are taking parental leave, an assistance program that helps employees care for their children. This current number of employees (as of March 31, 2013) is approximately 1.5 times the level recorded in 2011.

→ **P.37** Human Resources: Creating a Corporate Culture which Derives Strength from Diversity

→ **WEB** Main Work-Life Balance Support Systems
<http://www.smfg.co.jp/english/responsibility/employee/life/>

- Globalization

Approximately

170,000 meals

Providing school meals support in developing countries through the TABLE FOR TWO initiative



The SMFG Group participates in a program that lends its support to school catering services in a bid to assist children in developing countries. This participation and support takes many forms including donations that reflect the number of healthy menu purchases at workplace cafeterias and purchase of health drinks through donation-type vending machines.

Note: The TABLE FOR TWO initiative strives to ensure the health of children suffering from famine and malnutrition in developing countries as well as those individuals plagued by lifestyle-related diseases in developed countries.

→ **P.33** Social Contribution Activities and its participation in the TABLE FOR TWO initiative

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Fiscal 2012 Highlights

Recognition for SMFG CSR Initiatives

»»SRI Indexes SMFG has listed

SMFG's proactive corporate social responsibility activities have won plaudits from the markets. Socially responsible investment (SRI) is a standard for investment decisions that are based not only on financial perspectives, but also on important views including environmental considerations and social contributions. We believe that this is an endorsement by the market of the Group's future corporate social responsibility activities.

SRI Indexes on which SMFG is listed (as of September 30, 2013)

- Dow Jones Sustainability Asia/Pacific Index (DJSI Asia Pacific)
- Dow Jones Sustainability Asia/Pacific 40 Index (DJSI Asia Pacific 40)
- FTSE4Good Global Index
- FTSE4Good Global 100 Index
- ESI (Ethibel Sustainability Index) Excellence Global



Awards Received

SMFG and its Group companies have earned recognition for their CSR initiatives in the form of various certifications and awards, detailed below.

→ **WEB** CSR Awards and Certifications
<http://www.smfg.co.jp/english/responsibility/award/>

FT/IFC Sustainable Finance Awards 2013, "Sustainable Bank of the Year Award -Asia"

In June 2013, SMBC received "Sustainable Bank of the Year Award - Asia" at the Sustainable Finance Conference & Awards 2013 co-sponsored by the Financial Times (FT) and the International Finance Corporation (IFC), marking the first time ever for a Japanese bank to receive this award. Launched in 2006, this award is presented to the financial institution that has contributed significantly to the promotion of sustainability and shown outstanding results in the three areas of the environment, society and governance, by implementing corporate and business sustainability practices. The award was given on the basis of efforts in developing environmental financial products such as environmental assessment loans, supporting for innovation in sustainability, enhancement of diversity (enhancing role of women), promotion of new environmental business and renewable energy deals all over the world.



→ **WEB** Financial Times news release
<http://aboutus.ft.com/2013/06/13/2013-ftifcsustainable-finance-awards-winners-announced/#axzz2r5imsxfc>

Designated as the "Nadeshiko Brand", an accolade granted to TSE-listed companies with a record of excellence in encouraging women to play active roles in the workplace, upon joint selection by METI and TSE

In February 2013, SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for encouraging women to play active roles in the workplace, including the development of environment in which they are able to further their careers. METI and TSE together selected 17 companies on a per industry basis, in acknowledgement of their efforts toward the empowerment of women in the workplace.



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Commitment from the Top

Maintain Our Ability to Contribute to the Sustainable Development of Society

Working within an ever-changing global environment to address increasingly diverse social issues

In fiscal 2012 ended March 31, 2013, political, economic, and market outlook remained uncertain both in Japan and overseas, as the fiscal turmoil in Europe intensified and the Japanese economic growth slowed down. Toward the end of the fiscal year, however, economic sentiment stabilized in Europe, while Japan exhibited signs that it was entering a more positive trajectory on the back of the weak yen and robust stock prices. Against this backdrop, the gravity of such worldwide issues as the expanding gap between rich and poor, human rights, and climate change continues to increase in line with the globalization of business activities. Meanwhile, Japan is also witnessing a further dwindling of its birthrate and aging of its population. Society continues to confront a variety of increasingly diverse issues. Without a doubt, the Great East Japan Earthquake and Tsunami that devastated Japan in March 2011 was a major turning point for the nation's corporate sector. Companies were forced to reexamine their value to society and to reassess society's needs. From a global perspective, the environment in which companies are being asked to fulfill their social responsibilities is undergoing a substantial and dramatic change. One example is the announcement of the new Sustainability Reporting Guidelines (GRI 4.0). As international CSR standards continue to develop and grow, integrated reports that disclose non-financial data including information regarding the environment, society, and governance (ESG) are attracting widespread interest. Moreover, there are indications that companies are tackling social issues as a business based on an approach that focuses on creating shared value (CSV). Under these circumstances, the corporate sector is becoming increasingly aware of the need to apply greater creativity and ingenuity in efforts to contribute to the sustainable development of society.



Koichi Miyata

President
Sumitomo Mitsui Financial Group, Inc.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Commitment from the Top Maintain Our Ability to Contribute to the Sustainable Development of Society

Action taken by the SMFG Group

—Looking back on fiscal 2012 in the context of our medium-term management plan—

In fiscal 2012, the second year of our medium-term management plan, the SMFG group moved forward steadily toward the achievement of the plan under the fiscal 2012 management policy of fully capturing opportunities with proactive ideas and actions, and also continued to implement measure to establish a solid financial base and corporate infrastructure that is capable of meeting the challenges of new financial regulations and a highly competitive environment. Meanwhile, we continued to integrate and expand operations across group companies and countries, including the acquisition of a U.K.-based aircraft leasing business and the conversion of a consumer finance company Promise Co., Ltd., into a wholly-owned subsidiary, to further enhance our group capability.

During this period, the SMFG Group has also worked diligently to resolve four priority CSR issues we consider critical as a financial services group: support for reconstruction for the Great East Japan Earthquake, environment, declining birthrate and aging of population, and globalization. For specific details of the Group's activities, please refer to the relevant sections of this CSR Report. Fiscal 2012 was a year in which the SMFG Group was acknowledged for our CSR endeavors from various quarters. SMBC received "Sustainable Bank of the Year Award — Asia" at the Sustainable Finance Conference & Awards 2013 co-sponsored by the Financial Times and the International Finance Corporation. This is the first time for a Japanese bank to receive this award, which is presented to the financial institution that has contributed significantly to the promotion of sustainability and shown outstanding results in the three ESG fields. Further, selected from among companies listed on the First Section of the Tokyo Stock Exchange, SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for encouraging women to play active roles in the workplace, including the development of environment in which they are able to further their careers.

Future CSR endeavors

—To maintain our ability to contribute to the sustainable development of society—

Moving forward, we have positioned fiscal 2013, the last year of our medium-term management plan, as a year to proactively contribute to the revitalization of the Japanese economy and as a result achieve the growth of the SMFG Group, and to challenge creating new business models and innovation for our next leap forward. In order to support the vigorous growth of the Japanese economy, we will take risks that need to be taken while evolving into a financial services group that is increasingly recognized as an essential partner by clients. In the context of our CSR activities, we will redouble our efforts as a financial services group to address the aforementioned four priority issues. We will also reinforce our focus and take a proactive approach on various global movements and trends in such issues as human rights and the integration of financial and non-financial information disclosure. Our fundamental mission as a financial services group is to provide funds necessary to ensure a better society through our group operations, through "SMFG Way," always keeping in mind the critical role we play within society. At the same time, we will contribute to the sustainable development of society through enhanced volunteer activities of our employees, which will also have a positive ripple effect on our business.

The SMFG Group sees CSR as the very essence of business itself. Moving forward, we will continue to listen to the voices of all our stakeholders including clients, investors, society, and employees, and endeavor to enhance our enterprise value over the medium to long term in order to meet their needs through our mainstay business and gain their highest trust. At the same time, we will constantly examine how we can contribute to the sustainable development of society as a whole on a group basis and work tirelessly to achieve this end. We kindly request the continued support and understanding of all our stakeholders.

September 2013

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

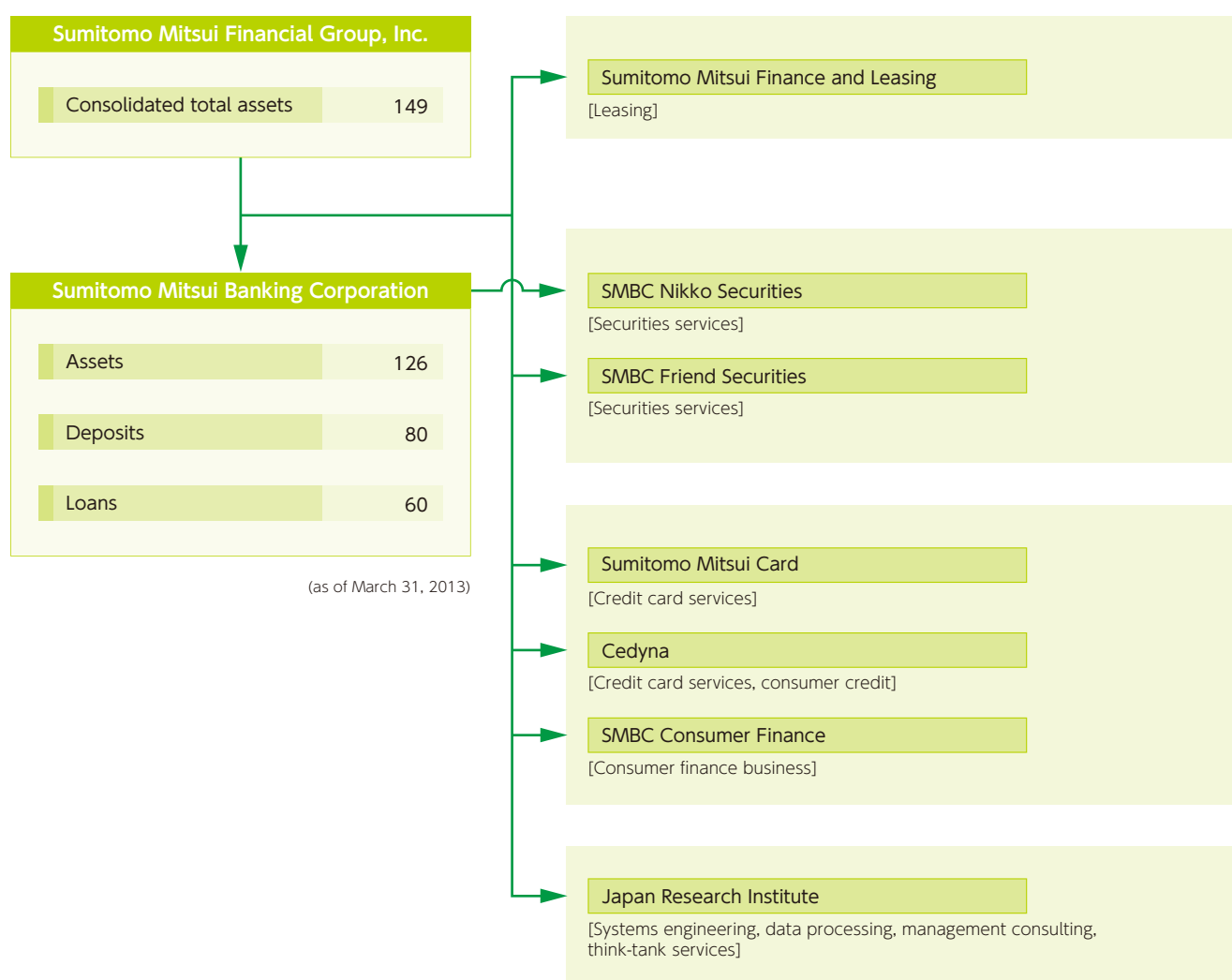
Priority Issues for Us

Integral Implementation of CSR and Business Activities

CSR activities are the foundation for SMFG Group's business strategies as well as the management policies and goals. We consistently verify and confirm whether the direction of business strategies of maximizing the "Spirit of Innovation," "Speed" and "Solution & Execution," as the sources of the Group's value, is appropriately reflecting the basic CSR policy in our management policies of becoming a "globally competitive and trusted financial services group." Furthermore, we properly reflect needs of our clients and society in our CSR activities. Completely and fully achieving CSR is truly the "management itself," and we also believe that seriously committing to the implementation of CSR is thought to be the shortest path for achieving our management policies and goals.

SMFG Business Development

(JPY tn)



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us

Priority Issues for Us

The SMFG Group has positioned support for reconstruction for the Great East Japan Earthquake, the environment, declining birthrate and aging of population, and globalization as four critical issues that have a substantial impact on society since fiscal 2011. Recognizing that it plays an important role as a financial institution, the SMFG Group is taking the lead to proactively help resolve each of these issues. Rather than engage in efforts on a stand-alone basis, the Group is working to raise awareness toward the relationship between its activities and each business while promoting interaction and increased collaboration. Details are outlined in the following diagram.

Support for Reconstruction for the Great East Japan Earthquake

The Group shall consistently address major issues for reconstruction of the areas affected by the earthquake by partnering with diverse stakeholders such as businesses, local governments and Non-Profit Organizations.

➡ **P.16** Case Study - Support for Reconstruction for the Great East Japan Earthquake

Environment

The Group shall strengthen diverse initiatives, not limited to achieving the low-carbon society, but also resolving issues associated with water, soil contamination, energy, biodiversity, etc.

➡ **P.18** Case Study - Environment

Declining Birthrate and Aging of Population

The Group shall contribute to developing initiatives which allow senior citizens to have comfortable and active lives. In anticipation that many employees may be involved with raising children and caring for the elderly, the Group shall also enhance the system and culture which support employees being able to balance work and to raise children/caring for elderly.

➡ **P.17** Case Study - Declining Birthrate and Aging of Population

Globalization

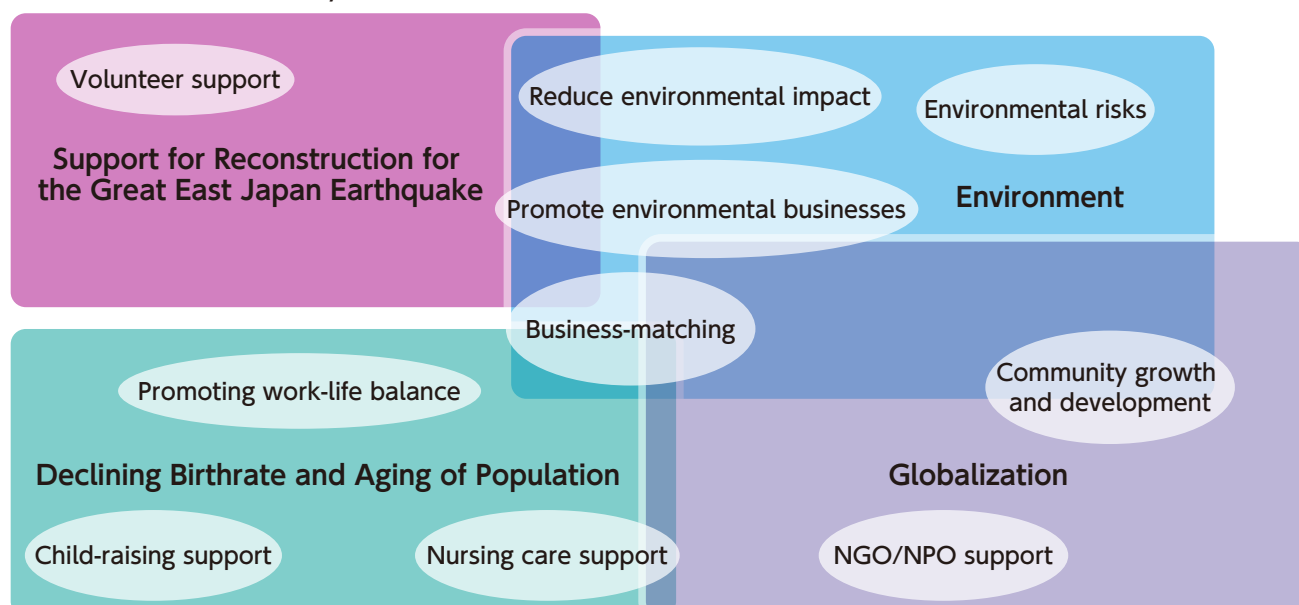
In anticipation of further business development in the international society, the Group is moving forward with globalization in Japan and overseas. As for CSR, we strive to improve sharing of information and to enhance cooperation with overseas branches to commonly share diversity in thinking in Japan and overseas.

➡ **P.20** Case Study - Globalization

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

➡ **WEB** Priority Issues for Us
<http://www.smfg.co.jp/english/responsibility/issue/index.html>

Correlation between Priority Issues and Activities



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

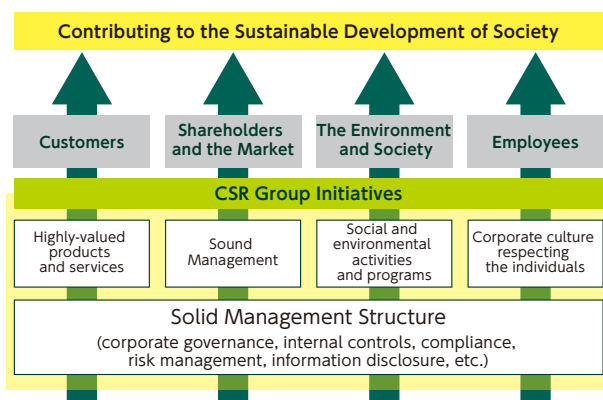
Priority Issues for Us

Stakeholder Engagement

»»» The SMFG Group contributes to the sustainable development of society through its stakeholders

Drawing on the strengths of a solid management structure, SMFG strives to fulfill its corporate social responsibilities with the aim of actively contributing to the sustainable development of society. To this end, SMFG works diligently to provide greater value to its four major groups of stakeholders.

● CSR Values for SMFG



»»» Our four major groups of stakeholders

Customers

We shall advance together with our clients by providing highly valued products and services. For details regarding various activities, please refer to SMFG's website.

→ **WEB** Initiatives for Enhancing Customer Satisfaction (CS) and Quality
<http://www.smfg.co.jp/english/responsibility/cs/index.html>

Shareholders and the Market

We shall strive to maintain a sound management and maximize shareholder value by having appropriate disclosure of information and improving the internal control system. For details regarding various activities, please refer to SMFG's website.

→ **WEB** Communication with Our Shareholders and Investors and SRI Indexes SMFG has listed
<http://www.smfg.co.jp/english/responsibility/smfgcsr/disclosure/>

→ **WEB** IR Information
<http://www.smfg.co.jp/english/investor/>

The Environment and Society

We shall strive to contribute to the society and preserve the earth's environment by consistently and proactively involving and participating in the social and environmental activities and programs. For details regarding various activities, please refer to SMFG's website.

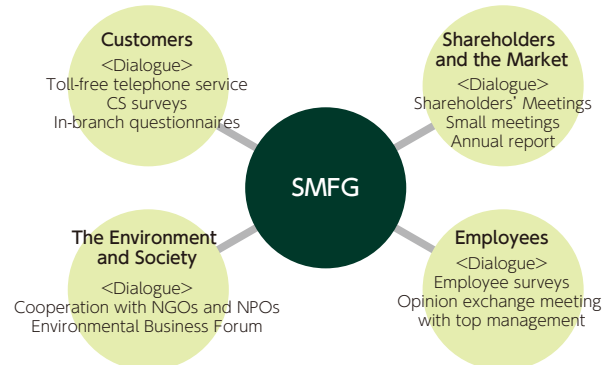
→ **WEB** Environmental Preservation Initiatives
<http://www.smfg.co.jp/english/responsibility/environment/index.html>

→ **WEB** Social Contribution Activities
<http://www.smfg.co.jp/english/responsibility/community/index.html>

Employees

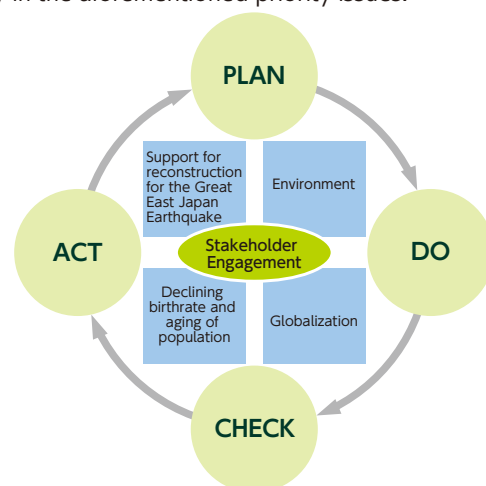
We shall promote free-spirited and open-minded business culture under which individual employees are respected and allowed to exercise each individual's full potential. For details regarding various activities, please refer to SMFG's website.

→ **WEB** Human Resources
<http://www.smfg.co.jp/english/responsibility/employee/index.html>



»»» Taking on a PDCA function in a bid to resolve priority issues

The SMFG Group is working to address the four priority issues of support for reconstruction for the Great East Japan Earthquake, the environment, declining birthrate and aging of population, and globalization by promoting engagement with all stakeholders. In pushing forward various initiatives, we are engaging in dialogue with stakeholders focusing mainly in the aforementioned priority issues.



Dialogue with Stakeholders

For details regarding the Dialogue with Stakeholders on "Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles" undertaken during fiscal 2012, please refer to the next page. For details regarding the Dialogue with Stakeholders on "External Assessment Committee: SMBC Environmental Assessment Loan/Private Placement Bond aimed at developing solutions for customers through core financial businesses," please refer to the following link.

→ **WEB** Dialogue with Stakeholders
http://www.smfg.co.jp/english/responsibility/csrfinance/dialog_index.html

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG



Dialogue with Stakeholders

Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

In Japan, the decline in the birthrate has become a major social concern. In terms of CSR, we at SMFG are aware of the need to not only have systems in place for our employees, but also to launch various kinds of initiatives outside the Company. In light of these needs, we invited experts to give their opinions and discuss related issues and measures.

*Held in January 2013; participants' affiliations and titles are as of the time of the event.

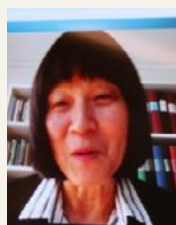
Participants

● Experts



Chizuko Okuyama

Chief Director,
National Liaison Council
of Parenting Support
Bases



Sachiko Takami

Adviser
International NGO The
Natural Step Japan



**Masayoshi
Yanagisawa**

Director Emeritus
Japan Child and Family
Research Institute

● Sumitomo Mitsui Financial Group



Tetsuya Kubo

Director
Sumitomo Mitsui
Financial Group, Inc.



Kenichi Nakamura

General Manager,
Group CSR Department
Sumitomo Mitsui
Financial Group, Inc.



Mika Ikemoto

Senior Researcher,
Research Department
The Japan Research
Institute, Limited.

● Moderator



Mitsuo Ogawa

President
Craig Consulting

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Dialogue with Stakeholders—Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

Helping to alleviate the declining birthrate through support for child-raising

Ogawa In the first half of this session, we will ask the experts to pinpoint particular issues, and in the second, we will address the question of how SMFG can involve itself in these issues most effectively, as a major corporation and as a financial institution, and discuss what measures can be taken. First, I would like to ask our experts to give us some details of measures that the Group has already undertaken.

Nakamura I think when companies are launching externally-oriented initiatives, support for child-raising is one area where they have leeway to act in mitigating the declining birthrate problem. Within SMFG, we have made progress in setting up such systems as employee support programs at all Group companies. Specifically, we have introduced at all Group companies frameworks for childcare leave, nursing care leave and shorter working hours and other measures that more than meet the statutory standards in Japan. Depending on the company, we also have systems for paying subsidies for nurseries and for re-employment of employees who have left for reasons of marriage or maternity. We have made progress in establishing an environment in which appropriate support is provided for achieving a good work-life balance. At the same time, in external activities, under the SMBC Pro Bono Project launched in summer 2012, we have given advice in areas such as operational administration and management of donations to three groups seeking designated non-profit organization status in the area of support for child-raising. That is ultimately related to approaches for supporting organizations and groups involved in supporting child-raising.

Through donations, we also provide funding support through the SMBC Volunteer Fund, in which around 12,000 employees of the Company participate. Despite the progress in these activities, though, we feel that the current level of activities is not yet systematic enough, and that this is an issue for the future.



Ending the isolation of mothers and children

Ogawa At SMFG, the question has been raised of what would be the best way to go about externally-oriented activities relating to support for child-raising. What kind of problems have arisen in the environment surrounding child-raising at the moment, and what issues?

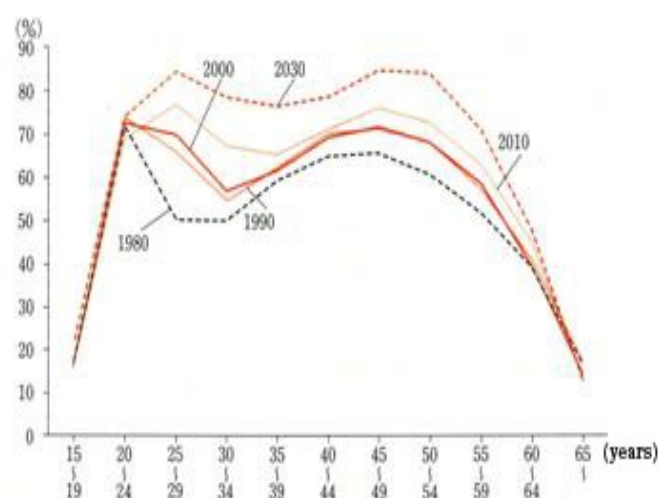
Yanagisawa There is a very close correlation between the issues of birthrate decline and child-raising in a society with fewer children. It is pointed out that the total fertility rate is set to continue below 2.1 children per family in Japan, and people are talking of an extreme decline ("*cho-shoshika*") in the birthrate if it sinks to 1.5. In 2005, the birthrate in



Japan reached a record low of 1.26, and over the last few years, it has hovered about 1.39. If this trend continues, it is said that the birthrate could fall to 1.2 or 1.3. The number of children born within a year would be no more than around 40% of the one-year totals during the first baby-boom period in Japan, between 1947 and 1949. When you look at the relationship within the

OECD countries between the total fertility rate and the rate of female participation in the labor market, data show that the birthrate is highest in countries where more women are in work. With the number of people within the child-bearing age range of 15 to 64 set to decline rapidly in Japan in years ahead, there is going to be a shortfall in people able to enter the workforce. An increase in the number of women aged between 20 and around 40 going to work—that is, the middle trough in the M-shape of the overall rate of female participation in the workforce—is essential for the continuity of Japanese society. The need to help young women balance this with the demands of pregnancy, child-bearing and child-rearing is a major issue. The direct reason for the decline in the birthrate is said to be the rise in the number of people marrying late or not marrying at all. I think there are various underlying reasons for this. In questionnaires and other surveys, the cost of child-raising and education in money terms tops the list, but I am not certain this is the real issue. Rather, I wonder

●Female participation in the labor force, by age group



Sources:

1. Labor Force Survey by the Statistics Bureau of the Ministry of Internal Affairs and Communications, for 1980, 1990, 2000 and 2009
2. Estimates are based on the employment policy research institute report for 2030 titled "Measures for full-fledged population decline: realizing a society capable of ensuring that everybody can give free rein to their abilities with job security and a stable home life"

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Dialogue with Stakeholders—Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

if there are not significant problems in environment for child-raising in Japan. Take for example the situation of children and families in recent years. Although it is said that Japan has a world-leading level of care and health treatment for mothers and children, the proportion of children with low birth weights has increased and there has been a dramatic rise in abuse of children. The number of cases of child abuse continues to increase, from 11,000 cases in 1999 to 44,000 cases in 2009, and 55,000 cases in 2010 and more than 60,000 cases in 2011. The problem is connected not only with change in children's lifestyles, but also with the diminished skills of families and communities in child-raising and in the effectiveness of schooling. There are also very serious psychological problems not only in children but also in their parents. The increase in and exacerbation of a wide range of problems affecting children psychologically is an issue of the times.

Ikemoto I believe that we should collate information on infants and schoolchildren separately. The problem of increasing abuse of children is extremely serious. The background factor here is the isolation of mothers and children. One of the reasons for the isolation is current issues within Japan's labor market. In rankings for the proportion of people working long

hours (at least 50 hours a week) Japan comes 35th among 36 OECD countries, and in length of leisure time, Japan likewise comes 35th out of 36. Japanese men spend 59 minutes a day on household matters and in child-raising, less than half the OECD the average of 131 minutes. Their involvement in child-raising is minimal. Another issue is the dilution of regional communities. When you do not know who is living next-door, and when you just go straight to the convenience store to get daily problems sorted out, I think this, in combination with social change, means that opportunities for people to meet each other are declining, and this social isolation is connected with the serious problems in child-raising. Schoolchildren are suffering stress, there is increasing violence on school premises, and bullying and truancy have become issues. I see two reasons for stress in schoolchildren. One is that they get less play time and experience of nature--the traditional environment for child-raising has receded with social change. Also, childcare centers, where children can play, are being closed down for funding reasons. Some schools stop their children playing when snows settles deeply. There is also a shortage of childcare facilities for schoolchildren, for which the need has grown in recent years, and there has been only superficial discussion of the kind of activities needed. Another problem is the fact that children have increasingly limited ranges of human contact. They only really have access to their school teachers, parents and classmates, and do not have the opportunity for having contact with children of different ages, adults, and other people with different values. There are many issues, but I think the biggest is a lack



of debate from the perspective of the child. Compared with overseas countries, there is almost no such perspective in Japan. The United Nations urges creation of checking mechanisms to protect the rights of children, and many countries have children's ombudsmen, but not Japan. Much debate has developed in overseas countries out of the UN Convention on the Rights of the Child, on themes such as Child Friendly Cities. If support is given in areas such as low fertility and child-raising, and work-life balance measures target both mothers and fathers as well as infants and school-age children, community-building will end the isolation of mothers and children and broaden children's range of human contacts and experience. These are the issues as I see them.

Okuyama The average age of women when they first give birth is now over 30 in Japan. In Kawasaki, there are areas where it is 33. I wonder if it is not necessary to develop new marriage and child-raising models, to respond to social change such as the later age at which people are marrying, in terms of both formal support at the system level (local authorities and other bodies), and informal support from localities and communities. For example, in Yokohama, over one half of mothers have no experience of caring for small children before they give birth. They have a sense of isolation and oppression regarding child-raising in both marriage and birth. The background factors here are the fact that society today has become less child-friendly, to the extent that childcare facilities are regarded as nuisances and some people dislike children. With regard to the isolation of households where children are being raised, many mothers and fathers have a vague feeling of unease. The younger generation now change address very often, so that their circles of acquaintances are constantly cast off, and single mothers are limited in their child-raising capabilities. Because of this, I do think it is necessary to enable regional communities to have mechanisms available for supporting child-raising. In systemic terms, Japan devotes an extremely low level of expenditure as a proportion of GDP to children and child-raising households compared with many foreign countries. I believe that is connected with the lack of child-raising facilities and their low quality. In light of these problems, I believe it is vital to foster non-profit organizations that can support child-raising, so as to create regional communities where child-raising is facilitated. Even though mechanisms do exist for care of the aged in Japan (care insurance), equivalent mechanisms for children are still underdeveloped. Given these circumstances, Japan is set to create a new system by fiscal 2015. I want



to hear more people involved in child-raising, including companies, speaking up about these things, so that functioning mechanisms can be created in all communities.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Dialogue with Stakeholders—Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

Getting closer to solutions through government-private sector cooperation



Takami The problems that have emerged in the discussions are problems that Sweden has also experienced. Under stable economic and political conditions, it is officially estimated that the Scandinavian country's birthrate has hovered around 1.9 since 2011. In Sweden too, it has taken a long time, but I think that it is a

hopeful model for Japan in how to overcome problems. In the EU likewise, in countries with low birthrates the problem is connected with lack of adequate child-raising facilities and the lowness of the female participation in the workforce. The target rate for female employment in the EU is 70%, and the North European countries with high birthrates have generally achieved that target. Likewise, in Sweden, the rate of enrolment in childcare centers is 63% for children up to 3 years old, and an impressive 94% for children aged three years or more. In Sweden too, child-raising was traditionally viewed as a woman's task, but since the government introduced a childcare leave system for men enabling fathers only to take two months off, public attitudes have changed, and males have participated more in child-raising, supported by the co-operative stance of employers. Once children could not easily be entrusted to outside carers due to the lack of dedicated facilities amid the rapid loosening of bonds tying women to the home and the baby boom. But as a result of legislation that shifts the burden of responsibility onto local governments and requires placement of a child in a childcare center within three months of parental application, you can now be certain of finding childcare facilities of adequate quality somewhere. Furthermore, the isolation of mothers and children is being prevented by support for creation of parent-child networks by prefectural and local governments. In addition, when children become ill, the fact that working parents can take 120 days per year off with 80% of their pay guaranteed has great significance. Over the last 30 years, the initiatives taken by companies in Sweden have greatly changed attitudes of corporations towards families. Telecommunications major Ericsson pioneered this trend through its "family policy" under which a social insurance allowance of 80% of normal salary was supplemented by the company footing the remaining 20% of the cost. This has greatly incentivized taking of child-raising leave by male employees. It has not only cleared the largest obstacle, wage payment during leave, but also resulted in fathers returning from child-raising leave with better management skills. As a result, the number of managers within the Company taking child-raising leave increased. These developments have had a virtuous circle effect in that the in-house culture or atmosphere has gradually changed to one

of attaching importance to employees' child-raising. However, even Sweden has not yet resolved all the issues. Because women have put back the age of which they first give birth as they increasingly commit to their own careers, the mother's age when her first child is born in Stockholm is around 35. Still, in Sweden you hardly ever hear of the problems that Japan has with the declining birthrate, the isolation of mothers and children and the abuse of children, because of the small scale of overtime work there and because of the co-operative attitude of companies.

Ogawa I've come to appreciate the wide range of topics that raised by the declining birthrate and support for child-raising. I would like to ask our experts to once more tell us about SMFG's responses to the above issues.

Kubo I would like to express my gratitude to the speakers for voicing these valuable opinions and sometimes rather shocking concerns. Regarding the declining birthrate, a range of debates is going on at the government level in Japan, but I feel that the urgency of the situation and the severity of this problem are not reflected in state policy.

I wonder if the issue of women participating in the workforce and the problem of the declining birthrate are not the primary issues we need to resolve for the long-term evolution of this country. Speaking as one who had seven years' experience of child-raising, in Great Britain, I feel that Great Britain is a very child-friendly country. Even New York has become a place where children are treated well. By contrast in Japan, particularly in Tokyo, the environment for children is extremely cold. I will look now at why Japan has become like this. Given these circumstances, I have given repeated thought to what SMFG can do about this. SMFG has launched a range of in-house initiatives and has become aware of some of the problems that have to be addressed, I would like to hear some of opinions on what kind of issues need in future to be addressed externally or through the bank's core business?



The ability of an enterprise to influence society

Ogawa As a corporation, or as a financial institution, I think that SMFG should be discussing what approaches to take to these issues. What can be learned from the precedents set by Sweden?

Takami The problems of the environment and of child-raising are similar, and little will be gained if the company relies only on its own resources in addressing them. By exerting influence on the state and local authorities that are shaping the major frameworks, we as a company should, I think, signal our recognition of the issues. In Sweden too, there have been moves to

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Dialogue with Stakeholders—Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

create childcare facilities within company premises, but they have not been very successful. The role of the company in many cases has been to provide children with sports training rather than set up basic infrastructure. We incorporate environmental appraisal into the core business of the company, so what about taking measures to incorporate evaluation of child-raising systems?

Ogawa Previously, when this problem was raised, some people in some regions and communities showed unfriendly, cool attitudes to children.

Okuyama I consider the role of major corporations in creating a "family-friendly" society to be extremely important. For example, I think there are examples of corporations leading the way in creating the international standard under which passengers with children are given priority in boarding planes. So what can financial institutions do in this area? We need to think about what approaches banks can take to enable diversity of families in terms of making it easier to make loans on specific terms to foreigners and single mothers from the point of view of the bank users, if they are able to repay loans on schedule, in addition to publicizing a "family policy" as part of CSR initiatives. Looking at it from a NPO viewpoint, it seems that companies have not yet successfully drawn attention to the activities on behalf of the community that they are involved in. I think we need to go about things more positively, and gradually publicize our initiatives in areas such as help for the child-raising support organizations mentioned in the introductory comments.

Yanagisawa Taking the position of children's spokesperson who is a pediatrician, I believe society as a whole needs to think more seriously about education of children in whose hands our future prosperity will rest. So, for the sake of children and families, we should invest aggressively in state agencies, local authorities and companies.

It is also necessary to mitigate abuse of children through support for child-raising in all areas of public life. From the perspective of a medical professional, I see clear linkage between the advanced age at which women are having birth and the low birth weight of children, which raises the risk of diseases associated with unhealthy adult lifestyles. I think companies should think about doing more to enable employees to marry at an early age, and advance their careers while getting pregnant and having and raising children.

Ikemoto I see three things that companies can do. First, we have been talking about measures to deal with the shortage of childcare facilities, and setting up such facilities within companies. If you look at it from the viewpoint of a child, you see that commuting becomes a burden. There have been moves recently by companies to use their own premises to set up community childcare facilities. Some companies that originally intended to create childcare facilities in-house have also opened up approved childcare facilities to people in the local community. The second

thing is support for NPOs. Because NPOs have trouble with finding administrative premises, banks can offer support merely by funding and renting out premises. There are also some companies that have made available space in their own administrative offices for employee volunteer activities, and these employees ensure publicity for the company's community contribution activities. Thirdly, financial institutions have a matchmaking role, bringing together NPOs with needs and companies that can help meet them. At the local level in Great Britain, there are mechanisms that bring together schools and companies. Using the advantage that financial institutions have many interfaces with other companies, they can do duty on the educational frontline by supporting child-raising at companies and playing the role of coordinator, bringing together localities and frontline educational institutions. Banks could also create financial markets that could be useful to companies which are positive about child-raising support, and could develop financial products that could be used for supporting children and child-raising by committing a portion of their investment earnings to orphanages and poorer families. Furthermore, with an increasing number of businesses getting involved in support for childcare and child-raising, wouldn't it be a good idea if there was some kind of mechanism that made possible evaluation of such companies in this respect through our core business, to ensure the sound development of this sector? For creation of a sustainable society, the falling birthrate needs to be considered alongside environmental problems. I think we as a company should be able to apply here the same tools that we use for environmental issues.

Takami The SMFG group is involved in an impressive range of activities, but there is an impression of deficiency when it comes to external dialogue. For example, would it not be possible to promote public relations jointly by creating a group of leading companies, or engage in activities in partnership with NPOs to shape public opinion?

Okuyama As an approach to involvement in shaping public opinion, I see great potential for exerting influence by showing social commitment by spreading awareness of the falling birthrate, describing in detail our activities, and laying out our aims for the future.



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Dialogue with Stakeholders—Enterprises Addressing Japan's Declining Birthrate: Expectations and Roles

Giving shape to problem awareness and supporting child-raising

Kubo It may be true that SMFG has not effectively publicized the range of initiatives that it is undertaking, but if you consider our ability to influence society as both a bank and as a financial group, I think it is possible that SMFG could exert a beneficial influence through its proactive support for child-raising. In the Group CSR report, measures to deal with environmental problems form one enormously important theme. Likewise, I think that our loan products with environmental assessment conditions attached are highly regarded by the public. But I do have a feeling that so far, by comparison, the various measures that we have undertaken to deal with the declining birthrate and support child-raising have fallen short. Recently, somebody said there were similarities between child-rearing and environmental issues. I feel that our starting point must be doing what we can do, including the "soft" power we exert as a bank. At the management level, there is a strong awareness of the problem of the declining birthrate, but within the Company, it is sometimes difficult to feel that that awareness is shared. We have created in-house mechanisms for promoting a better work-life balance, but I do not think you would necessarily say that usage is at acceptable levels. I think we need to continue with efforts to promote a shared awareness of the issues within the Company, and then externally publicize ideas, even just one or two, if they are realized in practice.

Nakamura Today, we have listened to a range of opinions and we have heard suggestions from various viewpoints. For this, I would like to express my thanks. Our experts have given a clear idea of the importance of our mission of developing wide-ranging products and services related to these issues, publicizing them in the outside world and ensuring they are understood in depth within the Company. This has renewed SMFG's determination to contribute to resolution of major social issues such as the declining birthrate.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Support for Reconstruction for the Great East Japan Earthquake

Volunteer activities for the areas affected by the Great East Japan Earthquake

It has been well documented that the aftereffects of the March 11, 2011 Great East Japan Earthquake have extended well beyond the northeastern region of Japan to expose a wide range of latent nationwide issues. The SMFG Group continues to support disaster-hit areas through volunteer activities in tune with the changing needs of disaster-hit areas.



In April 2011, SMBC established the "special leave of absence for disaster relief volunteer activities", and it began allowing officers and employees to regularly go to the disaster affected areas for volunteering activities in May that year. Activities in 2011 included the clearing away of mud from water runoff troughs alongside roads as well as the cleaning and restoration of photographs. Since 2012, employees have continued to collaborate with NPOs and related organizations working primarily along the coastal regions of Miyagi Prefecture. At the same time, energies have been channeled toward recovery work in fields and parks, visiting temporary housing facilities, providing assistance in the running of events, and raising of seedlings to help regenerate coastal forests. In this manner, every effort is being made to advance ongoing initiatives that are in time with the changing needs of each local area. Up to July 2013, approximately 360 volunteer executives and employees participated in a total of 18 activities.

In addition, volunteer activities that also include the families of officers and employees began in August of 2012 and 2013. A total of 40 families and 110 family members participated in these activities. In the Tokyo Metropolitan area, YUI, an in-house volunteer organization, takes the lead in holding regular interaction meetings for the people evacuated to Tokyo from disaster affected areas. Carrying on from fiscal 2011, new hires from SMBC Nikko again took part in disaster-relief support activities in Miyagi Prefecture in July 2012. A total 345 individuals including 280 new hires took part in assistance activities that reflect the needs of each area as well as the fishing industry. Employees newly recruited to the company gained a greater insight into the importance of social contribution activities through their efforts to support disaster-hit areas. These activities also served to nurture a strong sense of unity among new hires.

Helping with efforts to reconstruct disaster-hit areas through our core businesses

Making the most of the attributes of each Group company in response to the Great East Japan Earthquake, the SMFG Group is placing considerable weight on efforts to reconstruct disaster-hit areas through its core businesses.



Within SMBC, the Tohoku Corporate Business Office, Tohoku Business Support Office, and Public & Financial Institutions Banking Department, responsible for public authority banking operations, take the lead in holding regular reconstruction council meetings to promote the cross-departmental exchange of information on reconstruction efforts. Through these and other means, energies are being channeled toward activities that are essential for the reconstruction of disaster-hit areas. Sumitomo Mitsui Finance and Leasing (SMFL) also works in unison to ensure that the company acts swiftly to address such wide ranging requirements as the

replacement of damaged facilities and plant relocation in line with the specific needs of each disaster-hit area. Harnessing the strengths of its core businesses, staff at SMBC Consumer Finance's Customer Service Plazas undertook support activities for volunteer centers in disaster-hit areas in the wake of the earthquake. In fiscal 2012, staff visited to temporary housing facilities to engage in educational and awareness activities in a bid to prevent acts of fraud and address a host of related issues. Looking ahead, every effort will be made to provide business support in a manner that helps to reconstruct and revitalize area devastated by the disaster.

Fiscal 2012 Dialogue

Drawing on the fruits of the Dialogue with Stakeholders meeting held in July 2012, the SMFG Group will continue to collaborate with local communities as well as NPOs and related organizations and engage in a variety of reconstruction support activities that reflect the ever-changing needs of each disaster-hit area.

→ WEB Dialogue with Stakeholders (Reflecting on our volunteer activities in the areas that were devastated by the March 11 earthquake and tsunami and looking ahead to future activities)
<http://www.smfg.co.jp/english/responsibility/csr/finance/stakes201201/index.html>

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Declining Birthrate and Aging of Population

Activities aimed at addressing the issue of a declining birthrate

At the SMFG Group, a pro bono team of volunteer employees support NPOs engaged in child-raising activities.



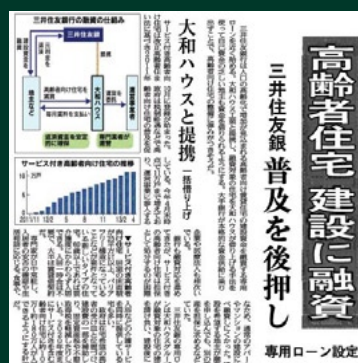
SMBC was the first bank in Japan to engage in its own pro bono activities. In this manner, employees of the Bank are actively engaged in volunteer activities that make the most of their business skills and experience. In fiscal 2012, three teams comprised of 18 employees worked diligently over a period of approximately three months to support the child-raising efforts of three NPOs in the Tokyo Metropolitan area.

Under this particular project, employees assisted in the general business flows and operations of each organization laying a foundation for the management of donations and overhead expenses. By alleviating a part of the burden of these tasks for

which there is generally little time, this initiative allowed each NPO focus on the principal task of raising children for the future. In January 2013, the Dialogue with Stakeholders was held on the expectations and roles of enterprises addressing Japan's declining birthrate. Experts across a variety of fields commented that SMFG should adopt a more proactive approach toward assisting organizations in their efforts to raise children. The general thrust was for SMFG to join NPOs to form a consensus and uniform focus toward society. Looking ahead, the SMFG Group will work aggressively to address the issue of a declining birthrate by providing indirect support to NPOs engaged in child-raising activities.

Activities aimed at addressing the issue of an aging population

The SMFG Group has developed and commenced the handling of loans for nursing-care facilities to better accommodate a society with an extremely large number of senior citizens.



Evening edition of the Nikkei (May 29, 2013)

Against the backdrop of a rapidly aging Japanese society, SMBC in collaboration with Daiwa House Industry Co., Ltd. developed and began handling loans for nursing-care facilities especially for real estate properties including pay nursing homes. Leveraging its structured finance know-how, this new initiative geared specifically for nursing-care facilities is expected to play an important role in promoting the supply of facilities thereby helping to better accommodate a

society with an extremely large number of senior citizens. Moving forward, SMBC will work diligently to increase the number of collaborating partners. In this manner, energies will continue to be channeled toward promoting the supply of facilities with the Bank blazing a trail toward the development of a succession of products and services for the elderly. SMBC plans to assist and support in developing systems for senior citizens to lead safe and enjoyable lives.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Environment

Addressing Environmental Issues by Harnessing SMFG's Financial Functions

Drawing on the opinions and requests of all stakeholders including customers and experts, the SMFG Group develops financial products and services that help address a variety of environmental issues.



Note: Article published in the Nikkei Business on July 29, 2013 (Posted on SMBC's homepage)

In conjunction with the JRI, SMBC launched its SMBC Environmental Assessment Loans in a bid to make the most effective use of its functions as a financial institution and to stimulate the corporate sector to address environmental issues in October 2008. Since then, meetings of the External Assessment Committee have been held to solicit the opinions of stakeholders including customers and experts. Drawing on these opinions, steps have been taken to modify existing products and to develop new products. With the original environmental assessment loan as a base, "SMBC Environmental Assessment Loan/ Private Placement Bond, eco Value-Up" was developed in fiscal 2010 with assessment methods tailored to SMEs. In the ensuing period, a number of derivative products with similar mechanisms have sprung up. These derivative products include "SMBC Food and Agriculture Assessment Loan/Private Placement Bond", "SMBC Sustainable Building Assessment Loan/ Private Placement Bond", and "SMBC Business Sustainability Assessment Loan/Private Placement Bond". In this manner, energies are being channeled toward upgrading and expanding assessment loan programs in order to help resolve customers' social issues and push forward appropriate activities. SMBC began offering "SMBC Sustainability Assessment Loan/ Private Placement Bond", which assesses the measures taken for Environment, Society, and Governance (ESG), and the appropriateness of information disclosure and sustainability in April 2013. After loans are extended, assessment results are passed on. This serves to help promote additional activities.

Fiscal 2008	SMBC Environmental Assessment Loan/Private Placement Bond	Assessing and supporting the environmental activities of companies and the corporate sector
Fiscal 2010	SMBC Environmental Assessment Loan/ Private Placement Bond, eco Value-Up	
Fiscal 2011	SMBC Food and Agriculture Assessment Loan/Private Placement Bond	Assessing and supporting measures aimed at promoting food safety and security as well as a food culture
	SMBC Sustainable Building Assessment Loan/Private Placement Bond	Assessing and supporting the environmental and aseismic performance of buildings
	SMBC Business Sustainability Assessment Loan/Private Placement Bond	Assessing and supporting clients' efforts to ensure business continuity in the event of emergencies such as earthquakes or floods
Fiscal 2013	SMBC Sustainability Assessment Loan/Private Placement Bond	Assessing and supporting ESG activities as well as the appropriateness of information disclosure

The 4th SMBC Environmental Assessment Loan/ Private Placement Bond External Assessment Committee was held in July 2013. During this meeting, discussions focused on the newly launched SMBC Sustainability Assessment Loan. In addition to discussions on ESG activities trends by the corporate sector as well as global trends with respect to the disclosure of non-financial information, the meeting was a forum for the exchange of opinions on future prospects and product improvements. Please refer to the following for details.

→ WEB Dialogue with Stakeholders 2013: SMBC Environmental Assessment Loan/Private Placement Bond aimed at developing solutions for customers through core financial businesses
<http://www.smfg.co.jp/english/responsibility/csrfinance/stakes201302/index.html>



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Environment

Activities Aimed at Developing Business Overseas

The SMFG Group is working to promote Japanese environmental technology and infrastructure to overseas in order to meet the needs of developing countries, especially the Asia region.



SMBC's Growth Industry Cluster Department in Project & Export Finance Department is undertaking a variety of activities under the main theme of developing new markets for growth industries, such as "environment", as well as of promoting Japanese export of packaged infrastructure. For example, in May 2013, Hitachi, Ltd., the Mongolian Ministry of Energy and SMBC signed the Memorandum of Understanding for cooperation in the field of electric power system and transmission grid in Mongolia. For the past several years, Mongolia has recorded double-digit rates of economic growth on the back of ongoing mining development and related activities, and this has increased the demand for electric power. Meanwhile, more than 30 years has passed since the current nation's power infrastructure was first installed, and it has deteriorated with age.

Therefore, SMBC and Hitachi will work together to develop projects of introducing high-efficient transmission grids and electric power facilities, and to contribute upgrading the Mongolian power system and economic development. In addition, within the SMFG Group, Group companies including SMBC and JRI work together to provide customers with an advisory service in regard to Joint Crediting Mechanism which the Japanese Government promotes to the world by creating a system of technology transfer, aiming at reducing emission of greenhouse gases. As one of our activities aimed at promoting renewable energy both in Japan and overseas, SMBC and Group companies also work closely to actively work on solar power projects, by providing finance, such as a project finance in overseas.

Activities designed to help create a regional recycling-based society

Harnessing the financial functions of each company, the SMFG Group actively promotes measures essential to the development of regional society in Japan. The Group also places equal emphasis on overseas development.



SMFL and Summit Energy Corporation, a wholly owned subsidiary of Sumitomo Corporation, serve as joint operators of the Osaka Hikari-no-Mori Project. Making effective use of the Hokko Landfill Site on Yumeshima in Osaka's Konohana-ku, this project is a public-private collaboration between the City of Osaka and several companies that has adopted a Solar-power Group Share (SGS) scheme to establish a mega-solar facility. With a generation capacity of 10 megawatts, the facility came online in October 2013. Participating companies have brought funding and know-how to the

Project, utilizing leases to share the costs of installing the solar power generation facility. Through the effective use of mega-solar power by the Project which is situated at the Hokko Landfill Site, a waste disposal site, positive steps are being taken to help create a regional recycling-based society. Moving forward, Group companies will continue to make the most of their inherent strengths to participate in a variety of project both in Japan and overseas. In doing so, the SMFG Group will pursue activities that are essential to solving the world's environmental problems.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Globalization

Activities in the Americas

Through the SMBC Global Foundation, SMBC bases in the Americas engage in a wide range of activities aimed at supporting education, contributing to the local community, and promoting cultural events.



As a part of its efforts to support education, the SMBC Global Foundation, based in the United States, provides scholarships to university students in Asian countries. The Foundation also has a matching gifts program, which matches dollar-for-dollar the charitable donations of SMBC employees. In addition to these activities, the Foundation has supported educational trips to Japan organized by Frederick Douglass Academy, a high school located in Harlem, New York since 1999. Under this initiative, SMBC Global Foundation and Japan Airlines Co., Ltd. invite around 10 students studying Japanese at Frederick

Douglass Academy to visit Japan for around one week. During their stay, students visit such sites as temples and shrines while also calling on the head office of SMBC. In fiscal 2012, eight students participated in this trip. This initiative was an important opportunity for students to experience firsthand Japan's culture and history. Many of the students participating in this initiative have commented that would again visit Japan sometime in the future. In its offices throughout the Americas, the SMFG Group will continue to promote a variety of social contribution activities.

Activities in Europe, the Middle East, and Africa

Employees of Sumitomo Mitsui Banking Corporation Europe (SMBCE), SMBC's local subsidiary in the United Kingdom, undertake volunteer activities under available volunteer leave systems; SMBCE also contributes to charitable organizations through an in-house fund and employs a matching gift program under which it donates a certain amount for every donation made by its employees.



In fiscal 2012, SMBCE received the Payroll Giving Bronze Award 2012 from the Institute of Fundraising, a charitable organization based in the United Kingdom, in recognition of its fund and donation activities and in particular its Give As You Earn (GAYE) salary deduction fund program. Launched in 1987, GAYE is a way for individuals to give regular donations from their salaries before tax. Under this program, charitable organizations can receive a certain benefit in line with the amount of the fund. SMBC has introduced a program that matches donations made or raised by employees, payable to a charitable organization of each employee's choice, to a maximum

(for fiscal 2012) of £100 per employee annually. In this manner, SMBC hopes to encourage donation activities to worthy charities. In addition, directors and employees actively conduct volunteer activities under available volunteer leave systems. A notable number participated in charity events for the homeless in fiscal 2012.

The SMFG Group participates actively in volunteer endeavors as well as the collection of funds and donations throughout Europe, the Middle East, and Africa. Each year the level of awareness and participation by employees in CSR activities continues to increase. In fiscal 2012, for example, the amount of funds raised by SMBCE employees and time spent on volunteer activities grew 42.7% and 30.6%, respectively, year on year. Looking ahead, SMBC and its employees will continue to make full use of a variety of programs to actively contribute to society.



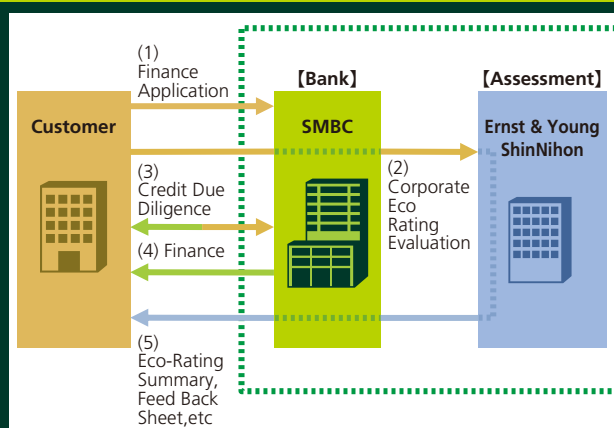
Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Priority Issues for Us: Case Study

Globalization

Activities in Asia

In December 2012, SMBC began providing SMBC Environmental Assessment Loan outside Japan. The first challenge was to companies in Malaysia as a part of efforts to support environment-friendly activities by the corporate sector.



The SMBC Environmental Assessment Loan (Malaysia) is based on the same framework as its namesake in Japan, which itself was launched in 2008. Under this loan, loan terms and conditions are determined based on an assessment of each company's environmental measures in Malaysia. At the same time, an environmental assessment report is provided to further enhance each company's environmental management-related activities. In recent years, the Malaysian government has placed considerable weight on expanding the market for environment-

related businesses. For its part, SMBC participated in IGEM 2010, Malaysia's first large-scale international environment exhibition, both as an exhibitor and sponsor. While collaborating in overall operations, the Bank has provided its support in an effort to further expand environment-related businesses in Malaysia. Moving forward, SMBC will work to support the environmental management efforts of companies in Malaysia while promoting global environmental management.

Activities in China

SMBC (China) holds "Kodomo Ginko Tankentai," a seminar for children



SMBC (China) held "Kodomo Ginko Tankentai," a seminar for children, at its Head Office (Shanghai) in February 2013. The first seminar was planned in fiscal 2011 with the aim of teaching children about banking operations in an enjoyable manner. This seminar was second holding as a CSR activities mainly for the families of employees. On the day of the seminar, children took part in a program of SMBC (China) and participated in a number of enjoyable events including a counting cash with their own hands and a teleconference with SMBC head office.

At the end of the seminar, many of the children commented that they would like to work in a bank in the future. Participating family members also spoke in glowing terms about the event. In addition to the children's seminar, proactive steps are taken to promote a wide range of CSR activities including the planting of trees, cleaning / beautification activities and engaging in donation as well as other volunteer activities. Through the activities, we will contribute to the sustainable development of the whole society.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Contents

Summary of CSR Activities at SMFG

CSR at SMFG	P.23
Solid Management Structure	P.26
Initiatives for Enhancing Customer Satisfaction (CS) and Quality	P.28
Environmental Preservation Initiatives	P.29
Social Contribution Activities	P.32
Close-up:	
Promoting Employee Participation in Social Contribution Activities	P.34
Human Resources	P.36

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

CSR at SMFG

Basic Views

》》Contributing to the Sustainable Development of Society

Today, mankind is faced with diverse issues such as global warming, rapid population growth, and declining birthrate and aging of the population in the advanced countries. How can we, as a provider of comprehensive financial services, contribute to resolving such social issues for the sustainable development of the society. We believe that it would be our corporate social responsibility to practice by asking ourselves what we could and should do.

》》Basic CSR Policies

SMFG has set forth the definition and common principles for “business ethics” for CSR in order to clearly describe and effectively promote CSR activities in the Group.

SMFG's Definition of CSR

In the conduct of its business activities, SMFG fulfills its social responsibilities by contributing to the sustainable development of society as a whole through offering higher added value to (1) customers, (2) shareholders and the market, (3) the environment and society, and (4) employees.

SMFG's Group-Wide CSR Philosophy: “Business Ethics”

1. Satisfactory Customer Services

We intend to be a financial services group that has the complete trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers to assure their satisfaction and earn confidence in the Group.

2. Sound Management

We intend to be a financial services group that maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with earning the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these activities, we work to maintain continued growth based on a sound financial position.

3. Contributing to Social Development

We intend to be a financial services group that contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

4. Free and Active Business Environment

We intend to be a financial services group for which all officers and employees work with pride and commitment. For this purpose, we respect people and develop employees with extensive professional knowledge and capabilities, thereby creating a free and active business environment.

5. Compliance

We intend to be a financial services group that always keeps in mind the importance of compliance. For this purpose, we reflect our awareness of Business Ethics in our business activities at all times. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

CSR at SMFG

CSR Management

Management Approach for Target Achievement

We have established the Group CSR Committee, administered by the Group CSR Department, to assess the CSR implementation plans of the whole Group, and manage progress. Specifically, departments are assigned responsibility for each target, and the Group CSR Department and assigned departments jointly conduct annual reviews of progress made in these initiatives. The results of these reviews are reported to the Group CSR Committee. The Group CSR Department and assigned departments also conduct a joint examination of plans for the following financial year, the findings of which are subsequently assessed by the Group CSR Committee. In this way, we use the PDCA cycle in our CSR initiatives. Additionally, there are cases where initiatives are handled by individual CSR category. For example, the customer satisfaction (CS) policies of each SMFG company are pursued jointly, and the successful measures are rolled out horizontally across the Group organization, with the Group CS Committee as the main body engaged in improvement of CS and quality. In measures to reduce environmental impact, the SMFG and six principal SMFG companies have obtained the international environmental management standard ISO14001, and follow the procedures of Plan, Do, Check, and Act (PDCA) cycle for such environmental activities. To further strengthen promotion of CSR activities across the Group, SMFG established CSR Liaison Committee in fiscal 2010. This Committee regularly engages in discussion and consultation to encourage Group-wide implementation of policies and successful initiatives of individual Group companies. For details regarding information on the Group's CSR goals and performance, please refer to SMFG's website.

→ **WEB** CSR Performance and Goals
<http://www.smfg.co.jp/english/responsibility/smfgcsr/goal/index.html>

Groupwide CSR-Related Organizations

Group CSR Committee	Conducts consultation, etc. on CSR-related matters affecting the whole Group
Group CS Committee	Conducts consultation, etc. on progress in improving customer satisfaction on a Groupwide basis
CSR Liaison Committee	The CSR Liaison Committee exchanges information regarding progress in CSR promotion at individual Group companies, and closely studies particularly progressive measures.

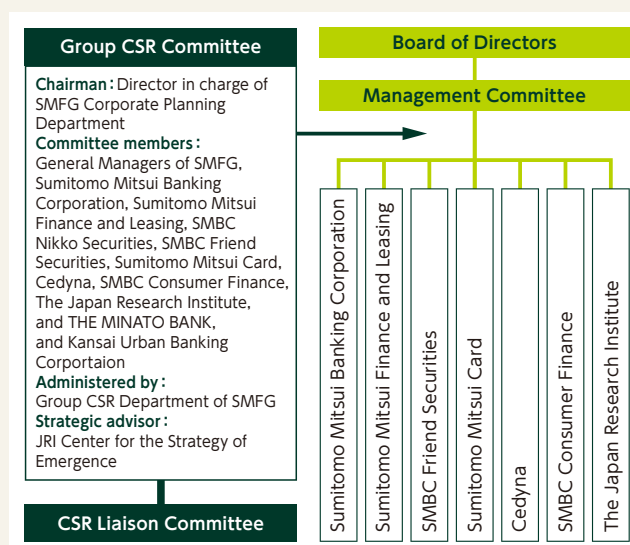
TOPICS

CSR Training Tailored to Employee Grades

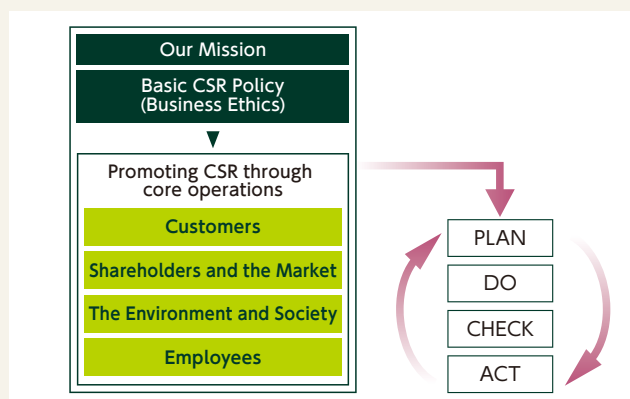
SMBC organizes training courses tailored to employee grade, including new hires and newly appointed management employees. When such training is given, CSR is included to ensure full employee familiarization. In fiscal 2012, a total of 1,447 employees took part in these training programs.

In addition, training and other support are also given under the full range of CSR themes, including human rights, putting the customer first, compliance, anti-money laundering, and diversity.

SMFG CSR promotion structure



CSR activities and the PDCA cycle



Improvement in CSR activities incorporating stakeholder input

The Group enhances CSR activities after incorporating input from third party opinions, questionnaires and other sources inside and outside SMFG about its CSR reports. To read more about progress in improvement of CSR activities, please refer to SMFG's website.

→ **WEB** Information on CSR Initiative Improvements
<http://www.smfg.co.jp/english/responsibility/smfgcsr/opinion.html>

(Training recipients)

Fiscal year	Training for new hires	Training for newly appointed management employees	Training for newly appointed branch managers	Training for mid-career hires on joining SMFG	Total
2007	1,421	354	150	410	2,335
2008	1,816	482	154	148	2,600
2009	2,090	431	165	13	2,699
2010	978	410	167	0	1,555
2011	709	407	126	0	1,242
2012	833	417	189	8	1,447

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

CSR at SMFG

Support for Initiatives in Japan and Overseas and CSR Guidelines Used as References

Support for Initiatives in Japan and Overseas

As a corporate citizen of the global society, SMFG is fully aware of the social impact of the financial institution, and it shall support the following initiatives in Japan and overseas (the action guidelines for the corporate activities and principles).

1. United Nations Global Compact
2. UNEP Finance Initiative (UNEP FI)
3. CDP (Carbon Disclosure Project)
4. Equator Principles
5. Principles for Financial Action toward a Sustainable Society
(Principles for Financial Action for the 21st Century)

CSR Guidelines Used as References

The Group refers to the following guidelines in its promotion and development of CSR and information disclosure.

1. Strengthening CSR management by utilizing the ISO26000 standards
2. GRI Guidelines
3. Advanced Level Communication on Progress for the United Nations Global Compact

For details, please refer to SMFG's website.

→ **WEB** Support for Initiatives in Japan and Overseas and CSR Guidelines Used as References
<http://www.smfg.co.jp/english/responsibility/smfgcsr/structure.html>

CSR Performance and Goals

SMFG and its Group companies work diligently to bolster its CSR activities across the entire Group as a comprehensive financial services group. Before detailed planning is undertaken, CSR activities at SMFG are not only divided under four priority issues, but also are categorized by stakeholder. Performance in fiscal 2012 and goals for fiscal 2013 are presented as follows.

Group Performance in fiscal 2012, and Goals for fiscal 2013

	Performance in Fiscal 2012	Goals for Fiscal 2013
Our customers	<ul style="list-style-type: none"> Held regular meetings of Group Customer Satisfaction (CS) Committee <ul style="list-style-type: none"> Status monitoring by each SMFG company by gathering of feedback under Voice of the Customers (VOC) program Changes made to management of working groups to strengthen analysis of VOC feedback Launched monthly coordinatory meetings at the Customer Consultation Office of SMBC and SMBC Nikko Securities 	<ul style="list-style-type: none"> Develop management of Voice of the Customers (VOC) program Make changes to rules and frameworks related to management of customer support, etc. mechanisms <ul style="list-style-type: none"> Consider creating SMFG version of customer satisfaction promotion rules Create common risk management categories for SMFG and SMBC companies with regard to management of customer support, etc. mechanisms Review composition (by company) of Group CS Committee
Our shareholders and the markets	<ul style="list-style-type: none"> Held dialogues with broad range of stakeholders <ul style="list-style-type: none"> Dialogue on support for reconstruction for the Great East Japan Earthquake (August) Dialogue on declining birthrate (January) Completion of switch to online CSR reporting (paper version withdrawn) Amendments to the structure of the general website and CSR website, to make them easier to view 	<ul style="list-style-type: none"> Hold dialogues with broad range of stakeholders Encourage use of online CSR reporting (increase number of visits) Work to completely overhaul general website and CSR website, eliminating unneeded information → Improve viewability and appearance
Society and the environment	<ul style="list-style-type: none"> Held Groupwide cooperative events <ul style="list-style-type: none"> SMFG business forum organized jointly by nine Group companies SMFG Clean-Up Day (with participation of 350 employees from the whole Group across Japan) Compilation and distribution of CSR Book, concerning our engagement in social issues <ul style="list-style-type: none"> Support for reconstruction for the Great East Japan Earthquake (August) Declining birthrate and aging of population (January) New volunteer activities involving all Group companies, geared to needs of victims in disaster-hit areas 	<ul style="list-style-type: none"> Hold regular cooperative events involving whole Group to address social issues Continue compilation and distribution of CSR Book, concerning our engagement in social issues Modify the publication format of the corporate environmental magazine SAFE (review information included, release an English-language version, etc)
Our employees	<ul style="list-style-type: none"> In line with the ISO26000 guidance, increase disclosure of data from all Group companies (in particular relating to Human Rights Awareness Promotion Committee, etc) 	<ul style="list-style-type: none"> Improve employee awareness of finding solutions to social issues through organization of, and participation in, events for all Group employees and their families, etc
System development	<ul style="list-style-type: none"> Considered adoption of ISO26000 guidance at all Group companies; after establishment of checklist, considered topics and themes Strengthened collation and disclosure of environmental impact data 	<ul style="list-style-type: none"> At a Group and individual company level, make improvements where issues (further broaden scope of environmental data, etc.) are revealed by ISO26000 guidance checks at all Group companies, to consolidate basis of CSR activities

For details regarding CSR Activity Performance and Goals of SMFG Companies, please refer to SMFG's website.

→ **WEB** CSR Activity Performance and Goals of SMFG Companies
<http://www.smfg.co.jp/english/responsibility/smfgcsr/goal/group.html>

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Solid Management Structure

SMFG is steadily developing its corporate governance, internal audit, compliance, and risk management systems in a bid to build a solid management structure as a part of efforts to consistently engage in sound management.

Corporate Governance

SMFG and its Group companies follow the SMFG management philosophy set forth as the universal guide for Group management and consider this philosophy as the foundation for all corporate activities. We believe that the strengthening and enhancement of corporate governance is one of the top prioritized issues in order to achieve the management philosophy.

→ **WEB** Corporate Governance (Basic Approach; the SMFG Corporate Governance System): 2013 Annual Report
http://www.smfg.co.jp/english/investor/library/annual/h2503annu_pdf/h2503_e_17.pdf

Internal Audit System

In addition to the SMFG Auditing Committee, which functions as a governance committee reporting to the Board of Directors, the Internal Auditing Committee is set up as part of the Management Committee, taking into consideration its critical role and responsibility for the internal audit for the management, in order to effectively facilitate the internal audits.

→ **WEB** Internal Audit System: 2013 Annual Report
http://www.smfg.co.jp/english/investor/library/annual/h2503annu_pdf/h2503_e_18.pdf

Activities Aimed at Promoting Compliance

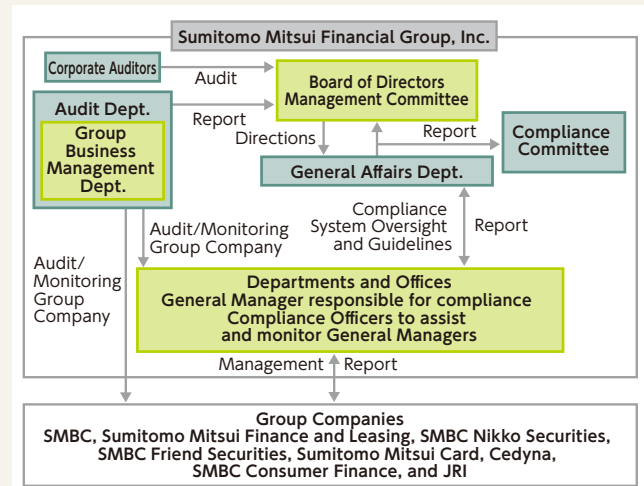
Basic Compliance Policies

SMFG strives to further strengthen its compliance systems in order to be able to fulfill its public mission and corporate social responsibilities as a financial services group offering diversified products and services for becoming a truly outstanding global corporate group. For compliance policies, SMFG sets forth its "Business Ethics" as the common CSR principles for the Group and has published a Compliance Manual. Moving forward, we consider the strengthening of such Business Ethics and the Compliance Manual as a critical issue for management and vital to ensuring strict adherence by directors and employees.

Structure and Systems

As a financial holding company that works to ensure the sound and proper management of business operations for the Group as a whole, SMFG strives to maintain a compliance system that provides the appropriate directions, guidance and monitoring with respect to compliance for all Group companies. At the same time, we are promoting preventive measures to eliminate,

promptly detect, and rectify improper behavior. The Board of Directors and Group Management Committee determine important matters pertaining to compliance while also monitoring the progress of related measures and issuing appropriate instruction as and when required.



Risk Management System

Basic Policies for Risk Management

As risks in the financial services increase in diversity and complexity, risk management - identifying, measuring, and controlling risk - has never been more important in the management of a financial holding company. SMFG has established the basic principles of Group-wide risk management in the "Regulations on Integrated Risk Management." In the regulations, we identify the location and the type of risk to be managed in accordance with strategic goals and business structures, and then manage each risk appropriately according to its characteristics.

Risk Management System

SMFG has established the "Principal Policy for Group Risk Management", which is determined by the Management Committee before being authorized by the Board of Directors. The Management Committee, the designated Board members, and the relevant risk management departments perform risk management according to the basic policies. Risk management systems are in place at individual Group companies in accordance with SMFG's Group-wide basic policies for risk management. The Corporate Risk Management Department comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department, by monitoring the conduct of risk management at Group companies and providing guidance when necessary.

→ **WEB** Risk Management: 2013 Annual Report
http://www.smfg.co.jp/english/investor/library/annual/h2503annu_pdf/h2503_e_14.pdf

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Solid Management Structure

TOPICS

Initiatives Aimed at Strengthening Compliance —Activities designed to prevent financial crime and corruption—

In fiscal 2012, SMBC took steps to strengthen its structures and systems for the marketing of products that entail risk as well as its response measures toward the prevention of money laundering and financial crime, the elimination of transactions with anti-social forces, and international compliance. In fiscal 2013, SMBC is continuing to bolster its financial products compliance structure in light of the growing diversity and complexity of financial products and services as well as efforts to strengthen collaboration with SMBC Nikko. Taking into consideration the upswing in damages related to the fraudulent transfer of funds as well as revisions to Japan's Act on Prevention of Transfer of Criminal Proceeds and other factors, energies are also being channeled toward fortifying response measures aimed at addressing financial crime and cutting all off all ties with anti-social forces. From an overseas perspective, SMBC is reinforcing its overseas compliance structure in line with its expanding overseas operations and the increasingly stringent regulatory environment in each country outside Japan. Moreover, and as countries around the world step up their efforts to stamp out bribery and corruption, specific guidelines were put in place to prevent bribery and corruption and to regulate such activities as the giving of gifts and business entertainment covering

the Group as a whole. As a result, successful steps are being taken to strengthen the management of gift-giving, business entertainment, and related activities, and to develop a monitoring and training structure to prevent any incidence of bribery or corruption. SMBC also engages in a broad spectrum of activities as a part of efforts to enhance security and prevent financial crime. From October 2011, SMBC suffered a series of incidents including an inundation of suspicious e-mails as well as the display of unauthorized screens due to computer viruses. This in turn led to the unauthorized use of personal identification numbers (PINs) and damages attributable the fraudulent online withdrawal of funds. To address these concerns, SMBC has continued to promote a variety of countermeasures including the proper online display of cautionary reminders and other warnings to customers. These efforts are aimed at providing customers with increased peace of mind in the Bank's products and services. In recent years, damages relating to the fraudulent transfer of funds have become an increasingly serious issue. In addition to placing cautionary reminders on such media as posters and ATM screens, branch staff are speaking directly to customers about the importance of confirming transaction details to prevent any unforeseen circumstance.

● Examples of measures implemented by SMBC to enhance security

PIN security improvement measures	<ul style="list-style-type: none"> ● Provision of a PIN alteration service at ATMs ● Cautionary notices displayed on ATM screens
Cash card anti-counterfeiting and customer identification enhancement measures	<ul style="list-style-type: none"> ● Issuance of IC-equipped cash cards ● Introduction of a biometric customer identification system
Damage limitation measures	<ul style="list-style-type: none"> ● Implementation of enhanced monitoring of irregular transactions ● Introduction of self-locking doors at ATM locations
Compensation measures for victims of cash card fraud	<ul style="list-style-type: none"> ● Compensation for cash card counterfeiting and theft: <ul style="list-style-type: none"> ● Response policy announced in February 2005 ● Counterfeit Cash Card Trouble Hotline established in March 2005 (Reorganized as the Unauthorized Withdrawal Hotline in February 2008)
Internet banking security measures	<ul style="list-style-type: none"> ● Disclosure of explanatory content about security issues (Beginners Security Class) ● Introduction of single-use passwords ● Introduction of spyware countermeasures service <ul style="list-style-type: none"> ● Detection of sites and other media distributing spyware that target SMBC's Internet service; introduction of a closure service ● Introduction of password cards
Measures aimed at preventing damages relating to the fraudulent transfer of funds	<ul style="list-style-type: none"> ● Cautionary notices and direct contact with customers at service counters and ATMs ● Distribution of leaflets containing pertinent checkpoints to help customer avoid damage ● Provision of cautionary notices on the Bank's website as well as branch posters: branch announcements and the display of warnings on ATM screens and other media
Victim relief	<ul style="list-style-type: none"> ● Remedies for Remittance Solicitation Fraud Hotline established in December 2007 ● Commencement of the return of all funds remaining in the accounts of financial institutions used in the commitment of a crime to relevant victims in accordance with the enforcement of Japan's Law on Remedies for Remittance Solicitation Fraud in June 2008

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Initiatives for Enhancing Customer Satisfaction (CS) and Quality

Basic views

Fundamental approach for CS and Quality

SMFG shall implement measures to improve CS and Quality while cooperating among group companies by setting forth as one of our management principles: "To found our own prosperity on providing valuable services which help our customers to build their prosperity."

Promotion structure

Management to improve CS and Quality

SMFG regularly holds meetings for the "Group CS Committee" which is chaired by the senior management executive of the general affairs section of the Group for promoting cooperation among group companies. The committee discusses and exchanges opinions and ideas regarding opinions and suggestions received from our clients or CS promotion policies, and it strives to further improve CS and Quality of the entire Group.

Major Initiatives

Responding to SMBC customers' opinions and requests

The customers' opinions and requests, which are received at branches or made through our toll-free telephone service, are collected and registered into the database for "Voice of the Customers" (VOC), along with data received from CS surveys and questionnaires conducted by our bank. The registered data are widely shared among all departments of SMBC. Based on such registered data for VOC, there may be cases in which the head office departments may advise branches, review individual products and services, or consider measures to be taken for the entire bank. The bank has set up the Quality Management Dept. which is responsible for developing plans and preparing systems for improvement of CS and Quality. Additionally, this department holds meetings for the "CS and Quality Improvement Committee," which is chaired

by the President and attended by every director on the Management Committee to discuss appropriate cross-departmental measures for the entire bank in order to achieve greater satisfaction by customers.

→ **WEB** Learn more about the CS and Quality Improvement Committee (in Japanese):
<http://www.smbc.co.jp/aboutus/responsibility/withconsumer/organization/cs/index.html>

Specific examples

Stand-mounted magnifying glass

We have installed stand-mounted magnifying glass on bank service area tables so that our customers can more easily complete paperwork with use of both hands.



Smartphone application for locating banks and ATMs

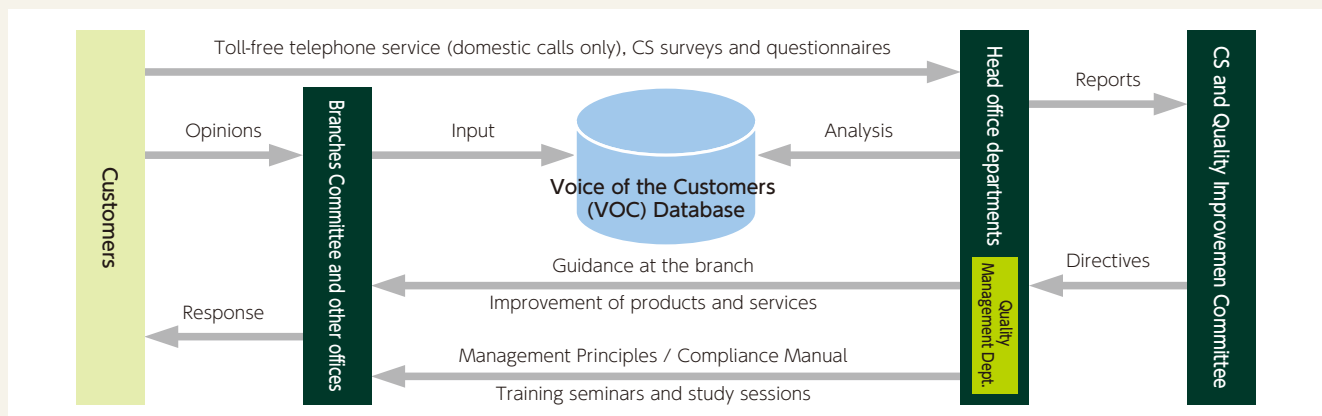
SMBC's branch and ATM locator smartphone application readily enables customers to find SMBC branches and ATMs, @Bank branches, and convenience store ATMs.



Please see our website for other examples.

→ **WEB** Learn more about "Voice of the Customers" initiatives inspired by customer feedback (in Japanese)
<http://www.smbc.co.jp/cs/taiou/index.html>

Measures to improve Customer Satisfaction (CS) and Quality of the Bank



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Environmental Preservation Initiatives

Basic views

Views for environmental preservation

The Group recognizes environmental preservation as one of its most important management issues. Based on our Group Environmental Policy, we are implementing initiatives to harmonize environmental preservation and corporate activities.

The Group Environmental Policy

<Basic concepts>

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

<Specific environmental policies>

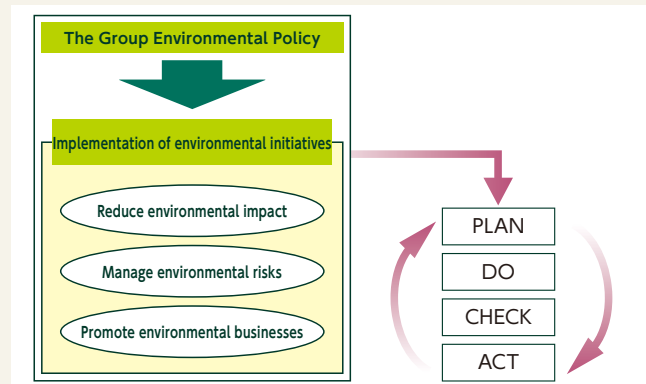
- We provide environment-friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
- We devise means to reduce environmental risks posed by our own activities and the society.
- We are determined to fulfill our social responsibilities 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 the 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: 1) "Reduction of impacts on environment," 2) "Management of environmental risks," and 3) "Promotion of environmental businesses." We have set environmental objectives for each environmental activity and follow the procedures of Plan, Do, Check, and Act (PDCA) for such environmental activities.

- **P.30** Reducing Environmental Impact
- **P.30** Managing Environmental Risks
- **P.31** Environmental Businesses
- **P.32** Performance Data and Goals of the Six Principal SMFG Companies

Environmental Action Plan and PDCA Procedures



Promotion structure

Environmental Management System (EMS) based on ISO14001 certification

The environmental management certification of ISO14001 has been obtained by SMFG and its major companies (SMBC, Sumitomo Mitsui Finance and Leasing ("SMFL"), SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card and JRI). In 1998, SMBC was the first bank in Japan to obtain this certification. The Group has developed the structure to promote EMS which is organized and managed mainly by the Corporate Planning Department and senior environmental officers. For details regarding the scope of certification acquisition, please refer to SMFG's website.

→ **WEB** Environmental Preservation Initiatives
<http://www.smfg.co.jp/english/responsibility/environment/index.html>



TOPICS

Signing of the "Principles for Financial Actions (the principles for financial actions for the 21st Century) for achieving the sustainable society"

"Principles for Financial Action towards a Sustainable Society", adopted in October 2011, were signed by SMBC, SMBC Nikko Securities, SMBC Friend Securities, Minato Bank, Kansai Urban Banking Corporation ("KUBC") and Japan Net Bank. The principles have been set forth for the purposes of making the environmental financing widely-known and improving the quality of environmental financing. SMBC has participated since 2012 as a steering member for the Steering Committee which is made up of 187 financial institutions (as of May 31, 2013). The Group continues to expand its environmental financing activities in Japan based on these principles.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Environmental Preservation Initiatives

Major Initiatives

Activities Aimed at Reducing Environmental Impact

With an eye toward the reduction of impacts on the environment, steps are actively taken to set environmental objectives for curtailing energy consumption each fiscal year. Operating as a comprehensive financial institution, the vast majority of the energy consumed by the SMFG Group is in the form of electric power. As a result, efforts aimed at reducing energy consumption are directed mainly toward cutbacks in the use of office air conditioning, lighting, OA equipment, and related systems. In December 2011, for example, SMBC reopened its offices in Shimo-Takaido and Konan converting them into environment-friendly model branches. These two points of representation are installed with LED lighting and energy-saving air-conditioning facilities. While a CO₂ emissions reduction target of 30% was set for each branch compared to levels recorded prior to reopening, a reduction of approximately 40% was achieved in fiscal 2012. Taking into consideration this result, plans are in place to actively install such highly environment-friendly systems as LED lighting at the time offices are newly established or when existing branches are renovated. In July 2012, the SMFG Group introduced solar power generation equipment at its main computer center as a part of voluntary energy-saving measures and to control the energy provided during peak business hours. In addition, SMBC Friend has switched over to environmentally conscious vehicles for its sales and marketing fleet, and engaged in building a network of environment-friendly branches by introducing such environmentally conscious materials as tiled carpets with carbon credits as well as LED lighting at the time of relocation or renovation.



Please refer to SMFG's website for other examples.

→ **WEB** Reducing Environmental Impact
<http://www.smfg.co.jp/english/responsibility/environment/reduction/index.html>

Visualizing Reductions in Environmental Impact

In an endeavor to better visualize its own environmental activities, SMBC actively discloses environmental impact data for activities conducted at offices and branches, has adopted environmental accounting, and openly clarifies the effects of efforts to promote environmental businesses.

In adopting environmental accounting, SMBC provides details of the two broad categories of "environmental preservation costs", which encompasses the expenses incurred when installing highly energy efficient lighting, air conditioning, and other systems, and "environmental preservation effects" including the amount of reduction in energy consumption and other key indicators as a result of installing the aforementioned equipment and systems. Turning the environmental effects achieved through the promotion of environmental businesses, SMBC discloses details of the reduction in environmental impact achieved through the provision of loans and specifically project finance provided to power generation businesses engaged in the field of renewable energy. Please refer to SMFG's website for SMFG Environmental Data for details.

→ **WEB** SMFG Environmental Data
<http://www.smfg.co.jp/english/responsibility/environment/reduction/data01.html>

Initiatives Aimed at Avoiding Environmental Risks

Financial institutions confront various types of environmental risk including the risk of a decline in the value of assets due to the disclosure of soil pollution or asbestos in real estate as collateral or lender liability risks that accrue to the lender in connection with business and other loan proceeds that adversely impact the environment. SMBC believes it is important to take into account the environmental risks for conducting credit assessment. Factoring environmental risks in the credit assessment (environmental credit risks) is stipulated in SMBC's Credit Policy, which sets forth the universal and basic philosophies, guidelines and rules for credit operations taking into consideration the management principle and the rules of conduct. As stipulated in Credit Policy, SMBC is not to provide credit which have a deleterious impact on the global environment. Also, SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing social and environmental risks in finance to large-scale development projects and has established the Environment Analysis Department (EAD) to assess the social and environmental risks in accordance with the principles.



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

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Environmental Preservation Initiatives

Further Promoting Environmental Businesses

Environmental issues cannot be resolved by a single individual or company. It is vital that all individuals, companies, NPOs and NGOs, public authorities, and governments work together toward a common goal while promoting global-scale activities. From this perspective, the SMFG Group places considerable emphasis on promoting environmental businesses while cooperating with a great many stakeholders. Working through our core financial services and related businesses, we have positioned efforts to maintain and improve the global environment as a key priority. While examples of the activities of SMBC and SMFL have been outlined on pages 18-19 of this report, details of other activities are presented briefly as follows. For details of other activity examples, please refer to SMFG's website.

→ **WEB** Environmental Businesses
<http://www.smfg.co.jp/english/responsibility/environment/business/index.html>

Activities of SMBC Friend Securities Co., Ltd.

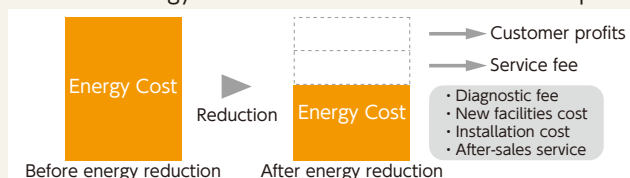
SMBC Friend engages in the planning and marketing of products that help projects resolve social issues such as environmental problems through their investment in bonds. For example, SMBC Friend sold Environmental Sustainability Bonds issued by the European Bank for Reconstruction and Development (EBRD) in October and November 2012. The funds raised by these bonds are used to support natural energy development, forestry reconstruction, and other environmental projects. Through their investment in these bonds, customers can support projects that help resolve environmental issues. In addition, work is undertaken that extends beyond environmental issues. Steps have been taken to support customers in their efforts to contribute to society through investments. This includes the sale of World Bank Green Bonds issued by the World Bank and Vaccine Bonds issued by the International Finance Facility for Immunisation (IFFIm).

● Scheme of Environmental Sustainability Bonds



Activities by Sumitomo Mitsui Finance and Leasing Co., Ltd.

SMFL provides environment-related facility and equipment as well as energy conservation related leases that help



customers reduce their power consumption, utilities expenses, and amounts of greenhouse gas emissions. By employing leases, customers are able to curtail their initial investment when introducing new facilities. In this manner, SMFL is working to promote the widespread use of equipment that meets low-carbon standards.

Disclosure of Environmental Information

The SMFG Group is actively engaged in the disclosure of environmental information. Prime examples are the environment- and energy-related reports issued by JRI as well as policy proposals put forward. As a group, SMFG holds the SMFG Environmental Business Forum each year in conjunction with the Eco-Products event, Japan's largest environmental exhibition. In addition to providing details of the environmental activities of each Group company, this Forum is an opportunity to support efforts aimed at disclosing information on environmental technology through customers' booths. In fiscal 2012, steps were taken to advance a business matching initiative focusing mainly on the themes of "new energy" and "environment". This led to more than 1,000 meetings. Moreover, approximately 40 "global business matching" were conducted among Japanese companies and overseas non-Japanese companies of five countries including South Korea, Hong Kong, and Singapore.



First published in 1996, SAFE*, an environmental magazine that contains interviews with top management of environmentally advanced companies, analyses of environmental business trends, details of shifts in statutory and regulatory requirements, and other beneficial information for corporate environmental activities issued its 100th edition in March 2013. In a bid to ensure the timely disclosure of such information as environmental trends, steps will be taken to ensure ongoing publication both in Japan and overseas.

Note: SAFE: Sumitomo Mitsui Advanced Finance for Ecology



To view the latest edition of SAFE and previous editions, please refer to the following website.

→ **WEB** "SAFE" corporate Environmental Magazine
<http://www.smfg.co.jp/english/responsibility/magazine/>

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Social Contribution Activities

Basic views

Fundamental approach for social contribution activities

》》》Fundamental approach for social contribution activities

SMFG and its Group companies recognize that it is important to consider the public nature of the financial institution and contribute to the development of society through business operations. In addition to the contribution to society through daily business operations, we should act as a "responsible corporate citizen" by engaging in activities which may assist in making the better society in the future. SMFG and its Group companies will pursue diverse social contribution activities in order to fulfill responsibilities as a "responsible corporate citizen."

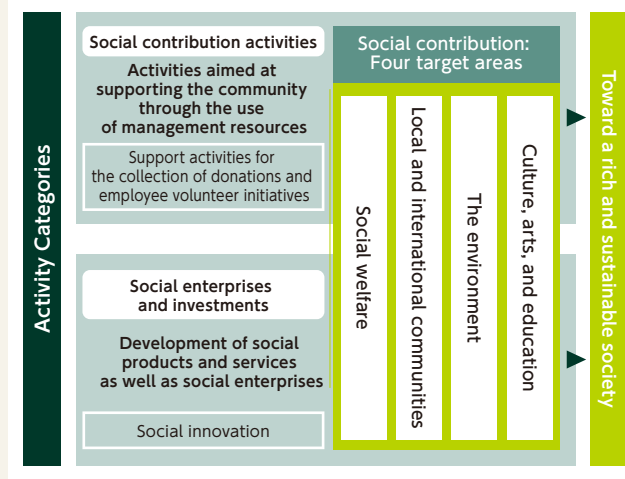
》》》Policy for social contribution activities

SMFG and its Group companies fully understand their roles as responsible corporate citizens, and perform social contribution activities for realizing a prosperous and sustainable society. We continue to plan and execute social contribution activities as the corporate citizen while supporting volunteer activities of employees, in order to proactively perform social contribution activities.

》》》The backbone for our social contribution activities

SMFG and its Group companies consider the following four areas as the core areas for social contributions activities:

- 1) social welfare; 2) local and international communities; 3) the environment; and 4) cultures, arts and education.



Major Initiatives

Major Social Contribution Activity Initiatives

》》》SMFG Clean-Up Day

SMFG organizes "SMFG Clean-Up Day" on which Group officers and employees and their families volunteer to clean up beaches. In fiscal 2012, a total of 350 volunteers participated in this activity in Arakawa in Tokyo and Suma Beach in Hyogo.



》》》Volunteer Activities by Officers and Employees

SMBC launched volunteer activities which call for the participation of officers and employees from fiscal 2013. Support is focused mainly toward charitable organizations including NPOs that are active in solving social issues in the form of SMBC Volunteer Fund.



》》》Activities of YUI, SMBC's Volunteer Organization

SMBC also provides support through the volunteer activities of YUI, an in-house volunteer organization which provides opportunities for SMBC employees to plan and perform volunteer activities. YUI regularly performs volunteer activities in the community, including social events at schools for the hearing impaired, beach cleaning, and the singing performances for senior citizens.



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Social Contribution Activities

》》》Participating in the TABLE FOR TWO Initiative

SMBC, SMFL, and Sumitomo Mitsui Card Company, Limited (SMCC) participate in a program which provides donations to fund school meals in developing countries. Donations are aligned to the purchase of low-calorie meals by employees at the head office cafeterias of each of the aforementioned SMFG Group companies. In fiscal 2012, SMBC extended this initiative to cover not only the Bank's head office, but also its nationwide network of branches. In addition to the efforts of the three SMFG Group companies, SMBC Nikko Securities Inc. (SMBC Nikko) and SMBC Friend has set up vending machines as a part of a program to provide donations in line with the purchase of beverages.



》》》Financial and Economic Education

SMBC and SMBC Nikko Securities organize vocational workshops for elementary school students to experience working in the financial industry. In addition to inviting students of elementary school up to high school to visit the office as well as having a special tour program of "Natsuyasumi Kodomo Ginko Tankentai" participated by elementary school students, the bank supports diverse financial and economic educational activities, including publishing a book titled "What Does a Bank Do?," providing financial, educational games on the SMBC website, cosponsoring Kidzania (a vocational experience theme park for children), and supporting Shinagawa Financial Park (economic training programs for junior high school students). SMBC Consumer Finance organized the event of card games for elementary school students to teach the origin and the functions of money and offered lectures on finance for students and adults, primarily at its "Customer Service Plaza" offices. A total of 2,137 of such events were organized in fiscal 2012. Kansai Urban Banking Corporation organizes a tour for elementary school students, and also offers a work experience program. SMBC, SMFL, SMBC Nikko Securities, Sumitomo Mitsui Card, JRI, and Minato Bank also sent instructors to teach classes at universities.



Providing educational assistance to junior high school students through the Shinagawa Finance Park



SMBC's Singapore Branch donating to a local Japanese school the Bank's educational comic book, "What Does a Bank Do?," which is designed for elementary school students

》》》Supporting Cultural and Artistic Ventures

Holding Charity Concerts

SMBC holds an annual charity concert "Meikyoku no Omochabako" in support of children who face difficult conditions in the Tohoku area of Japan as well as Vietnam and Cambodia. With performances by members of the Bank's in-house music club, employees also volunteer to ensure the smooth running of each concert. Donations collected from the audiences of concerts as well as the sale of employees' handcrafted products are gifted to the Kids Earth Fund for use in supporting disadvantaged children. In addition, concerts are held free of charge for the general public in lobbies of the Head Office and Osaka Head Office of SMBC and the Head Office and Biwako Main Office of Kansai Urban Banking Corporation (KUBC).



Sponsoring for Cultural and Artistic Ventures

SMBC Friend supports cultural and artistic activities by sponsoring special art exhibitions at the Yamatane Museum of Art. SMCC donates stage curtains to the National Theatre and the National Engei Hall and sponsors children's Kabuki performance in an effort to support the traditional performing arts and help nurture human resources in Japan. SMBC, SMBC Nikko, and Cedyne Financial Corporation (Cedyne) supports the promotion of music culture by sponsoring classical music concerts.



the National Theatre

Please refer the SMFG Group's website for details of other activities.

→ WEB | Community Investment and Involvement
<http://www.smfg.co.jp/english/responsibility/community/investment/index.html>

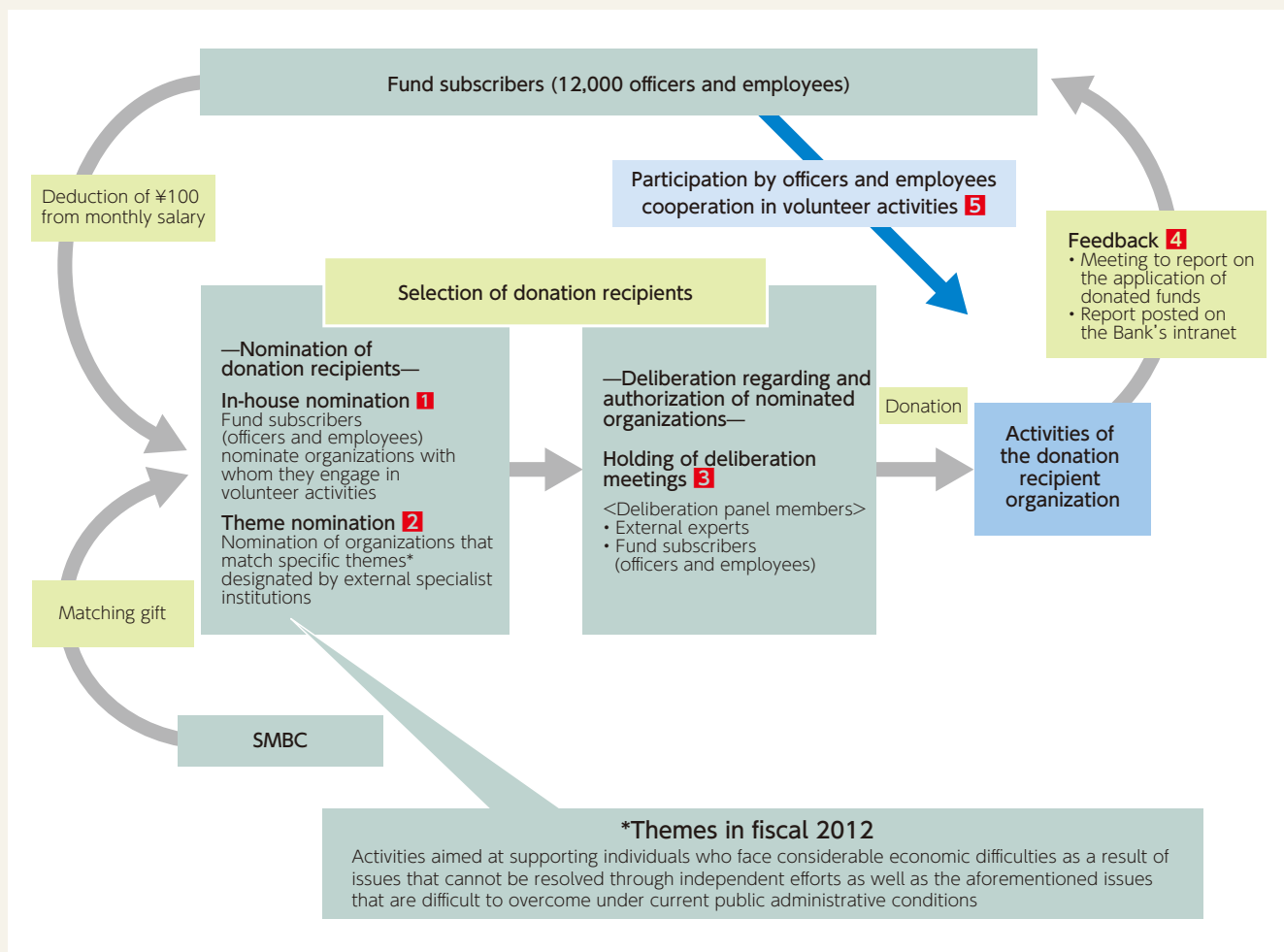
Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Close-up: Promoting Employee Participation in Social Contribution Activities

SMBC Volunteer Fund

SMBC has a fund in place under which ¥100 is deducted from monthly salaries of volunteering officers and employees and donated to volunteer organizations. Approximately 12,000 employees participated in the fund as of July 2013. At the same time, an annual matching gift program has been established under which the Bank fully matches employees' contributions. Volunteering officers and employees can actively participate in the selection of those organizations to receive donations from the fund. In order to address the specialized nature of the process, external institutions and experts also participate in selection. After donations are made, recipients are invited to meetings to report on the application of donated funds. In this manner, a system is in place to ensure direct feedback from donation recipients. Building on this endeavor, officers and employees began participating in the volunteer activities of these organizations from fiscal 2013.

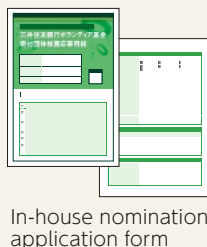
● Overview of the SMBC Volunteer Fund



Donation Recipient Nomination

» In-house nomination 1

Fund subscribers can nominate organizations with whom they engage in volunteer activities on a regular basis.



» Theme nomination 2

After setting a specified theme, nominations of organizations that engage in activities that are deemed to be highly effective with respect to the specified theme by external specialist institutions are accepted. In fiscal 2012, nominations of organizations that support individuals suffering from considerable economic difficulties both in Japan and overseas were received.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Close-up: Promoting Employee Participation in Social Contribution Activities

Holding Deliberation Meetings —Deliberation and authorization of nominated organizations— 3

An evaluation committee made up of a panel of external experts as well as in-house subscribers to the fund deliberates on the organizations nominated under 1 and 2 above to determine the final recipients of donations. In fiscal 2012, donations were made to a total of 34 organizations (14 in-house nominations and 20 nominations in accordance with nomination themes) after deliberation and authorization by two external experts and nine in-house fund subscribers.



Volunteer Fund Deliberation Meeting

applied while better understanding the significance of each organization and its purpose by hearing firsthand the comments of NPOs engaged in solving a variety of social issues. Meetings were held in three locations in Tokyo and Osaka during fiscal 2013 with reports from eight of the organizations received donation funds in fiscal 2012. Moreover, reports on the application of donation funds are posted on SMBC's intranet allowing subscribers to obtain feedback on donation results.



Meeting to report on the application of donated funds

Holding Meeting to report on the application of donated funds —Report to Subscribers— 4

Recipient organizations are invited to attend meetings to report on the application of donated funds. Subscribers are able to confirm exactly how donation funds are

Volunteer Activity Cooperation 5

In a bid to further enhance the overall framework of the fund, a mechanism was put in place that would allow officers and employees to participate in the volunteer activities of those charitable organizations receiving donation funds from fiscal 2013. Among a host of benefits, this opportunity to physically take part in activities and to promote a greater sense of interaction and cooperation allows participating officers and employees to better understand the activities of organizations.

TOPICS

Introducing Those Organizations Received Donation Funds in Fiscal 2012

The Ocean View Forest —A General Incorporated Foundation Nominated Internally by SMBC

The Ocean View Forest is an organization that operates a first palliative care facility in Japan for children with serious illnesses or disabilities and their families located in Oiso, Kanagawa Prefecture. In contrast to most hospitals, the facility is set in an ideal natural environment. Patients and their families stay to receive short and respite care. The goals are to create an environment in which patients can genuinely find comfort both in mind and body while nurturing a strong will to live a healthy life.



● Comments from a nominating employee

The facility is in urgent need of repair to offset aging and to install barrier-free amenities. The donation of funds will help to create an environment in which children with serious illnesses can enjoy a restful and enjoyable time.



Hunger Free World —A Specified Non-Profit Organization Nominated under a Specific Theme

Hunger Free World (HFW) is an international NGO that is working to build a world free of hunger. HFW organizes field work in Bangladesh, Benin, Burkina Faso, and Uganda.

● Donation Business:

Providing lunches to schools in Burkina Faso

One out of every three children in Burkina Faso is malnourished. Moreover, droughts have served to exacerbate difficulties by reducing the volume of food and sharply driving up food prices. Efforts are being made to provide lunches at elementary schools in a bid to improve nourishment and encourage children to attend school.



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Human Resources

Goals of SMFG's Human Resources Development

SMFG and its Group companies strive to create a work environment where each and every employee feels proud and is able to develop his or her full potential and capabilities. To that end, we implement numerous initiatives geared toward building a workforce of professionals equipped with extensive expertise, creating a corporate culture that derives strength from diversity, and raising employee awareness regarding rights of the individual.

Five Goals of 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 values of forward-looking, creative attitudes 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.

→ WEB Human Resources
<http://www.smfg.co.jp/english/responsibility/employee/>

Key Initiatives

»» Training Employees with Specialized Professional Skills

To develop professional and specialized employees who can provide our clients with highly valued products and services, we are further strengthening the training systems in respective Group companies.



TOPICS

SMFG Joint Training Program for New Recruits

In April 2013, eight major SMFG companies (SMBC, SMFL, SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyna, SMBC Consumer Finance, and JRI) conducted joint training seminars for their newly-hired employees, designed to provide them with a more in-depth understanding of the overall Group vision and management policy, and also to more fully encourage them to see themselves as part of Team SMFG.



Developing Employees for Global Operations

SMBC is keeping pace with the increasingly globalized nature of business and society through its efforts to develop an internationally-oriented workforce more fully equipped with practical language skills and worldwide business sensibilities, drawing on its approach of pursuing internationalization from within. Toward that end, SMBC provides substantial opportunities for cross-border interaction among its employees, such as in the form of joint training sessions that bring together national staff of overseas branches with employees based in Japan, and a program that enables national staff to work at the bank's offices in Japan for fixed periods of one month, three months and one year.



Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Human Resources

»»» Initiatives on Human Rights

SMFG participates in the “United Nations Global Compact,” and also endorses and supports its 10 principles in the areas of human rights, labor standards, environment and anti-corruption measures. Each Group company is implementing measures to further enhance awareness of individual human rights by organizing human rights awareness study sessions and inviting employees to reflect and come up with an individual human rights statement.

TOPICS

Human Rights Due Diligence

Participation in the Human Rights Due Diligence Workshop

SMBC takes part in the Nippon CSR Consortium's Human Rights Due Diligence Workshop, held amid a business environment where it is becoming ever more important that companies extend consideration to international CSR guidelines on human rights issues prescribed under such directives as the UN Framework on Human Rights, ISO 26000, and the OECD Guidelines for Multinational Enterprises. Caux Round Table Japan hosts the workshop sessions with the aim of encouraging Japanese companies to pursue CSR practices that will bolster their competitiveness. SMBC's participation in the forum enables it to explore potential options and look into approaches that can be pursued in regard to human rights issues going forward.

»»» Creating a corporate culture which derives strength from diversity

SMFG is creating a workplace that enables employees with diverse backgrounds to excel, regardless of gender, nationality and other individual differences. To that end, we operate an employee support program designed to help our people maintain a proper work-life balance. Meanwhile, all companies of the Group have adopted programs offering parental leave arrangements, time off for taking care of ill family, and reduced working hours.

TOPICS

Inclusion in “Nadeshiko Brand”

In 2013, SMFG was designated a “Nadeshiko Brand”, an accolade granted to companies that exhibit top-notch performance in terms of encouraging active participation of women in the workplace.



* “Nadeshiko Brand” designation is awarded to listed companies deemed to have maintained a strong track record of encouraging women's participation in the

workplace, on the basis of joint selection by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). In February 2013, the accolade was ultimately granted to 17 companies regarded as having achieved sound financial performance, from an initial pool of some 70 first-section TSE companies selected previously on the basis of scoring on excellence in two fronts: 1. their career support for women, and 2. assistance they provide toward enabling an adequate work-life balance.

Facilitating Better Work-Life Balance

In addition to the extensive range of other programs provided by all SMFG companies designed to enable employees a better work-life balance, SMBC also arranges what it refers to as its Working Mother's Meeting and JRI organizes its Mama & Papa Lunches where employees are able to share information on raising children. Meanwhile, SMBC Nikko Securities and SMBC Consumer Finance have introduced an online support program for employees returning to work from parental leave, while SMBC, SMBC Consumer Finance, Minato Bank, and Kansai Urban Banking regularly make training seminars available to employees taking parental leave. Our respective Group companies each strive to ensure that their employees are able to make a smooth transition back to the workforce after childbirth through initiatives such as seminars of SMBC and Kansai Urban Banking offered to employees scheduled to take maternity leave. Moreover, in 2013 SMBC forged arrangements with childcare service providers to care for employees' children when they fall ill, thereby addressing concerns that had been voiced by employees with childcare responsibilities who previously had been grappling with hardships in coming up with solutions when their children suddenly fell ill.



»»» Achieving Healthy and Fulfilling Lifestyles

SMFG companies pursue numerous initiatives that give rise to safe and pleasant workplace environments, and furthermore help employees achieve healthier and more fulfilling lives. For instance, SMBC has set up two health support centers, one in Tokyo and the other in Osaka, tasked with overseeing employee health care. The centers are permanently staffed with occupational health physicians, nurses, public health nurses and other healthcare professionals, and even house health clinics. SMFG companies also forge sound management-worker relations through efforts that include holding regular discussions with respect to labor conditions and human resource practices.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Third Party Opinion



Kaoru Kuroda

CSO Network Japan

Taking into consideration the critical need to create a sustainable society, the CSR activities of financial institutions which may substantially affect the society are increasingly being brought into question and scrutinized. SMFG has identified support for Reconstruction for the Great East Japan Earthquake, the environment, Japan's declining birthrate and aging of population, and globalization as the four priority issues that it needs to address. Of these priority issues, I believe that SMFG holds as paramount the environment. In this regard, I can see that the Company has made significant strides in the three pillars of its environmental action; reduction of impacts on environment, management of environmental risks, and promotion of environmental businesses through both its core as well as CSR activities. Meanwhile, SMFG, like a great many companies, continues to struggle with efforts to address society's concerns. Looking ahead, I would hope that the Company places increased and equal emphasis on the three issues of support for reconstruction for the Great East Japan Earthquake, Japan's declining birthrate and aging of population, and globalization. Referring to SMFG's CSR page posted on its website, I would like to put forward several observations.

Support for Reconstruction for the Great East Japan Earthquake

While more than two-and-a-half years have passed since the Great East Japan Earthquake wreaked its havoc, it will take a considerable amount of time before a full recovery is completed. SMFG continues to provide reconstruction support to the areas affected by the earthquake through a variety of social contribution activities including a framework that enables employees to take special leave for volunteer activities in collaboration with NPOs and by taking full advantage of the core businesses of Group companies. The fact that the Group has adopted a limited but long-term approach toward its reconstruction efforts in line with opinions raised during a dialogue with stakeholders during the previous fiscal year is to be highly commended. I look forward to the Group pursuing its social contribution activities in tune with the ever-changing needs of each affected area and hope that individual Group companies will harness their specific attributes to rebuild and revitalize regions still affected by the earthquake.

Addressing Japan's Declining Birthrate and Providing Opportunities for Women to Realize Their Potential in the Workplace

Expectations toward the corporate sector continue to increase regarding the important social issue of Japan's declining birthrate. I believe that the dialogue with stakeholders including

several external experts held in January 2013 to discuss this pressing issue is of considerable significance, and recognize the positive steps taken by each Group company to publish data on efforts to balance employees' child-raising and work concerns while supporting the endeavors of NPOs to bolster the organizational foundations required to boost child-raising through the Pro Bono Project. The ability of companies to assist employees in child-raising is often limited. I am therefore convinced that cooperation and coordination among a number of stakeholders including government authorities, NPOs, and community organizations are of the utmost importance. As an issue that is related to Japan's declining birthrate, SMFG's designation as a Nadeshiko brand, a publicly listed company that excels at promoting women in the workforce, is to be applauded. However, in the 2013 edition of its "Global Gender Gap Report" announced in October 2013, the World Economic Forum ranked Japan 105th out of the 136 countries surveyed. While the government is working to bolster support for activities aimed at promoting women in the workforce, steps should be taken to avoid slipping into any sense of complacency. In this context, I would like to see the SMFG Group adopt bold policies and targets that match global standards and to engage aggressively in a wide range of activities.

Globalization

The third version of the Equator Principles, which comply with the Performance Standards on Environmental and Social Sustainability put forward by the International Finance Corporation (IFC), came into effect in June 2013. While the third version seeks mainly to expand the Principles scope of application, I would like to touch briefly on the aspect of stakeholder involvement. Amid the growing globalization of project finance, the involvement of local community stakeholders is becoming increasingly important. This recent revision to the Equator Principles places particular emphasis on the need to obtain free, prior, and informed consent from all native inhabitants who may be affected by a particular project. This is a significant expansion on the second version of the Equator Principles, which focused only on consultation as opposed to consent. Moreover, the third version cites the United Nations' guiding principles regarding business and human rights found in multiple international documents. I am convinced that the importance placed on participation in human rights due diligence workshops in these guiding principles is a major step forward in addressing the issue of global human rights. I would therefore like to see the SMFG Group as a whole, as well as SMBC which has adopted the Equator Principles, upgrade and expand its CSR activities on a global scale.

In Conclusion

The fact that SMFG has received various awards for its CSR and sustainability efforts is to be highly commended. Recognizing that there can often be a gap between the lofty CSR ideals and philosophies and the actual business in daily activities, I acknowledge the steadfast and bold efforts of the Group to narrow any discrepancy. While further enhancing its well established environmental activities, I would also like to see the SMFG Group bolster its social endeavors and areas in which it is weak in Japan.

Company Profile and Editorial Policy	Fiscal 2012 Highlights	Commitment from the Top	Priority Issues for Us	Priority Issues for Us: Case Study	CSR at SMFG
Solid Management Structure	Initiatives for Enhancing Customer Satisfaction (CS) and Quality	Environmental Preservation Initiatives	Social Contribution Activities	Human Resources	CSR-Related Data at SMFG

Contents

CSR-Related Data at SMFG

CSR Activity Performance and Goals of SMFG Companies

→ **WEB** <http://www.smfg.co.jp/english/responsibility/smfgcsr/goal/group.html>

Performance Data and Goals of the Six Principal SMFG Companies

→ **WEB** <http://www.smfg.co.jp/english/responsibility/environment/achievement/>

SMFG Environmental Data

→ **WEB** <http://www.smfg.co.jp/english/responsibility/environment/reduction/data01.html>

Initiatives for Environmental Businesses by Group Companies

→ **WEB** <http://www.smfg.co.jp/english/responsibility/environment/business/data.html>

Employees

→ **WEB** <http://www.smfg.co.jp/english/responsibility/employee/personnel/>

Main Work-Life Balance Support Systems

→ **WEB** <http://www.smfg.co.jp/english/responsibility/employee/life/>

CSR Report 2013



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