

STORY BOOK

2025

The Way of
Creating Social Value
at SMBC Group



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Message from Group CEO



SMBC Group positioned “Creating Social Value” as one of the key pillars of management under our FY2023–FY2025 Medium-Term Management Plan, “Plan for Fulfilled Growth,” and we have been proactively advancing various related initiatives.

Our approach is based on the realization that solving social issues has become essential for sustainable corporate growth, and it aims to simultaneously “pursue economic value” while “creating social value.” While we have indeed long acted with an awareness of our social significance as we pursued economic value, the current Medium-Term Management Plan took us one step further: even when an initiative does not necessarily lead directly to economic value, we have embraced the challenge of activities aimed at resolving social issues.

At the outset, some employees across the Group felt uncertain, such as not being able to clearly envisage what they should do in practical terms. More recently, however, many employees in Japan and overseas have been actively engaging in initiatives with a strong focus on creating social value. As Group CEO, I host the SMBC Group “Shaka-kachi AWARD” to recognize employees who have taken outstanding initiatives that contribute to creating social value. I am pleased to say that the number of applicants in FY2025 increased to approximately 6,000 from approximately 2,500 in FY2024.

This has not only reaffirmed how these activities are spreading across the Group, but also made me feel that many truly interesting initiatives are emerging.

This mindset is also becoming more visible on the front line in our sales activities where we engage with customers. For example, there is a growing attitude to act in ways that are beneficial to society wherever possible or to make proposals to customers starting from the perspective of social value. As a result, we have been receiving more positive feedback from customers, such as: “SMBC Group has really been changing lately.” We are also seeing CSR initiatives that are highly valued by local communities.

However, our journey has only just begun. In the new FY2026–FY2028 Medium-Term Management Plan, we intend to further improve and enhance our initiatives toward creating social value, and to establish them as one of our core strengths and part of the SMBC Group brand. Going forward, we will continue to engage sincerely with a broad range of social issues and contribute even more to the realization of Fulfilled Growth.

We sincerely appreciate your continued interest in and support for SMBC Group’s initiatives toward creating social value.

Toru Nakashima
Director President and Group CEO



What is “Creating Social Value”?

Currently, the economic and financial status quo is undergoing significant transformation, including some reversal of social and economic globalization, as well as rising inflation and interest rates, especially in Europe and the United States. Moreover, digital transformation is accelerating in all fields, while corporate activities and individual consumer behavior are undergoing major changes, and the issues facing the planet are becoming more diverse and serious. As a consequence, the values of investors, customers, and employees are steadily changing, and expectations are growing for companies to make concrete efforts to help solve social issues.

In light of these changes in the business environment and in stakeholder expectations, SMBC Group has adopted the creation of social value as one of its basic policies under the current Medium-Term Management Plan.

Given this decision, we are often asked, “What does creating social

value actually mean?” Based on the knowledge that solutions for social issues represent a growth market for the future, SMBC Group believes that creating social value means “providing added value that helps promote the medium- and long-term development of customers and society by addressing social issues as part of our core business and social contribution activities.”

For example, support for startups is one of our initiatives to address the major challenge of Japan’s Regrowth. Since there is a shortage of venture capital for startups to grow, we can create social value by not only providing startups with debt equity financing but also developing digital banking services and creating an ecosystem specifically designed for startups. Creating social value in this way can be described as helping to turn Japan into a vibrant society that encourages entrepreneurship.

This Story Book features interviews with our employees who are working to create social value, along with details of their projects. As each of you works to create more social value than ever before, we hope that this Book will be helpful in improving your understanding of the activities involved, while also helping you to devise specific initiatives as part of your daily work.



Achieving “Fulfilled Growth”

Under our FY2023–FY2025 Medium-Term Management Plan, “Plan for Fulfilled Growth,” we have positioned **Creating Social Value** as a core management principle. For SMBC Group, Fulfilled Growth means building a world where social issues are resolved as the global economy grows, and where everyone can experience more fulfillment in life. Moreover, creating social value is the key to helping society achieve its own fulfilled growth.

Global issues such as climate change, violations of human rights, poverty and inequality are becoming ever more critical. With the worldwide prioritization of economic activities in recent decades, the creation of social value has been neglected, increasing the severity of these social issues.

Decades ago, our home market of Japan experienced a period of high economic growth, which ended with the bursting of the bubble economy in the early 1990s. This was followed by decades of low growth, sometimes referred to as “the lost 30 years.” Japan has also had to deal with a declining birthrate, aging population, and population reduction, which further accelerated during this period.

Given these circumstances, creating social value has gained even more importance as an objective alongside economic value. It is clear that companies that are unable to create social value going

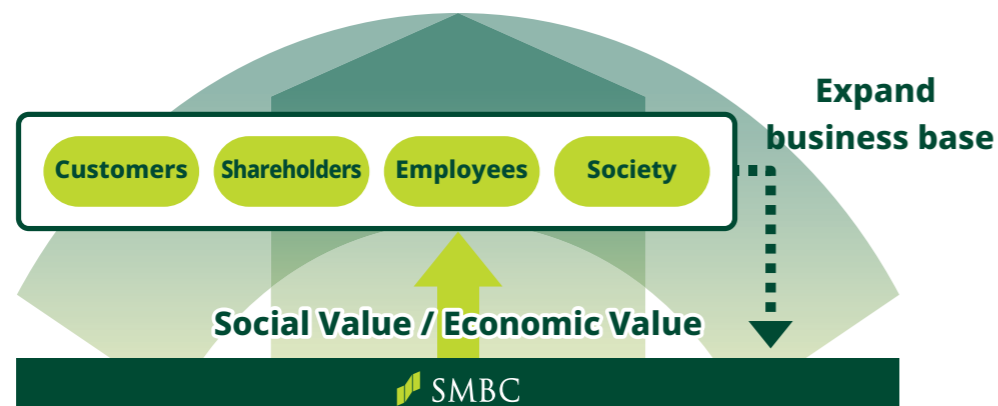
forward will also lose their eligibility to pursue economic value. Since society is the environment in which we operate, we cannot achieve sustainable growth without supporting continued social development. As responsible corporate citizens, we must proactively work to resolve social issues while creating social value, even in areas that do not directly lead to economic value in the short term.

From a long-term perspective, creating value for society will ultimately grow our economic value by expanding our business base, enabling us to give even more value back to society. This becomes a virtuous cycle that leads to the creation of even greater social value.

Leveraging this approach as a good corporate citizen of the world, SMBC Group is determined to take the lead in solving social issues and promoting Fulfilled Growth all around the world.

Era of “Fulfilled Growth”

An era where people feel fulfilled as economic growth accompanies the resolution of social issues



Anticipate Changes in “Metrics”

As creating social value becomes more important, the metrics used to measure a company's value will change. Going forward, measuring only economic value will no longer be enough, and creating social value will become a new additional indicator for measuring corporate value. Accordingly, companies that fail to create social value will provide less corporate value, and the world will transition to one where all companies strive to create social value.

The priorities of our stakeholders, such as customers, employees, and investors, are also steadily changing. According to an internal survey conducted in July 2023, approximately 97% of employees across SMBC Group agreed with including the strategy of creating social value in the current Medium-Term Management Plan.

Also, companies known for their sustainability management such as UK-based Unilever and US-based Patagonia attract talented employees from across the globe. They have built brands with strong customer loyalty, which ensures their products are in demand even when they are priced significantly higher than competing products.

We are aiming to achieve consolidated net profit of over 1 trillion yen during the next Medium-Term Management Plan period. While pursuing economic value, we will also work to create social value as part of our core business activities.

These efforts should help ensure that our customers will continue to utilize our services for many years to come, while instilling even greater pride in more than 120,000 SMBC Group employees and their families. We also aim to earn the trust and praise by stakeholders such as shareholders, NGOs, and business partners, while contributing to the local communities in which we operate.

Furthermore, the importance of creating social value also extends to our customers. In recent years, impact finance and impact investment activities have begun to spread worldwide. As a financial institution, we will properly assess the impact our customers have on society and create a major flow of funds toward solving social issues in addition to the traditional financial-based evaluation.

Going forward, when it comes to disclosure of our own initiatives, in addition to conventional financial results data and output-based KPIs, we will also adopt KPIs to measure our impact on society. We will show stakeholders in a quantitative and objective way how we are creating social value.

While anticipating changes associated with these new “metrics,” we will strive to expand our solutions linked to social impact and improve the effectiveness of our disclosure. This will allow us to open up new financial markets for the creation of more social value.





1 Democratizing Decarbonization Management with a Simple Corporate Card Payment

A World-First* Function to Calculate Scope 3 Category 1 CO₂ Emissions Based on Card Payment Data

Following the Paris Agreement and the Japanese government's carbon-neutrality pledge, the demand for corporate decarbonization management is rising rapidly. However, beyond Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy use), companies are increasingly required to report Scope 3 (emissions across the entire supply chain), which many still find challenging.

In response, Sumitomo Mitsui Card Company, Ltd. (SMCC), Sumitomo Mitsui Banking Corporation (SMBC) and Visa Worldwide Japan Co., Ltd. (Visa) launched a service for companies nationwide in November 2023 that automatically calculates Scope 3 emissions for Category 6 (business travel) and Category 7 (employee commuting) using corporate card payment data. However, ongoing dialogue with clients made it clear that addressing Category 1 (emissions from purchased goods and services), which accounts for the majority of emissions and requires significant effort in data collection and analysis, is key to advancing decarbonization management.

Chunying Yin of SMBC's Sustainable Solution Dept., Strategic Corporate Business Dept., noted the difficulties she observed firsthand: "The effort required for data collection was so great that many companies gave up on calculating Category 1 emissions."

Visualizing CO₂ Emissions with a Simple Corporate Card Payment

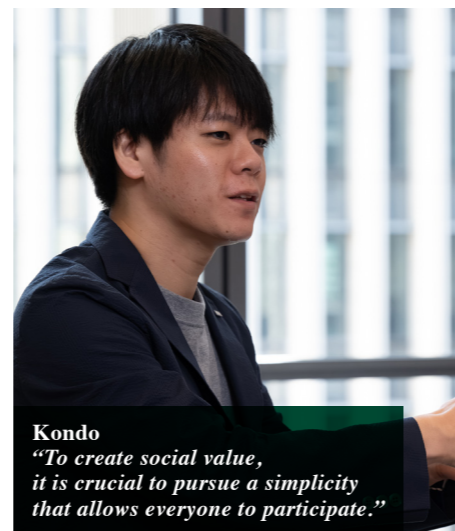
Genki Kondo of SMCC's Business Marketing Development Dept., who promoted the development of the automatic Category 1 calculation function, focused on the potential to map "payment amount" and "merchant category" fields in payment data to the amount-based method outlined in the Ministry of the Environment's guidelines. This concept took shape through the collaboration among SMCC, SMBC and Visa. The three companies combined their strengths and began developing the Corporate Card Data CO₂ Visualization Service, which estimates CO₂ emissions

simply from corporate card payments. Visa contributed its global payment infrastructure; SMCC contributed its client relations and product development capabilities; and SMBC provided post-calculation support for emission reductions and financial services.

Customer-First Over World-First: Deciding Never to Compromise on Quality

The biggest dilemma the development team faced was a choice between being first in the world as quickly as possible and delivering a high-quality, practical, user-friendly product. Although the service was ready for an early launch, the team made the deliberate decision to take additional time to improve

quality. Despite concerns that another company might launch before them, the decision was grounded by thorough discussions



Kondo
"To create social value, it is crucial to pursue a simplicity that allows everyone to participate."

on what constitutes true value for the customer. Kondo recalled, "After thoroughly examining 'what constitutes true value for the customer,' we concluded that long-term usability matters most. We therefore prioritized quality improvement, believing that providing a high-quality product as a world-first is how we deliver true value. This view ultimately became the team's shared understanding."

With "customer-first" as their motto, the team began the meticulous review of vast amounts of merchant data. For example, purely mechanical classification risked including data unrelated to CO₂ emissions in the calculation. They had a painstaking task to identify and remove data that could confuse clients without over-filtering and missing the needs of specific companies. This commitment to quality carried the risk of schedule slippage. However, the representatives from SMCC, SMBC and Visa held cross-company discussions and pooled their expertise to enhance the precision and speed of this work. As a result, in July 2024, they became the first in the world to launch the capability to calculate Scope 3 Category 1 emissions based on Visa corporate card payment data.

This service frees clients from the burden of data collection, allowing them to concentrate their resources on analysis and strategy for what matters most: reducing emissions. Furthermore, companies that previously viewed Scope 3 calculation as something outsourced to consultants can now take the first step as part of their daily operations.

In addition, this service has generated a virtuous cycle within SMBC Group. For SMCC, it opened new dialogues with departments they previously had less contact with, such as corporate planning and sustainability promotion, in addition to clients' accounting and digital transformation (DX) departments. Consultations on how to advance decarbonization management are leading to new business opportunities,

such as streamlining card management. Conversely, SMBC can deepen relationships by introducing this service to clients seeking to streamline their calculations. This collaboration, leveraging the Group's collective strengths, is generating a new cycle of value creation by solving client challenges.

Beyond Visualization: Envisioning a Future Where CO₂ Emissions Can Be Reduced with a Simple Card Payment

The launch of the Corporate Card Data CO₂ Visualization Service is not the end goal but a starting point. For corporate decarbonization management, concrete actions toward emission reduction beyond visualization are essential. SMCC is already developing solutions that drive reductions. The SMBC Group is also accelerating this movement. SMBC is strengthening its collaboration with Asuene Inc., a provider of CO₂ emissions calculation and visualization cloud services. By combining Asuene's client data with SMBC's financial and non-financial information, the Group is building a system to provide integrated support, including more precise emission-reduction proposals and financial assistance such as sustainable finance.

Reflecting on the project, Yin, who has been listening to client feedback on the front lines, shared the importance of presenting a compelling narrative.

"Clients often ask, 'Why, who, and how should we advance decarbonization?' This time, by combining the strengths of our three companies, we were able to present a narrative in which anyone can easily begin their decarbonization management journey as part of daily operations through corporate card payments. A compelling story engages people and helps solve social issues."

*A world-first in calculating Scope 3 Category 1 emissions based on Visa corporate card payment data. Based on research by Visa.



Yin
"A compelling story engages people and leads to the resolution of social issues."

Finally, Kondo, who promoted this project with a desire to create new value by connecting finance and non-finance, concluded: "Social issues often involve many intertwined factors and can appear complex. But that is precisely why the solution must be simple, or it will not be possible to involve a wide range of people. When faced with a complex challenge, it is essential to distill its essence and pursue a simple mechanism in which everyone can participate. I believe this approach is crucial for creating social value."



Genki Kondo Business Marketing Development Dept., Sumitomo Mitsui Card Company, Ltd.

My Shaka-kachi spirit: **Creating a fair society where each individual's strengths can shine**

Chunying Yin Vice President, Sustainable Solution Dept., Strategic Corporate Business Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **Solving social issues with everyone's collective wisdom**

*The content of this page is current as of the date of the interview (August 2025). *Profiles are listed in order from left to right in the main photo.



2 Collaborating with Partners to Achieve Zero GHG Emissions from Power Consumption

Jointly Supplying 150 MW of Renewable Energy with YANMAR Group: Japan's Largest Power Purchase Agreement

As companies work toward carbon neutrality by 2050, many are stepping up efforts to reduce greenhouse gas (GHG) emissions. YANMAR Group is among those actively advancing sustainability management. Under its "YANMAR GREEN CHALLENGE 2050," the company has set an ambitious goal of achieving carbon neutrality in its own operations by 2030. A major hurdle to reaching this target is cutting Scope 2 emissions, the indirect emissions from electricity use, because the company cannot secure enough renewable power generation capacity solely within its domestic plant sites. Procuring electricity from off-site sources therefore became essential.

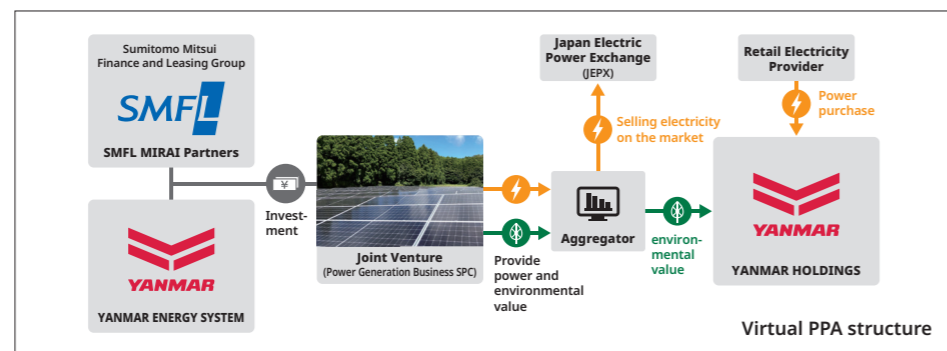
Addressing this challenge, Takuya Inokuchi from the Osaka Corporate Business Dept. I at Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL) held discussions with YANMAR Group, drawing on the trust built through years of collaboration. Recognizing that the renewable energy expertise of group company SMFL MIRAI Partners Co., Ltd. (SMFL MIRAI Partners) could provide a solution, he brought SMFL MIRAI Partners and YANMAR Group together, marking the beginning of this initiative.

Establishing a Joint Power Generation Company with YANMAR ENERGY SYSTEM to Deliver Additional Environmental Value in a Short Time Frame

The initiative adopted a "Virtual Power Purchase Agreement (VPPA)," a contract model with few precedents in Japan. In a standard PPA, a consumer signs a long-term contract to purchase renewable electricity from a power producer. In a VPPA, the environmental attributes of the renewable generation, such as its zero-CO₂ emissions profile, are unbundled from the physical electricity and traded separately, typically in the form of certificates. Yuki Shiraishi from the Environmental and Energy Business Development Dept. at SMFL MIRAI Partners, who oversees day-to-day project operations, explained: "Because it does not involve physical

transmission, we can flexibly supply environmental value from plants in many locations without geographic constraints. Companies that buy this value can effectively convert their electricity use to renewable energy by pairing these attributes with the power they consume." The project is distinctive beyond its structure. YANMAR Group placed strong emphasis on procurement with "additionality," which increases the total supply of renewable energy in society, and wanted to be a direct participant in power generation

rather than only a purchaser of environmental value. Akinori Moriasa from the Carbon Neutral Promotion Division at YANMAR ENERGY SYSTEM CO., LTD. recalled: "Although purchasing green power from a utility company was an option, we felt a strong sense of mission to proactively drive renewable energy adoption and decarbonization ourselves." To meet this need, SMFL MIRAI Partners established a joint power generation company with YANMAR ENERGY SYSTEM in November 2024 and began



Shiraishi
"Rather than rejecting the project because there was no precedent, we drove it forward with a side-by-side, hands-on support approach."

supplying environmental value to YANMAR Group in December. This speed, reaching the start of supply in about eight months from the onset of full-scale discussions in April, was made possible by SMFL MIRAI Partners' development-first strategy. Typically, plants are developed only after a consumer is secured, which takes time. To resolve the "buyer-first or plant-first" issue, SMFL MIRAI Partners anticipated growing demand for renewable energy and moved ahead with development, enabling value to be provided within a short timeframe.

Building a Highly Transparent Partnership While Addressing Market Price Volatility and Natural Disaster Risks

Bringing this advanced initiative to fruition required overcoming several challenges. One major hurdle was the market price volatility risk inherent to VPPAs. Under this structure, the price consumers pay for environmental value is designed to move in the opposite direction of electricity market prices. When market prices fall, payments for environmental value increase, and when prices rise, payments decrease. Because of this complex price linkage, future

payment amounts could not be fixed in advance. To address this, Shiraishi thoroughly analyzed price trends across electricity markets throughout Japan and simulated the impact of price swings. He then proposed measures to smooth overall costs, such as combining the PPA with a separate power supply contract under which rates decrease when market prices fall.

Because stable plant operation is directly tied to achieving YANMAR Group's goals, transparency around site-related risks was essential. For sites along rivers with flood potential and locations in Hokkaido and the Tohoku region with heavy snowfall, those risks were clearly disclosed. Shiraishi carefully explained specific countermeasures, such as the status of flood control on relevant rivers and structural designs that can withstand snow loads, deepening understanding of the project's stability. The team also returned to the original purpose of renewable energy and promoted plants that do not require large-scale land alteration or deforestation.

This process was supported by SMFL Group's organizational backing. "The credit department did not simply reject the project because there was no precedent," Shiraishi explained. "Instead, they took a side-by-side, hands-on support approach, closely examining the inherent risks and working with us to consider concrete countermeasures so the initiative could move forward."

Through this dialogue and collaboration, the parties concluded a basic agreement for the supply of 150 MW, the largest PPA of its kind in Japan. This outcome corresponds to an annual CO₂ reduction of about 72,500 tons, equivalent to the amount absorbed by forests covering an area the size of 55 Tokyo Domes. The project was widely reported in

newspapers and other media, which led to inquiries from other companies facing similar challenges, sparking moves toward new collaborations.

Deepening Partnerships to Solve Larger Social Issues

SMFL MIRAI Partners aims to diversify its solutions beyond conventional solar power, looking to high value-added generation methods that make effective use of limited land, such as agrivoltaics, which combines agriculture and power generation. These new initiatives are driven by the strong partnership that YANMAR HOLDINGS and SMFL have built. Yuko Masaki of the Yanmar Green Challenge Division, at YANMAR HOLDINGS CO., LTD. reflected: "We were able to work as a single team with shared objectives and smooth communication." She added: "Collaboration that leverages each company's strengths enables us to take on larger social issues that would be difficult to solve alone."



Inokuchi
"Helping solve the challenges our partner companies face leads directly to Creating Social Value."

Inokuchi also places strong emphasis on collaboration with partner companies. Looking back on the project, he described its broader social significance:

"I see the challenges faced by our partner companies as social issues in their own right. For the YANMAR Group, which operates globally, including in Europe where environmental regulations are strict, decarbonization initiatives like this project were an urgent management issue. The fact that we were able to help resolve this challenge can be applied to collaborations with other companies that have similar needs, leading to our own growth as well. I believe that deeper collaboration leads directly to Creating Social Value."



Moriasa
"We felt a strong sense of mission to proactively drive decarbonization."

Masaki
"Leveraging each company's strengths to take on social issues."

Yuki Shiraishi Deputy Senior Staff, Environmental and Energy Business Development Dept., SMFL MIRAI Partners Co., Ltd.

My Shaka-kachi spirit: Synergistic effects on third parties

Takuya Inokuchi Vice President, Osaka Corporate Business Dept. I, Sumitomo Mitsui Finance and Leasing Co., Ltd.

My Shaka-kachi spirit: Deepening collaboration with partner companies

Yuko Masaki Yanmar Green Challenge Division, Sustainability Promotion Division, YANMAR HOLDINGS CO., LTD.

Akinori Moriasa Sales Planning Dept., Carbon Neutral Promotion Division, YANMAR ENERGY SYSTEM CO., LTD.



3 Visualizing EV Battery Value to Create a Domestic Resource Circulation Market

Economy in the EV Market through Investment in MobiSavi and Its EV Performance Prediction Technology

The global shift toward electric vehicles (EVs) is accelerating as decarbonization efforts gain momentum. Yet Japan relies heavily on imported rare metals such as lithium and cobalt for EV batteries and lacks a domestic framework to accurately evaluate the performance and value of used batteries. As such, roughly 80% of used EVs are exported. Addressing this situation requires a system that makes battery value visible and promotes domestic circulation.

In response, two departments within Sumitomo Mitsui Banking Corporation (SMBC) approached the issue differently. The Corporate Advisory Division, which aims to foster next-generation industries, has identified smart mobility and the EV battery sector as priority areas since 2016. And the Sustainability Development Dept. focused on building a circular economy (CE) from the perspectives of environmental solutions and economic security. Acting on advice from SMBC Vice Chairman, Naoya Misawa of the Corporate Advisory Division met MobiSavi Inc. (MobiSavi) President Kiyo Sako, whose company predicts EV battery performance, prompting both departments to launch a new market-creating initiative.

Investing in MobiSavi: Device-less, Multi-brand EV Battery Performance Prediction

MobiSavi's EV battery performance prediction technology differs from conventional methods by using statistical analysis to estimate battery degradation without physical measurement devices. Using data such as vehicle specifications, driving behavior, road conditions and ambient temperature, it can be applied to vehicle models from a wide range of domestic and international manufacturers. It predicts both current battery condition and future performance degradation with high precision, enabling objective valuation of previously opaque used batteries and supporting fair pricing. Misawa was impressed not only by MobiSavi's unique technology but also by Sako's commitment to addressing social issues.

Concluding that the project would help strengthen Japan's industrial competitiveness, he worked with Nana Azuma of SMBC's Sustainability Development Dept. to execute an equity investment using the Social Value Creation Investment Framework, which prioritizes social value alongside economic returns. He later shared his perspective as a business partner on the background to this investment.



Misawa
"I want to use SMBC Group's network to connect the missing pieces and create an industry together."

"This project goes beyond simple financial support. Building a CE requires a value chain in which diverse industries work together. We are committed to 'creating an industry together' by working with MobiSavi to address ecosystem challenges and using SMBC Group's network to connect the missing pieces."

Fostering Understanding of MobiSavi's Technology and Establishing SMBC Group's Investment Rationale

Bringing this investment to fruition involved two main challenges. The first was building internal understanding of MobiSavi's technological superiority. Because the EV battery CE market is highly specialized and still in its early stages, sharing the importance of the technology across the organization was essential.

To make his internal explanations persuasive, Misawa first focused on acquiring expert knowledge. Starting from a point where even basic terms such as "ampere," a unit of electric current, were unfamiliar, he studied the fundamentals of physical chemistry and electrochemistry, which underpin battery technology. He also took part in demonstration experiments in Fukuoka Prefecture to better understand on-site issues and needs, building a foundation to explain the importance of the technology logically.

This commitment to building expertise was highly valued by MobiSavi. Sako noted, "Misawa and the SMBC Group team have surprisingly deep knowledge of the automotive industry and have accurately grasped the issues. I place great trust in them as partners because of their high level of expertise."

The second challenge was clearly establishing the validity of the investment for SMBC Group, beyond the technological advantage. Azuma, who led the initiative, explained the key considerations when applying the Social Value Creation Investment Fund:



Azuma
"I emphasized its contribution to SMBC Group's overall business development."

"The requirement was not just that MobiSavi's technology was superior, but that it aligned with the direction of the CE that SMBC Group is aiming for and contributed to the Group's overall business development."

To position the investment as part of Group-wide business development, Azuma first researched EV-related business trends across

Group companies. She then identified potential synergies with existing initiatives, such as reused battery businesses, once MobiSavi's technology is built into the value chain to make battery performance visible. In this early stage of the EV battery market, where predictive data is still limited, she also emphasized social value factors such as the importance of being a first mover and contributing to economic security to make the case for the investment's soundness. The combination of technical persuasiveness grounded in field knowledge and strategic validity tied to Group-wide business development ultimately made the investment in MobiSavi possible.

Designing Mechanisms to Balance Social Impact with Economic Rationality to Make CE a Sustainable Business

This investment marked a major turning point for MobiSavi. Sako reflected:

"To be honest, my resolve to start the business was still vague at the time. But the SMBC Group team's deep understanding of our business and hands-on support became a source of mental support and solidified my determination to move the business forward. Our dialogue helped us recognize the value of our device-less technology and clarify our key selling points, and the partnership announcement gave us significant momentum, building recognition that 'when it comes to EV batteries, people think of MobiSavi.'"

Since the announcement, numerous inquiries have come in from both inside and outside the bank, and several business matches between SMBC Group clients and MobiSavi have already materialized. New forms of collaboration are beginning to emerge, and MobiSavi aims for further growth centered on this partnership. Sako then described the company's vision for the future.

"In a society with a declining population, mass production and mass consumption are no longer

viable; the CE philosophy of making full use of what already exists is essential. Its essence is not monopoly, but co-creation across the entire industry. We position our foundational technology, which visualizes EV value, as social infrastructure for that purpose. That is why we do not seek to compete with specific players, but to serve as a catalyst that works in coordination with all players to support the spread of EVs and the growth of the market."



Sako
"The essence of CE is not monopoly, but co-creation. We aim to be the catalyst for that."

SMBC Group intends to support this vision as a business partner, building an ecosystem that brings together industry, government and academia to elevate EV and EV battery CE into one of Japan's new core industries. Using this early entry into the EV market as a foothold, the Group also plans to expand its CE initiatives into other fields.

Reflecting on the initiative, Misawa emphasized the importance of "sustainable business design" that balances solving social issues with economic rationality:

"I believe a truly sustainable state is one where activities operate autonomously without anyone having to overextend themselves. It is important to create a market where companies can enter naturally as a business, without relying on regulations or subsidies. In initiatives like this EV battery CE project, if we design mechanisms that make value visible and promote transactions, new business opportunities will emerge while also helping to solve social issues. I believe this kind of design is the key to continuously addressing social issues."

Naoya Misawa Corporate Advisory Division, Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: Incorporating the resolution of social issues into business.

Kiyo Sako President, MobiSavi Inc.

Nana Azuma Vice President, Sustainability Advisory Office, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: A compass that continues to point toward a prosperous future.



4 How Children's Excitement Is Driving Social Change: Project for Everyone to Reduce CO2 (Genkotsu)

Accelerating Everyday Decarbonization Through a Virtuous Cycle of Learning and Purchasing

To achieve a decarbonized society, many companies are developing environmentally friendly products, yet their value is still not fully reaching consumers or driving purchases. Behind this is a structural dilemma: manufacturers want to promote environmental benefits, while retailers hesitate to stock higher-priced items that may not sell. This gap between supply and demand is hindering broader changes in consumer behavior. To break this impasse, consumers must recognize the value of environmentally friendly products and feel motivated to buy them. An approach that directly engages the awareness and actions of each individual is essential.

Tsutomu Sasaki, Head of the Green Marketing Lab (GML) at The Japan Research Institute's Center for the Strategy of Emergence, has supported corporate decarbonization for 20 years and is acutely aware of this issue. "Unless consumers themselves choose to pay for the added value of environmental contribution, corporate initiatives will not be sustainable," he notes. Driven by this conviction, he established GML in 2023 to tackle the challenge from a consumer-centric perspective.

Project for Everyone to Reduce CO2 (Genkotsu): Fostering Lasting Behavior Change by Connecting "Learning" and "Purchasing"



Sasaki
"It is essential to build in elements that create enjoyment and empathy, not just rely on logic or being correct."

but to change," GML is advancing Project for Everyone to Reduce CO2 (Genkotsu). The most distinctive feature of this project is its end-to-end integration of "education" and "purchasing" related to decarbonization, which have often been disconnected. Working with local governments and schools, it provides children with learning opportunities through educational tools and lessons, then links that learning to in-store promotions at local retailers. This mechanism, which encourages lasting behavior change through the interplay of learning and practice, is unprecedented in Japan. Sasaki emphasizes the importance of engaging consumers' hearts: "Environmental and energy initiatives tend to be driven by technical, supply-side discussions that overlook the consumer perspective. Logic and being correct alone do not change behavior. We must build in elements of 'excitement' and 'joy' that create engagement and empathy."

Guided by the belief that "if consumers change, manufacturers and retailers will have no choice



Matsuba
"There is no other framework that brings manufacturers, government agencies, and retailers together as one."

This initiative is supported by the Challenge Carbon Neutral Consortium (CCNC), established in September 2023, which brings together private-sector companies from diverse industries, including retail and manufacturing. General Manager Tooru Matsuba, Sustainability Dept. Corporate Planning Division, Kanro Inc., one of the participants, highlights the value of this collaboration: "The uniqueness of this

initiative lies in the participation of the retail industry. While manufacturers and government agencies often collaborate, a framework that unites all of these players is unparalleled. The momentum we felt in the Kansai region was also a major factor in our decision to join."



Fujiwara
"It was a major opportunity for us to recognize sustainability as a personal matter."

Specialist Mariko Fujiwara, Sustainability Strategy & Promotion Group, Meiji Holdings Co., Ltd., another participating company, notes that the framework is also transforming their organization. "This initiative involved departments we had never directly engaged with before, including those on the front lines of retail distribution. As a result, a sustainability-driven sales promotion was implemented in stores for the first time, giving employees a major opportunity to see sustainability as a personal matter."

Gaining Traction on Behavior Change Through Engaging Experiences

The team encountered several challenges. The first was how to make "decarbonization," a topic that often struggles to attract interest, feel personally relevant. They created engaging activities such as an "eco-label scavenger hunt" that captivates children, introduced an original character named "Nya-tral," and organized hands-on events for parents and children. These efforts were designed to deepen

environmental awareness naturally through enjoyable experiences.

The second challenge was how to encourage sustainable, long-lasting behavior change without relying on financial incentives. The team designed a system that sparks dialogue between parents and children, starting from a child's curiosity and leading to shifts in parents' awareness and behavior. A prime example is the "eco-label scavenger hunt," in which children search at home and in stores for eco-labels, the symbols of environmentally friendly products. Their discoveries prompt conversations with parents who may not have noticed the labels before. Incubation Producer Motoko Maeda, GML, shares, "Parents tell us, 'My child's comment made me notice eco-labels for the first time,' or 'If products I usually buy have these labels, I will choose them from now on.' Seeing a child's remark trigger a change in purchasing behavior is exactly the outcome we hoped to achieve."



Maeda
"A single comment from a child can become the catalyst that changes a parent's purchasing behavior."

The third challenge was how to convey the significance of an initiative that does not deliver short-term economic returns. To support company representatives who needed to explain the project's value internally, the team visualized its impact by presenting both quantitative and qualitative feedback from consumers. They also created opportunities for these representatives to attend events in person and experience the energy on site. These steady efforts are now producing

tangible changes in awareness and behavior. A fiscal 2024 participant survey showed clear results: 68% reported an "increased positive impression of environmentally friendly products," and 71% felt "more motivated to buy them." On the behavioral side, the project is gaining solid traction, with confirmed increases in sales of some environmentally friendly products even without special discounts.

Toward a Virtuous Cycle for All of Society Through a Collective Sense of Ownership

What began from scratch has grown into a large-scale initiative. In fiscal 2025, the project involves five local governments (the prefectures of Osaka, Hyogo, Nara, and Kyoto, and the city of Yokohama) and 15 private-sector companies, including manufacturers and retailers. The activities now primarily target 530,000 elementary school students and their parents.

The project's expansion is supported by its "power of collaboration." Fujiwara comments, "Until now, collaborations were often confined to our own industry, but this initiative brings together companies from completely different sectors. This opens up the possibility of reaching consumers by transcending industry boundaries." Sasaki envisions a future in which this circle of collaboration expands even further, creating an open framework where diverse participants, not just a few specific companies, take the lead in driving the initiative forward. "Our ideal is for this project not to belong only to us," Sasaki says, "but for participating municipalities and companies to engage proactively from their respective positions and collaborate toward a common goal. We believe that the expansion of this collaborative circle, captured in the phrase 'minna de' (everyone together) in the project name, is the very force that will change society."

Mariko Fujiwara Specialist, Strategy Team, Sustainability Management Dept., Meiji Holdings Co., Ltd.

Tooru Matsuba General Manager, Sustainability Promotion Dept., Corporate Strategy & Planning Division, Kanro Inc.

Motoko Maeda Incubation Producer, Center for the Strategy of Emergence, Green Marketing Lab, The Japan Research Institute, Limited

Tsutomu Sasaki Head of Lab, Chief Specialist, Center for the Strategy of Emergence, Green Marketing Lab, The Japan Research Institute, Limited

My Shaka-kachi spirit: **Project for Everyone to Reduce CO2 (Genkotsu)**

My Shaka-kachi spirit: **Project for Everyone to Reduce CO2 (Genkotsu)**

*Profiles are listed in order from left to right in the main photo.



5 The “Smart Inheritance Account” Lowers Barriers to Achieving Smooth Asset Succession

Solving Inheritance Challenges for Customers and Regional Financial Institutions, Leading to Patent and White-Labeling Success

In Japan, where the population is rapidly aging, inheritance cases continue to increase, yet a 2015 survey by the Trust Companies Association of Japan shows that although many people believe inheritance planning is necessary, only about 15 percent have taken concrete action.

This gap stems from high fees and complex procedures for existing succession products and from the psychological burden of confronting one’s own mortality. When procedures stall, the risk that personal assets will be frozen rises and the circulation of funds in the economy can slow. For financial institutions, this is a serious management issue, because relationships built with customers can end if transactions are not passed to the next generation. SMBC Trust Bank Ltd. saw an outflow of customers in their retirement years, and many regional financial institutions experienced asset outflows from their regions due to inheritance. To tackle these issues, Yasuaki Inoue of the Trust Business Development Dept. at SMBC Trust Bank Ltd., and Kazuya Tachibana (now in the Compliance Planning Dept.) began developing the Smart Inheritance Account, a new succession product designed to ease customers’ inheritance planning concerns.

“Smart Inheritance Account” Features Three Key Characteristics: Simple, Speedy and Flexible Asset Reallocation

Developed by Inoue and Tachibana, the Smart Inheritance Account is built on the philosophy of offering solutions to customers’ problems rather than simply selling a product that banks want to sell, and it reflects a deep understanding of the psychology of customers facing inheritance decisions. The team concluded that slow progress in inheritance procedures stems from an internal conflict between the desire not to burden family members and a reluctance to confront one’s own mortality, and they made easing this resistance the core of the product. To realize this, they refined the design.

Instead of a trust product regulated by the Trust Business Act, they used the posthumous gift mechanism under the Civil Code, eliminating the need for



Tachibana
“Steady, cumulative efforts to understand and resolve our customers’ challenges ultimately lead to creating social value.”

documents such as the family register and certificate of inheritance agreement that are usually required when establishing a trust or at inheritance and significantly simplifying procedures. By incorporating SMBC CLOUDSIGN, an e-contract service provided by SMBC Group, they enabled speedy, fully online contract execution, even with family members who live far away. The account also remains convenient for everyday use because assets in it can be freely withdrawn or replaced after the contract is signed.

The design philosophy appears in the details as well: the product was named the Smart Inheritance Account to avoid the word “will”, which can evoke thoughts of death, and brochures and other materials deliberately avoid illustrations and wording that might remind customers of old age, easing their psychological burden.

Patent Acquisition and 4,000 Contracts Pave the Way for Wider Expansion

The development process for the Smart Inheritance Account faced several challenges. A predecessor product developed earlier failed to gain market acceptance because it did not match customer needs. To understand why, the team conducted extensive interviews with frontline staff and redefined the target needs. Resources were limited to a three-person team and a budget of a few million yen, but they treated this constraint as an opportunity to focus on the two most pressing customer needs: simple procedures and the freedom to use assets as usual after the contract, which sharpened the product concept. In pursuing procedural simplicity, they also identified the challenge of handling documents by mail with family members living far away and turned to SMBC Group’s e-contract service, SMBC CLOUDSIGN. This solution sped up the contracting process and later became a crucial factor in obtaining the patent. Securing a patent to protect the product’s unique mechanism as intellectual property was another major challenge. Because the Smart Inheritance Account is not a trust product, it can be offered without a trust license, making it important to prevent imitation by other companies and



Takahashi
“The Smart Inheritance Account is a product that addresses both the challenges our customers face and those we face as a financial institution.”

Masaoki Takahashi Senior Researcher, New Business Development Team, Strategic Planning Group, Sales Planning Dept., The Joyo Bank, Ltd.

Kazuya Tachibana Dept. Head, Compliance Planning Dept., SMBC Trust Bank Ltd.

My Shaka-kachi spirit: Righteousness is the root of profit, and profit is the result of righteousness.

legally protect the business’s uniqueness. Tachibana, who is also a lawyer, led the patent application, but the filing received two rejections from the Japan Patent Office. The team persisted and filed an appeal, strengthening their claims of novelty and inventive step by again highlighting the use of SMBC CLOUDSIGN, a point that had not been fully conveyed in earlier examinations. As a result, they obtained the patent in April 2025.

The white-labeling initiative, which aimed to offer the product as a proprietary service of partner financial institutions rather than as an SMBC Trust Bank product, did not always proceed as planned and negotiations with some regional financial institutions proved difficult. Even so, the team continued to build a track record. Since the Smart Inheritance Account was launched in 2020, Inoue has led efforts to steadily increase the number of contracts, achieving a cumulative total of roughly 4,000 over five years. This performance won recognition from The Joyo Bank, Ltd. (Joyo Bank) and led to a partnership between the two banks. Looking back, Senior Researcher Masaoki Takahashi, New Business Development Team, Strategic Planning Group, Sales Planning Dept. at Joyo Bank, says, “I felt that the Smart Inheritance Account could address both the challenges our customers face and those we face as a financial institution. The know-how backed by 4,000 contracts was very attractive, and I decided that with this scheme we could achieve a speedy rollout.” As a result, the first white-label agreement of its kind in Japan was concluded.

Deepening Partnerships to Enhance Functions and Expand to Regional Communities, Aiming to Realize a Vibrant Japan

The partnership with Joyo Bank marked a new chapter for the Smart Inheritance Account.

Inoue shares his vision: “We want to work with regional financial institutions as business partners to solve common social issues, rather than compete with them.” Takahashi also sets out his expectations: “By offering this service, we want customers to feel glad they bank with Joyo Bank. Looking ahead, I hope we can further enhance the Smart Inheritance Account by feeding back insights from our frontline staff.”



Inoue
“Joining hands with regional financial institutions to solve Japan’s social issues.”

The team aims to expand the Smart Inheritance Account to regional financial institutions nationwide and establish it as an entry-level product that lets people start easily with a portion of their assets, such as savings, before they consider a full-fledged testamentary trust. Spreading smooth asset succession through local communities in this way supports people’s lives and helps revitalize the circulation of funds throughout the Japanese economy. As for the future, Inoue says, “I want to help realize a vibrant Japan where regions are revitalized and people, funds and vitality circulate throughout the country.”

The initiative was not originally launched to solve a major social issue. Reflecting on the journey, Tachibana, who co-led the development, concludes: “Rather than setting some grand goal, we first faced the problems of the customers right in front of us and delivered a solution. Through this initiative, I have come to realize that such steady, cumulative efforts are what ultimately lead to creating social value.”

Yasuaki Inoue Group Head, Trust Business Development Dept., SMBC Trust Bank Ltd.

My Shaka-kachi spirit: Joining hands with regional financial institutions to “revitalize Japan.”

*Profiles are listed in order from left to right in the main photo.

6 Executing Pre-Export Finance to Support Côte d'Ivoire's Cocoa Industry

A Financial Solution Born from Dialogue to Stabilize the Supply Chain and Protect Farmers' Livelihoods

Cocoa beans, the raw material for chocolate loved worldwide, have seen their prices skyrocket since 2022. A combination of reduced harvests due to extreme weather and a supply-demand imbalance drove prices up by as much as fivefold at their peak, casting a long shadow over Côte d'Ivoire, the world's largest cocoa producer.

In this country, where the cocoa industry accounts for roughly 20% of GDP, the surge in cocoa prices occurred in parallel with domestic financial tightening driven by higher interest rates.

The global rise in cocoa prices led to a long-awaited increase in the minimum local purchase price paid to farmers. However, higher interest rates also redirected financial flows toward the public sector, tightening financing conditions for the private sector. As a result, local banks were adversely affected and were forced to reconsider and adjust their funding sources compared with previous years.

Pre-Export Finance Born from Dialogue: Overcoming Tight Deadlines and Internal Risk Assessment Hurdles to Secure the Loan

To navigate the complex dynamics of Côte d'Ivoire's cocoa industry, a team led by Saad Al-Ayoub of the Global Trade Finance Dept. at SMBC Bank International Plc (SMBC BI) took action. They joined forces with Ecobank, a local and pan-African bank, to bridge the gap, leveraging shared expertise to sustain trade flows and ensure an unencumbered value chain. The catalyst came during discussions with

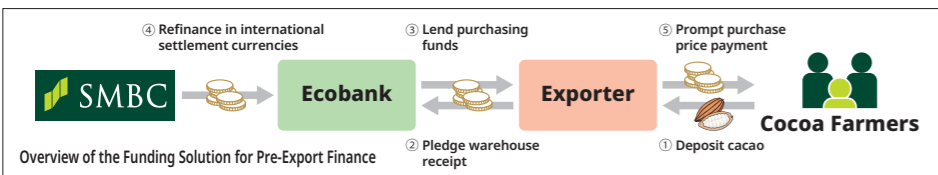
Ecobank, which highlighted concerns over financing exporters facing sharply higher purchasing costs due to soaring cocoa prices. In response, a coordinated solution was implemented, enabling them to honor export contracts and uphold long-standing, valued client relationships.

Acknowledging the need for a unified approach, the banks worked together to create a robust funding solution to support pre-export finance operations, ensuring the full value chain benefits from the increased cocoa price, especially the farmers. Whilst access to local currency funding was more limited, together the banks could leverage the global network of SMBC BI to supply funds in lower-cost international settlement currencies rather than the high

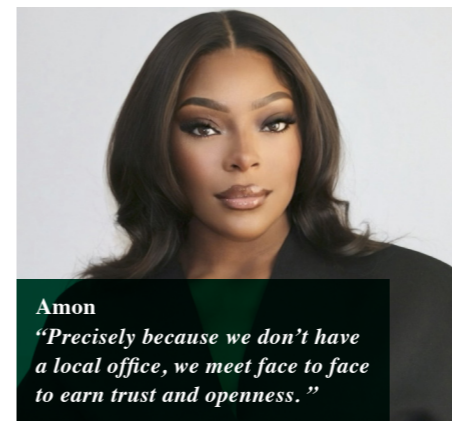
interest local one. This joint effort enabled Ecobank to extend timely credit to exporters, ensuring farmers were paid promptly and export contracts fulfilled.



Saad Al-Ayoub
"We want to see more value being created in Africa rather than flow overseas."



purchasing funds. Subsequently, SMBC BI refinances this loan for Ecobank, strengthening the Ecobank's funding environment and allowing farmers to benefit from the higher prices. However, two major obstacles stood in the way of implementing the solution. The first was time constraints. There was very little time left from identifying the problem to the loan disbursement in October, the cocoa financing season. The second was the difficulty of developing a deep understanding of the supply chain and assessing risk. SMBC BI needed clarity at every step of the process—from farmers' harvest to export—at a level of detail comparable to Ecobank. Given that cocoa production has been linked to deforestation in some regions and has raised longstanding concerns about child labor, a stringent internal review was required to mitigate these risks.



Fay Amon
"Precisely because we don't have a local office, we meet face to face to earn trust and openness."

The key to overcoming these difficulties was Correta Annoh of the International and Structured Finance Dept. at SMBC BI, who, as a relationship manager, had built a deep relationship of trust with the client. Annoh, who has a keen interest in the African market, had maintained regular dialogue with the client through regular in-person visits. "It is important to meet our clients in person and get to know them, precisely because we don't have a local office. That way, they become more open to discussing the problems and needs they face," Annoh states.

Building on this, the team collaborated closely

with internal and external stakeholders. Fay Amon of Global Trade Finance Dept. at SMBC BI recalls, "It was not just about interdepartmental cooperation; every department leveraged their respective skill sets and worked together with a keen awareness of the deadline."

Specifically, to address the tight timeline, the trust Annoh had built enabled swift information gathering. In parallel, Al-Ayoub conducted a sector review and assessed its safeguards, such as the monitoring and certification systems introduced by the Côte d'Ivoire government and the industry regulatory body, the Coffee-Cocoa Council. Ultimately, Al-Ayoub's data and Annoh's testimony to the Ecobank's reliability worked in tandem to demonstrate internally that the loan would not exacerbate social risks, thereby gaining the company's understanding and approval.

Protecting Supply Chain and Farmer Livelihoods, Building Trust for Future Collaboration

As a result of these efforts, the deal was approved. Although the loan signing was delayed from the initial October timeline to mid-November, funding continuity was secured, and export support continued without interruption. This ensured payments to cooperatives and farmers at the very bottom of the supply chain and kept funds flowing to activities that support their livelihoods. Cooperatives not only purchase from farmers but are also responsible for educational support, farmland maintenance, and equipment microfinance. Furthermore, this transaction strengthened the Ecobank's trust in SMBC BI, commenting, "SMBC BI is a trusted and reliable partner. The process was smooth. It was a wonderful collaboration between our two institutions." Al-Ayoub reflects on the success of the project, sharing, "This transaction has been a catalyst. We are now exploring other exportable commodities in the short-term funding space, and longer-term financing beyond trade finance, such as supporting healthcare and education."

Saad Al-Ayoub Director, Global Trade Finance Dept., Emerging Markets, Trade & Working Capital Solutions, SMBC Bank International Plc

My Shaka-kachi spirit: Making a positive and lasting impact on people and their communities.

Correta Annoh Director, Africa Group Coverage, International and Structured Finance Dept., SMBC Bank International Plc

My Shaka-kachi spirit: Providing added value for development initiative. It is more than providing financing; it is contributing to the development of the Continent.

Continuation and expansion for the 2026 season are also under consideration, and the deal is expected to become a model for finance that addresses social issues in Africa.



Annoh
"Not just interdepartmental cooperation; every department leveraged their respective skill sets and worked together."

From Cocoa to Other Agricultural Products: Financially Backing Domestic Value Creation

Looking ahead, the team aims to expand this successful model to other climate-vulnerable agricultural products, such as coffee, cashews, and cotton. Beyond that, their vision is to contribute to Côte d'Ivoire's "value addition," moving beyond simply supporting the export of raw materials. Instead of exporting raw cocoa beans, the country can process them locally into chocolate for export. This would create more jobs and generate greater value at home.

For team members with African roots, including Al-Ayoub, Annoh, and Amon, this is a personal passion that transcends their professional careers. These efforts protect the livelihoods of farmers, support a key industry of the nation, and lay the foundation for future sustainable development.

Al-Ayoub spoke passionately about the initiative's future, "We want to see more value being created in Africa rather than flow overseas. As someone raised in North Africa, I've witnessed first-hand the positive impact it can have on communities."

Fay Amon Assistant Vice President, Global Trade Finance Dept., Emerging Markets, Trade & Working Capital Solutions, SMBC Bank International Plc

My Shaka-kachi spirit: Creating Social Value means to empower lives, drive sustainable growth in underserved communities and provide meaningful long-term social impact globally.

7 Providing Fair Financing Opportunities to Rural China's Communities Facing a "Barrier to Credit"

China's First Social Trust Beneficiary Rights Initiative to Support Rural People and Small-Scale Enterprises

While China has reformed its financial system in tandem with its economic development, there are areas where benefits have been slow to reach people. One such area is the vast rural landscape. There, the absence of established credit information databases like those in urban centers prevents many borrowers from obtaining loans from formal financial institutions. In particular, farmers, women and small-business owners who lack collateral face a "credit barrier," forcing them to rely on high-interest informal finance. This situation undermines their economic independence, and is a factor that exacerbates inequality. In response to this challenge, one company has remained committed to its mission "Improving Rural Life," investing in human resources to stand alongside farmers even in the digital age. The team at Sumitomo Mitsui Banking Corporation (China) Ltd. (SMBCCN) shared this commitment. In the past, they had explored a collaboration on Publicly Offered Asset-Backed Securities (ABS)* for a broad investor base, but the plan was shelved subject to regulatory restrictions. However, a renewed collaboration became possible once the bank gained the capability to handle a more flexible method known as a "Collective Trust Scheme," reviving the project to tackle this challenge through finance.

*Asset-Backed Securities (ABS) are financial products created through a process known as asset securitization. Asset securitization is the process of turning illiquid assets into liquid, tradable securities. This allows originators to pool individual assets and sell claims on future income to investors as bonds or notes.

Creating a Tailor-Made, Project-Specific Social Framework to Achieve Financial Inclusion

The project is named Shi Sui, meaning "gleaning." The name embodies the spirit of valuing all of society's resources and aiming for a sustainable world. Guided by this philosophy, the team used the "joint trust" method to create a new financial product backed by the client's loan receivables from rural areas,

establishing a mechanism to raise funds from institutional investors and others. At its core was the "Social Responsibility Framework" that clearly defined the use of proceeds to ensure that the raised funds would reach those who genuinely need support. Liwen Wei of the IVBD at SMBCCN, who is a member of the Sustainable Finance team, explained its importance. "We reached a consensus that the client is focusing on deepening its impact in rural areas, especially with women as a priority

population. To give form to this shared vision, it was essential to build a social framework tailored to this specific deal to help our



Wei
"Building a social framework for supporting women in rural areas."



client accurately select the eligible loans for support." Building on the client's existing international-standard framework, the team engaged in sustained dialogue with stakeholders to reflect China's domestic rural revitalization policies and the bank's internal regulations. Alignment with international standards proved difficult: at one point, they even considered removing the "social responsibility" label. However, the team remained committed to the original goal of financial inclusion and kept the label. Thus, the team completed a unique and highly effective framework that ensures the funds would reach those most in need.

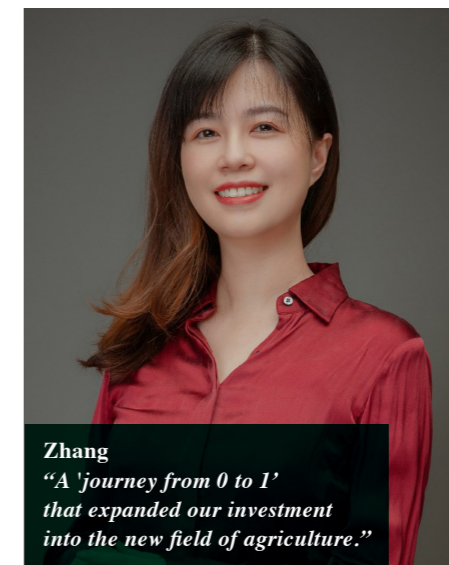
Overcoming the Unprecedented Challenge of a "Mixed Loan Pool" Through Interdepartmental Collaboration to Provide Approximately 600 Million RMB in Support

Although the unique framework was complete, another barrier stood in the way of the project's implementation. The assets backing the investment were a "mixed loan pool" of diverse loans, making it extremely difficult to forecast future risk. Pengsiqi Chang from IVBD, who was in charge of investment, recalled. "At the very beginning, we thought it was the usual standard product, but after a detailed discussion with the risk management department, we found assets were included that required a special procedural application under a really compressed timeline. We explored feasible risk approaches used in pioneering deals in other regions and worked with the planning team to arrive at a solution." This close, interdepartmental collaboration bore fruit, and the team overcame this challenge by developing a product manual

specific to this deal. This initiative delivered approximately 600 million RMB in funds to rural areas and diversified the client's financing channels. For SMBCCN, it also signified a full-scale expansion of investment into the agricultural sector. Qiongwen Zhang of the IVBD, who was responsible for structuring the deal, shared her thoughts on its significance. "The 600 million RMB figure is modest relative to our overall bond portfolio. However, what mattered was that, for us, it was a 'journey from 0 to 1.' Previously, our green bond assets were limited to EV auto loans, but now we consider our expansion into the new field of agriculture highly significant." The initiative also received strong internal recognition, receiving the "Best Deal Award 2024-Transform for the future-Shakakachi Gold."

Beyond the "Journey from 0 to 1": Expanding the Reach of Social Finance to Enrich the Entire Community

The team now aims to provide more creative financial solutions to help the client build



Zhang
"A 'journey from 0 to 1' that expanded our investment into the new field of agriculture."

Liwen Wei Assistant Vice President, Investment Banking Dept., Sumitomo Mitsui Banking Corporation (China) Ltd.

My Shaka-kachi spirit: **Supporting vulnerable populations and contributing to the all-round development of society.**

Pengsiqi Chang Assistant Vice President, Investment Banking Dept., Sumitomo Mitsui Banking Corporation (China) Ltd.

My Shaka-kachi spirit: **Solving real problems, uplifting communities, ensuring every action leaves society kinder, fairer, healthier.**

Qiongwen Zhang Vice President, Investment Banking Dept., Sumitomo Mitsui Banking Corporation (China) Ltd.

My Shaka-kachi spirit: **Altruism, service before self**

its business strategy from a long-term perspective. Wei expressed her dedication to contributing to the correction of gender disparity through finance. "In this social framework, our main targets are underserved populations, especially female borrowers and women-led small-scale enterprises. The rights of women, and for women to get resources, are rights for all people."



Chang
"Creating mechanisms that enable social value to compound like interest."

While cost constraints due to China's low-interest rates are a concern, the plan is to make this initiative sustainable by exploring every possibility, including the use of sustainable funds, green subsidies and support from the bank. Chang concluded with a powerful statement about the future this project aims to create. "The true value of finance is not merely in supplying funds. It lies in integrating data, technology, and the trust and risk management expertise built over many years, where mechanisms can be created to enable borrowers to develop stronger skills and increase their incomes through the repayment process. When that happens, social value compounds like interest."

*Profiles are listed in the same order as the photos in the article.



8 Revitalizing Sports Communities Through Web3 with Avispa Fukuoka

Building a New Community Model Through a “Co-Education” Program to Nurture U-15 Players Together with Fans

In recent years, expectations have grown for sports to drive regional revitalization and help address social issues, beyond their value as competitive entertainment. Sumitomo Mitsui Banking Corporation (SMBC) has recognized this multifaceted value through sponsorship of the Nippon Series and participation in the W-League, and is now exploring ways to use sports as a tool for solving social issues.

Meanwhile, Avispa Fukuoka Co., Ltd. (Avispa Fukuoka), which aspires to be “the football club in Japan that takes on the most social issues,” works with companies and local governments to tackle local challenges. At the same time, the club has focused on expanding “Avispa DAO,” a Web3-based community that uses blockchain to engage fans and supporters and help revitalize the surrounding community.

The two organizations met at a startup event and found common ground in their philosophy to address social issues, their ambition to transform communities, and their shared view of Web3 to achieve that goal. That alignment led to a collaboration to revitalize communities through sports.

Nurturing Young Talent with DAO Members: The Avispa DAO Academy Co-Education Program

In March 2025, SMBC and Avispa Fukuoka signed a “Web3 Community Co-Creation Partner” agreement. Based on a shared recognition that the conventional one-way model, in which clubs invest resources and fans support them mainly by purchasing merchandise and tickets, has limits to how far it can expand the sports industry, the partnership aims to build a new community where the club and its fans share a vision and work together to drive growth and help solve social issues.

As a first step, the “Avispa DAO Academy Co-Education Program supported by SMBC” launched in June. The program lets fans

and supporters, as DAO members, provide medium- and long-term support for the academy’s player development process, which had been managed solely by the club. To ease perceptions that DAOs are highly technical, Chair of the Board Takashi Kawamori explains the concept with an everyday metaphor:

“We explain Avispa DAO as a ‘theme park’ and the tokens, which grant participation rights, as ‘admission tickets.’ Inside the park, participants can enjoy various ‘attractions,’ such as voting on merchandise designs and exclusive events.”

This program is a new “attraction” in that theme park. It shares the academy’s status and challenges with DAO members, enabling them to follow U-15 academy candidates from the selection stage. Once players join, DAO members and SMBC work together to support them through scholarships.

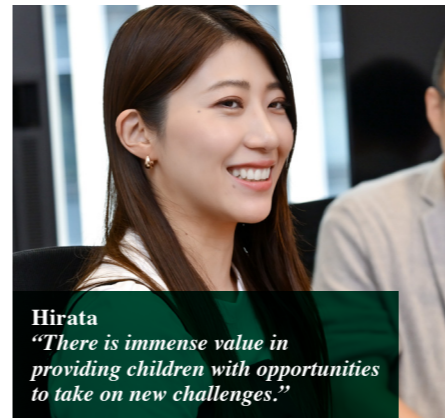
Scholarship support details are decided by a vote of DAO members, and the scholarship system is funded with money raised

through crowdfunding. It also reserves a special support quota for children who had previously given up applying for selection because of financial constraints, reflecting Kawamori’s intentions for the program:

“There are children who have exceptional talent but give up on challenging themselves because of financial constraints. We wanted to reach each of them, yet Avispa Fukuoka could not realistically provide all of the support on its own. By working with DAO members and SMBC, we believe we can overcome these challenges.”

SMBC Sustainability Development Dept. Vice President Ayano Hirata, an athlete herself, emphasized the program’s significance from a player’s perspective:

“Opportunities to challenge oneself on the path toward a professional career are extremely limited. There is immense value in enabling children to unlock their potential without being forced to give up these precious opportunities for financial reasons.”



Hirata
“There is immense value in providing children with opportunities to take on new challenges.”

Making the Program a Reality in Three Months Through Prioritization and Dialogue

The program began about three months after the partnership, timed with the academy’s summer selection. However, launching it posed a major challenge. Launching it required balancing community involvement in the “competitive realm,” which affects players’ futures and team competitiveness, with the club’s firm development policies. Both sides clarified priorities in advance: Avispa Fukuoka focused on improving competitive strength and maintaining development policies, while SMBC prioritized accelerating community revitalization.

From the early planning stage, the academy’s on-site director joined discussions so frontline perspectives were reflected in the design. The scholarship was structured to cover burdens such as overseas tour costs, a major concern for parents. Supporter involvement in selection was limited to “selection assistance,” and the club kept final decision-making authority in line with its development policy. SMBC supported the design process by helping to structure the club’s intentions and internal discussions. Kawamori and Avispa Fukuoka Regional Innovation Strategy Dept. Head of Web3 Business Yoshikazu Kono coordinated across departments to drive the

initiative. Collaboration between frontline staff and management enabled smooth decision-making and allowed the program to be realized quickly.

After launch, 50 of the 116 applicants for player selection enrolled in the program, steadily expanding opportunities for children to take on new challenges.

Building Sustainable Community Models and Impact KPIs to Transform Japan’s Sports Industry

Looking ahead, the partners are considering a mechanism to return a portion of profits to supporters in the form of tokens if a supported player is promoted to the top team and later transfers to an overseas club. Kono highlighted the value of this long-term relationship:

“It takes around ten years for a junior high school player to become a global star. By using NFTs (non-fungible tokens), we can document that supporters backed a player over that long period and maintain the connection. We believe this ongoing relationship strengthens the continuity of the community itself.”

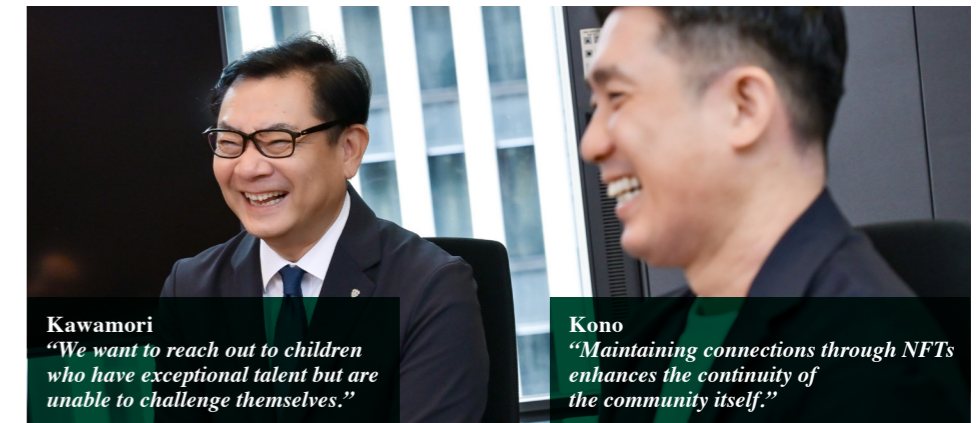
As a second phase of collaboration, the partners plan to foster sports-related industries through the use of sports data and, over time, to visualize the social impact of sports in



Hoshino
“Growing together and sharing results. A vibrant cycle for the future of the sports industry.”

order to attract new support and investment. SMBC Group aims to use insights from this initiative to build a framework that can be applied to its own women’s basketball team, “SMBC TOKYO SOLUA,” and to other sports teams across Japan. SMBC Sustainability Development Dept. Head of Business Development Group Mototsugu Hoshino, shared his vision for this challenge:

“While individual clubs in Japan’s sports sector are optimizing their operations, building a shared framework for the entire industry has long been a challenge. Through this initiative, we aim to establish a community model in which fans are involved in player development and share in the results, along with new impact KPIs that measure the social value of sports. By expanding this model to other sports and across Japan, we hope to transform the sports industry as a whole.”



Kawamori
“We want to reach out to children who have exceptional talent but are unable to challenge themselves.”

Kono
“Maintaining connections through NFTs enhances the continuity of the community itself.”

Yoshikazu Kono Head of Web3 Business, Regional Innovation Strategy Dept., Avispa Fukuoka Co., Ltd.

Takashi Kawamori Chair of the Board, Avispa Fukuoka Co., Ltd.

Mototsugu Hoshino Head of Business Development Group, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation.

Ayano Hirata Vice President, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: A united struggle driven by curiosity, vision, and healthy indignation.

My Shaka-kachi spirit: Happiness and challenges of people.

*The content of this page is based on information available as of September 2025. *Profiles are listed in order from left to right in the main photo.



9 Building a Park of Hope: Over 300 Employees and Shareholders Revitalize a Dublin Community in a Single Day

A Hands-On Social Contribution Program by SMBC Aviation Capital

Dublin, the capital of Ireland, is home to the European headquarters of many global corporations and has achieved remarkable economic growth in recent years. However, behind this prosperity, some areas still grapple with social issues such as poverty and inequality. In these communities, insufficient public investment in infrastructure has led to problems like deteriorating public housing and a lack of community facilities. Furthermore, persistent safety concerns, including a high incidence of drug-related crime, threaten the environment for children to grow up safely and thrive.

To address this challenge, SMBC Aviation Capital Limited (SMBC AC), the world's second-largest aircraft leasing company headquartered in Dublin, considers contributing to its local community—the foundation of its business—as a key corporate responsibility. In partnership with Difference Days, an organization that promotes social impact programs, SMBC AC has taken action. Focusing on the Ballymun area, which faces acute poverty and safety challenges, the company has established a clear goal to “leave no Ballymun school behind” and continues engaging employees in hands-on activities to tackle local challenges.

Revitalizing a Community Through Hands-On Action, Guided by the Ethos “Doing Is Better Than Talking”

The Difference Days program is a hands-on social impact initiative where employees go into local communities to create tangible, physical change, such as developing parks and renovating facilities. This initiative goes beyond financial donations, as employees spend a full day creating spaces that residents need, and this is at the core of SMBC AC's social impact activities. This work is grounded in SMBC AC's corporate philosophy. David Swan, Chief Operations and Sustainability Officer at SMBC AC, who spearheads the initiative, explains its core principle:

“It is our ethos at SMBC AC that ‘doing is better than talking,’ and this project is a prime example of that.”



Swan
“By showing leadership, we hope other companies will follow. Our vision is to help create a better future.”

Guided by this philosophy, SMBC AC has completed five school facility regeneration projects in the Ballymun area since partnering with Difference Days in 2019. Building on this success, the company broadened its focus to other neighborhoods across the city, and the sixth project took place in June 2025 at *Dolphin House*, a public housing estate in the Dublin 8 district that had been grappling with issues of poverty and building deterioration. The objective was to transform a long-neglected space into a new community hub where children could play safely and residents could interact. The plan would turn the vacant lot into a lush green park—complete with a children's playground, a mini soccer pitch and a community garden—in just one day. This physical regeneration aimed to deepen residents' affection for their community and foster new connections.

Collaborative Work Overcomes Inclement Weather to Create a New Community Hub

The project at *Dolphin House* faced several challenges. The area had such significant safety concerns that a constant police presence was required. Furthermore, the event day began with heavy rain. Despite these conditions, the SMBC AC team proceeded as planned. The CEO donned work clothes and pushed a wheelbarrow, followed by more than 300 employees from 12 global offices, joined by members from shareholders Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Finance and Leasing Co., Ltd. and Sumitomo Corporation, working together as a team. Swan recalls,



Kikuta
“We value the process of gaining understanding and consent from local residents through careful explanation.”

“Precisely because it was pouring, our actions and our commitment to the community felt more sincere and genuine for participants and everyone involved. Our determination to see it through despite difficult circumstances probably strengthened that feeling.”

Aya Kikuta of SMBC's Aviation and Maritime Strategy Dept., who participated in the 2024 event as a shareholder representative, points

out that thorough preparation is behind the project's great success.

“They value the process of carefully explaining the project's purpose to local residents beforehand to gain understanding and consent, not just focusing on the day of the event. On site, rigorous safety management was enforced through close collaboration with local authorities, the police, and professional contractors. This allowed participants to focus on their work, enabling a truly meaningful, long-lasting renovation rather than a superficial one.”

This collaborative spirit, transcending nationality and job titles, combined with a deep respect for the community, made it possible to complete the project even under difficult circumstances. By the end of the day, the once-neglected site was transformed into a multifunctional space that brings new vitality and interaction to the area: a playground where children's cheers echo, a soccer pitch for sports and a community garden where residents can gather.

In response to this initiative, the *Dolphin House* Community Development Association sent a letter of appreciation praising SMBC AC's approach. It contained heartfelt words: *“The team from SMBC AC showed great respect to our community. From the outset, they listened carefully and treated every resident with genuine warmth.”* This tangible change, driven by such a sincere attitude and dedicated effort, brought great joy to residents.

Forging Deeper, Lasting Connections with the Local Community to Broaden the Creation of Social Value

While SMBC AC's goal to “leave no Ballymun school behind” was achieved in 2025, the company plans to build on this initiative and

continue fostering lasting relationships with the local community.

This deep-rooted local activity benefits not only SMBC AC but the entire SMBC Group.



Okado
“Acceptance as a good corporate citizen forms the foundation for smooth business operations.”

Hirokazu Okado, SMBC's Aviation and Maritime Strategy Dept., who oversees the management of SMBC AC as a shareholder, envisions the long-term impact as follows:

“SMBC Group is a global company with offices around the world. Deep connections with local communities in each country and acceptance as a good corporate citizen form the foundation for smooth business operations. Furthermore, these activities also foster a sense of pride among local employees and help attract talent. These locally-driven initiatives are significant as they broaden the scope of social value creation for the entire Group.”

Finally, Swan shares about the ripple effect this initiative can create and the future he envisions:

“By showing leadership in this area, others will follow. Our desire is that other companies will take on further projects such as this, and by doing so, we will create a better future for disadvantaged communities. That is our vision.”

David Swan Chief Operations and Sustainability Officer, SMBC Aviation Capital Limited

My Shaka-kachi spirit: **Making a lasting, meaningful and authentic contribution to society.**

Aya Kikuta Associate, Aviation and Maritime Strategy Dept., Sumitomo Mitsui Banking Corporation

My Shaka-kachi spirit: **Expanding the self through the power of empathy.**

Hirokazu Okado General Manager, Aviation and Maritime Strategy Dept., Sumitomo Mitsui Banking Corporation

My Shaka-kachi spirit: **Increasing economic value by creating social value.**

*Profiles are listed in the same order as the photos in the article.



10 Connecting Social Value to Corporate Value: Unpacking the Mechanisms Behind Corporate Initiatives

Advancing Impact Measurement Through University Collaboration, Starting with SMBC Group's First Impact Investment

Amid rising global interest in sustainability-focused management, impact investing that seeks both financial returns and social impact is drawing growing attention. Africa, often called the "last growth market," offers strong potential for investments in businesses tackling severe challenges such as poverty and limited access to finance. In Kenya, the widespread adoption of ride-hailing apps has made taxi driving a major source of employment for the young generation and an important pillar supporting the country's transport infrastructure. Yet many drivers cannot gain access to credit from existing financial institutions to buy their own vehicles, leaving them with no choice but keep paying vehicle rental fees, missing out on opportunities to build equity over time. To tackle this issue, HAKKI GROUP Inc. (HAKKI) has developed its own credit-scoring model that provides business auto loans without high risk exposure.

Recognizing the potential of this model, SMBC Venture Capital Co., Ltd. (SMBCVC) made its first investment in HAKKI in 2023. In addition to that, after SMBC Group established its impact investing framework in 2024, SMBCVC further executed SMBC Group's first impact investment in HAKKI in 2025.

Visualize and Communicate Impact to Unlock New Growth Opportunities

Hideaki Imaeda of SMBCVC's Investment Dept. I, who led the impact investment in HAKKI, and a former investment banker of Structured Finance Dept. at Sumitomo Mitsui Banking Corporation, aspires to "enrich people's lives through financing infrastructure development." His aspiration resonated with HAKKI's business and became a driving force behind his commitment.

In parallel with analyzing HAKKI's profitability, Imaeda was deeply involved in visualizing its impact. He worked closely with HAKKI's management to co-create a logic model and Key Performance Indicators (KPIs) that visualize the business's impact.

HAKKI, however, did not initially intend to emphasize its impact. Head of Group Corporate Planning Dept. at HAKKI, Yumeka



Imaeda
"I aspire to be a catalyst that enables and accelerates solutions to social challenges."

Abe, described their position at the time:

"Initially, we did not see ourselves as a social startup. We believe that any business can achieve sustainable growth only by contributing to the society. Based on this belief, we thought that if we steadily grow our business, investment would naturally follow without us having to deliberately highlight our impact."

This perspective shifted, however, through their dialogue with SMBCVC. Creating the logic model, in particular, became a major trigger for recognizing the importance of objectively

organizing, articulating, and communicating their initiatives. Through this process, HAKKI published its first impact report in July 2025. Abe noted that this step was driven by a clear purpose linked to future growth:

"As we look toward an IPO in Japan, we believe it is necessary, as part of our marketing and investor relations activities, to communicate both our steady business growth and our social impact."

Academically Verifying the Causal Relationships of Impact: Advancing Impact Measurement Through University Collaboration

While HAKKI was working to visualize and communicate its impact, Moeri Yatsu of Sumitomo Mitsui Financial Group, Inc.'s Sustainability Development Dept. recognized the need to establish a framework to enhance

the objectivity of impact measurement. Believing that collaboration with academia was essential to address this challenge, she initiated a partnership with the Graduate School of Economics at the University of Tokyo. Through this collaboration, the team established a framework to objectively demonstrate the impact of businesses on society and the environment.

Through this partnership, the team incorporated an economic perspective, and is also working with Teruyo Ishijima, a project researcher at the Graduate School of Education at the University of Tokyo, to measure whether taxi drivers' self-efficacy is improving. Ishijima explained the respective roles of economics and education in this collaboration, and its significance:



Ishijima
"We aim to advance impact evaluation by integrating insights from economics and education."

"The significance of this collaboration lies in combining the verification of profitability from an economic perspective, 'Is it a viable business?' with the verification of social value from an educational perspective, 'What internal changes and growth does the business bring to people?' We believe that having these two wheels allows us to capture a more objective, overall picture of the impact a business generates."

In this measurement, Ishijima employed a content analysis using a "discourse code map" to visualize the relationships between words spoken in interviews. Her analysis revealed a structure in which establishing an economic foundation and supporting business continuity lead to an increase in self-efficacy.

Specifically, HAKKI's auto loans enable drivers

to break free from the cycle of paying ongoing rental fees and open a path toward future asset formation. In addition, HAKKI's support department works closely with drivers, providing hands-on assistance to help them overcome challenges they cannot address on their own. This combination of establishing an economic foundation and providing support for business continuity nurtures a sense of self-efficacy, a belief that "I can do it," and a sense that their options in life are expanding.

Creating Greater Impact from the Perspectives of Startups, Finance and Academia

Looking ahead, HAKKI plans to expand into other Global South countries, beginning with business expansion into South Africa and India in 2025. Abe views HAKKI's role from a broader perspective:

"Our role is to be a bridge connecting Japan and emerging countries. To support our local customers, who are the main characters of the story, we want to serve as coordinators who build mutually beneficial business models by designing services that are needed locally, rather than unilaterally imposing a Japan-centric perspective."

Building on the insights gained through this research, the University of Tokyo and SMBC Group will build on the knowledge gained from this research to launch a Corporate Sponsored Research Program titled the Corporate Value Design 2030 and begin joint research in April



Abe
"Our role is to be a bridge connecting Japan and emerging countries."

2026. The course will focus on the theme of "the mechanism by which social value contributes to mid-long-term economic value." As part of the research agenda, it will build an evidence base and methods. In addition, the course will offer lectures for students and working professionals on designing business concepts that generate economic value by creating social value, as well as on the institutional and policy frameworks needed to bring such concepts and practice. Ultimately, the course is intended to serve as a forum that sparks new questions for business and society. Yatsu envisions a broader societal transformation beyond this initiative:



Yatsu
"Our goal is to demonstrate that social value can become a source of competitiveness and contribute to economic value."

"We aim to embed the perspective of social value into corporate management, while substantiating that efforts to create social value can become a source of mid-long-term competitiveness and contribute to economic value. Ultimately, we hope to reach a world where the term 'impact' is no longer needed."

The future Yatsu envisions will be shaped through collaboration among companies that take on social challenges and their partners. Imaeda, who plays a role as an investor, shared his thoughts on his position:

"I believe that solving social issues can only be achieved through the collaboration of many stakeholders, including startups. In this major chemical reaction, as one of financial professionals, I aspire to be a catalyst that enables and accelerates solutions to social challenges."

Teruyo Ishijima Project Researcher, Division of Clinical Psychology, The University of Tokyo, Graduate School of Education

Yumeka Abe Head of Department, Group Corporate Planning Dept., HAKKI GROUP Inc.

Moeri Yatsu Sustainability Development Dept., Sumitomo Mitsui Financial Group, Inc.

Hideaki Imaeda Deputy General Manager, Investment Dept. I, SMBC Venture Capital Co., Ltd.

My Shaka-kachi spirit: A lens that reflects diverse perspectives and poses questions.

My Shaka-kachi spirit: Acting as a catalyst for everyone to move forward in a positive direction.

*Profiles are listed in order from left to right in the main photo.



11 Sharing Financial Literacy Education Expertise Across Borders to Build a “Chain of Knowledge” That Transforms Society

Partnering with a Local Bank in the Philippines to Improve Financial Literacy

As of July 2025, the share of people with a bank account in the Philippines remains around 50%, leaving many without access to formal financial services. With few opportunities to learn about finance at school or in daily life, systematic financial planning has not taken root. As a result, extremely high-interest moneylenders have proliferated, and a lack of financial knowledge leads many into multiple debts, unable even to question the unfairly high interest rates they are offered. Breaking this vicious cycle requires raising financial literacy so people can protect their assets and plan for the future.

To address this challenge, three companies joined forces across borders: Rizal Commercial Banking Corporation (RCBC), a major Philippine commercial bank in which Sumitomo Mitsui Banking Corporation (SMBC) holds an equity stake, SMBC, and SMBC Consumer Finance Co., Ltd. (SMBCCF). The initiative began when RCBC’s management team, during a visit to Japan, showed strong interest in SMBCCF’s financial literacy education programs. Their shared desire to help solve social issues in the Philippines set in motion SMBC Group’s first overseas project in the financial literacy education field.

Bringing SMBC Group Expertise to the Philippines: A Financial Literacy Education Program Reflecting Local Laws and Daily Life

At the core of the project was transferring the financial literacy education expertise that SMBCCF had cultivated in Japan to RCBC in the Philippines. This was more than simply translating Japanese materials: the goal was to build an educational program that truly benefits the local community and is rooted in Philippine culture and society.

As the project moved forward, SMBC Group consistently maintained the stance that the local side should lead. Hide Marushima of SMBC’s Asia Growing Markets Dept., who served as the hub for the three companies, explains this principle:

“We were dedicated to providing high-quality support and always thought about what they wanted to achieve. We promoted the initiative with a conscious



Marushima
“We respect local people as the main actors of the financial literacy education program.”

effort to respect that the main actors were them.”

Under this principle, collaboration with RCBC advanced through a structure in which Nini Yang of SMBCCF’s Overseas Business Dept. provided practical support, and Chidapa Osawa of Promise (Thailand) Co.,Ltd.’s Human Resource & General Affairs Dept., who was with SMBCCF’s Overseas Business Dept. at the time, contributed her expertise.

Beyond sharing educational materials, the team provided operational know-how such as seminar planning, instructor training and building relationships with educational institutions. They placed particular emphasis on localization to fit local culture and social context. An RCBC-affiliated university high school joined the effort, revising the materials to align with Philippine laws and customs and creating content people could relate to personally. The team also made learning enjoyable by avoiding technical jargon and adopting an interactive lecture format with quizzes.

Osawa, who played a central role in this initiative, is from Thailand and had long been concerned about social issues in Southeast Asia, so the project held special meaning for her. She recalls the start of the project:

“While working in public relations at SMBCCF and being involved in financial literacy education, I came to deeply understand the purpose and significance of

this activity. That is why I strongly wanted to introduce this initiative to a region where it is truly needed and become someone who could be useful to society.”

How a Site Visit to Japan Became a Turning Point for SMBC Group’s First Overseas Financial Literacy Education Program

In addition to differences in country, culture and business customs, there were initially no business contacts or relationships between SMBCCF and RCBC, creating communication barriers. To overcome them, Marushima acted as coordinator, and the team deepened mutual understanding through persistent dialogue in regular web conferences and other interactions. Osawa reflects on that time:

“Approaching it solely from a business standpoint was not getting us very far, so I focused on building personal relationships of trust where we felt comfortable consulting one another at any time.”

Amid these steady efforts to build relationships, a major turning point came when RCBC representatives visited Japan to observe a financial literacy education seminar at a Japanese high school. Yang, who coordinated the visit, describes the scene:

“Because some students were learning about finance for the first time, the SMBCCF employee leading the seminar made a point of explaining technical terms in an easy-to-understand way. For example, the term ‘name lending’ is difficult for high school students



Osawa
“I want to expand financial literacy education to the regions where it is truly needed and contribute to society.”

to grasp, so it was explained in a relatable way: ‘It is when you lend your driver’s license or card to an acquaintance or family member upon request.’” Seeing these clear explanations and interactive methods, the RCBC team began generating concrete ideas, such as how they could adapt the content to make it even better in the Philippines. The experience from this study visit significantly accelerated the development of the local education program.

These on-the-ground efforts and achievements were backed by strong organizational support. Management teams at both companies were deeply involved, which enabled swift cross-border decision-making despite many stakeholders.



Yang
“I want to promote financial literacy education that is tailored to the culture and economic conditions of each country.”

As a result, SMBC Group’s first overseas financial literacy education program, closely aligned with local needs, was launched. Since September 2023, the program has expanded to RCBC’s clients and to employees and students of corporate clients of SMBC’s Manila Branch, reaching 313 companies and approximately 19,000 people. Participants have expressed their gratitude, with one noting, “This was my first time receiving financial literacy education from a bank, and it was an extremely valuable learning experience.”

The program has also created a positive cycle within the organization, as RCBC employees serving as instructors take pride in conducting a socially meaningful activity, which has raised engagement. Carolyn Lim, Head of RCBC’s Retail Banking Group, expressed her gratitude to SMBCCF and confidence in the initiative:

“During the rollout of our program, we faced challenges with localizing materials and conducting instructor training, and SMBCCF provided invaluable support. Our client expressed appreciation, noting that we are the only bank offering financial literacy education.

Expanding the “Chain of Knowledge” Created by Financial Literacy Education to Other Asian Countries

The success in the Philippines has become a model for SMBC Group’s overseas financial literacy education efforts. The initiative has now been introduced in Thailand, and future expansion to other Asian countries, such as Vietnam, is under consideration. “We hope to share the financial literacy education know-how cultivated in Japan with our local partners in various countries, customizing it to each country’s culture and economic situation so we can spread financial literacy to even more people,” Yang says.

This project aims for more than one-off seminars. It seeks to create a chain of knowledge that raises society’s overall financial literacy, as people who gain financial knowledge pass it on to their families and friends. The team looks beyond this activity itself:

“Each effort may be small, but we believe that by continuing this activity and expanding our circle of partners, we can create a catalyst for changing an entire country.”



Chidapa Osawa
Deputy Head of Department, Human Resource & General Affairs Dept., Promise (Thailand) Co., Ltd.
My Shaka-kachi spirit: **My reason for being**

Hide Marushima
Vice President, Asia Growing Markets Dept., Sumitomo Mitsui Banking Corporation
My Shaka-kachi spirit: **A new connection with diverse stakeholders**

Nini Yang
Overseas Business Dept., SMBC Consumer Finance Co., Ltd.
My Shaka-kachi spirit: **The first step we take today carves out the future**

*The content of this page is based on information available as of August 2025. *Profiles are listed in the same order as the photos in the article.



12 Fostering Long-Term Research to Generate Impact Through Financial and Hands-On Support

Academic Research Support Program Provides 5 Million Yen a Year for 4 Years, with Flexible Usage

As environmental, economic, and social issues become increasingly complex, expectations are rising for new technologies and theories from academia. Yet Japan's Academic Research environment is becoming increasingly difficult. Against a backdrop of low compensation levels for researchers, unstable employment conditions, and insufficient research budgets, the enrollment rate for doctoral programs is declining, and Japan's international standing in research capabilities has fallen sharply over the past decade. These macro-level challenges create pressure for short-term results and anxiety about the future in the field, stifling the free thinking and long-term inquiry that research depends on.

Recognizing that research and education are essential to driving social change, SMBC Group launched this initiative to tackle these issues head-on. The program aims to create an environment where researchers can pursue medium- to long-term inquiry guided by intellectual curiosity, without anxiety.

Supporting Researchers' Freedom to Take Risks with 4 Years of Unrestricted Financial and Non-Financial Support

Launched by SMBC Group in April 2025, the Academic Research Support Program is designed to strengthen the competitiveness of researchers in Japan and accelerate progress on social challenges through research results. It supports ambitious work across fields, including basic research, social implementation research and deep tech. Unlike conventional private-sector support, it combines flexibility with a long time horizon: selected researchers receive, in principle 5 million yen a year for 4 years, and can use the money not only for research expenses, but also for living expenses, study abroad costs or commercialization preparation, as

long as it helps the researcher focus on their work.

Sumitomo Mitsui Banking Corporation Sustainability Development Dept. Megumi Okamoto, who led the initiative, framed the program's funding in the context of banking's broader purpose.

"Finance is the blood of economic activity, circulating funds to where they are needed.



Okamoto
"A genuine form of finance that keeps vital funds and the social value it creates circulating."

When funding reaches researchers, they can create value that only they can generate, and the benefits ultimately flow back to society. Even though this is a donation rather than a loan or investment, building that cycle is, to me, a genuine form of finance."

Executive Officer at Leave a Nest Co., Ltd. (Leave a Nest) Yusuke Shinozawa, a partner in the program, called the structure rare in Japan. "It's still uncommon for private-sector organizations to provide 5 million yen per person each year for 4 years. The freedom in how the funds can be used is truly groundbreaking, giving researchers the stability to settle in and devote themselves to their work. It's genuinely exciting."

In addition to the funding, the program offers non-financial support tailored to each recipient. It is intended to strengthen researchers' growth and social impact, including serving as a sounding board for researchers who can feel isolated

and providing corporate matchmaking, mentoring, public relations support and financial literacy education.

Building a Multidimensional Review Process to Bridge Expertise Gaps and Engage Earnestly with Each Study

The toughest obstacle was building a credible selection process. For bankers without research experience, assessing cutting-edge research and originality can be difficult. To close that gap, the team built a multidimensional review structure that brought in outside expertise and multiple perspectives. They worked with Leave a Nest, which has experience translating science and technology into real-world applications, and with the nonprofit ETIC (Entrepreneurial Training for Innovative Communities), which has a track record of supporting social entrepreneurs. The team also drew on input from the Japan Society for the Promotion of Science to round out the review.

Okamoto also ran into dense technical terminology in the applications and worked to understand what researchers were trying to convey.



Shinozawa
"A groundbreaking support framework giving researchers the stability to settle in and devote themselves to their work."

"The applications were difficult to understand, but they were written with real care and

sincere passion. Rather than pretending to understand, the team read them closely and debated how each study could change society, where the bottlenecks were, and how we could contribute."

Shinozawa said the selection process itself became a venue for dialogue connecting researchers and society.

"In evaluating candidates, the program looks not only at the research plan, but also at how the researcher intends to deliver impact through the work. The process, he added, helps put into words differences in thinking and expectations between researchers and society, deepening mutual understanding."

Although support has not yet begun, the initiative is already having a positive impact. After an information session, researchers said they were encouraged that a company believes in researchers' potential and is willing to support them. Even before any funds are disbursed, the long-term commitment by a private-sector organization to stand alongside researchers can be a powerful message to those who feel isolated.

Program ambassadors also stressed the importance of collaboration between academia and companies:

"Passion and curiosity matter, but partnership is essential if research is to generate enough impact to change society. The project responds to researchers' aspirations and supports their efforts to tackle social challenges."

From Pinpoint Support to Broad Impact: Expanding the Community of Researchers and Supporting Companies

The program will not end with distributing funds. They want to build a community in which supported researchers connect with one another and with companies and social entrepreneurs, helping spur each

other on. ETIC Social Innovation Division Senior Coordinator / and Beyond Company Secretariat Shunichi Miyachi stressed the value of community-building and its potential to scale.

"Innovative technology alone does not reach society. Change comes when people get involved, share knowledge, and bring others in so an initiative can grow like a snowball. Researchers, as the core of that snowball, can cultivate and circulate both their research and practice ('Doing') alongside their vision and way of being ('Being')."



Miyachi
"Fostering a researcher community that circulates research, practice, and vision."

Looking ahead, the team hopes to use the program as a model to broaden the circle of companies and individuals supporting researchers, contributing to stronger research infrastructure across Japan. Okamoto closed by sharing her thoughts on Shaka-kachi.*

"Social issues are complex and deep-rooted, and it's easy to give up by telling ourselves they are 'the responsibility of the state or society.' However, society is a collection of individuals and companies. Sharing responsibility can feel heavy, but it also means we have the power to be part of the solution. If each of us takes on a share and works together, we can change things, and that first step can be enjoyable."

*Shaka-kachi is SMBC Group's slogan, meaning 'creating social value,' and inspires SMBC employees to drive social change.

Shunichi Miyachi Senior Coordinator, Social Innovation Division / and Beyond Company Secretariat, ETIC (Entrepreneurial Training for Innovative Communities)

Yusuke Shinozawa Executive Officer, Leave a Nest Co., Ltd.

Megumi Okamoto Senior Vice President, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation

My Shaka-kachi spirit: **The resolve not to give up on society and not to treat issues as someone else's problem.**



13

Connecting Diverse Companies and NPOs Through the “1Day Pro Bono Workshop”

A Condensed Half-Day Pro Bono Experience that Makes Addressing Social Issues More Accessible

SMBC Group aims to create social value through the participation of all employees, offering diverse opportunities such as donations, volunteer activities, and pro bono work. In its pro bono program, employees collaborate with NPOs and other nonprofit organizations, using their professional skills and a portion of their work hours to address social issues. Launched in fiscal 2011 as the first initiative of its kind by a Japanese bank and expanded Group-wide in fiscal 2014, the SMBC Group Pro Bono Project is a long-term program in which employees provide three to six months of support to organizations facing diverse challenges, including public relations, data management and sales tool development.

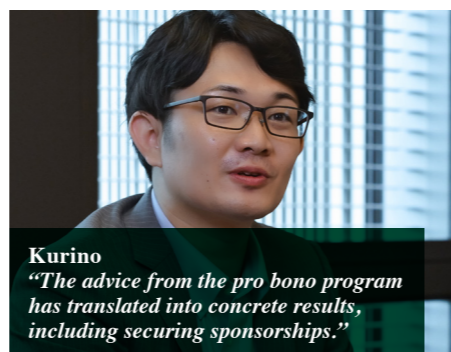
While this months-long support allows deep engagement with issues, it can be a high barrier to entry for employees and host organizations seeking a more casual, introductory pro bono experience. To broaden participation, SMBC launched the 1Day Pro Bono Workshop in fiscal 2023, a program completed in about half a day.

A Condensed Co-creation Experience: Addressing NPO Challenges with Diverse Perspectives from Cross-Industry Collaboration

The 1Day Pro Bono Workshop forms mixed teams of participants from multiple companies. Drawing on skills and expertise cultivated in their daily work, these teams plan and propose solutions to real challenges faced by participating organizations. Along with SMBC Group, employees from sectors such as manufacturing and consulting take part, making it a cross-industry program. Because the workshop concludes in about half a day, it offers an accessible way to experience pro bono work, while mixed teams with diverse knowledge and expertise generate solutions that would be difficult for a single company to produce alone.

This type of program is especially valuable in addressing organizational management challenges at nonprofit organizations. For organizations focused on day-to-day fieldwork, strengthening foundations such as management strategy and corporate sales often proves difficult due to limited resources and know-how. Pro bono work, which applies skills honed in corporate practice, directly complements these areas, and this intensive, short-term workshop has already generated practical solutions to such challenges. Choiceful Association, a general incorporated association tackling child poverty, is one organization that has experienced its impact. Participating since fiscal 2024, Executive Director & Founder Taisei Kurino explains, “On the day of the workshop, under the theme of ‘corporate sales,’ we received concrete and valuable advice from the pro bono participants on issues such as the wording of sales emails and how to prioritize our list of potential clients. By implementing sales activities

based on that advice, we have achieved tangible results, including securing sponsorships.”



Kurino
“The advice from the pro bono program has translated into concrete results, including securing sponsorships.”

Fostering Corporate Collaboration to Gather Diverse Expertise and Designing Operations to Maximize Workshop Outcomes

To bring this co-creation platform to life, close collaboration to involve a diverse range of

companies was essential from the outset. Ryoko Okaya of the Sustainability Development Dept. at Sumitomo Mitsui Financial Group, Inc., who promoted the initiative, carefully explained the workshop’s unique value to potential partner companies. She highlighted that companies could use their networks to recruit employees and NPOs in their areas of interest, and that bringing together members from industries such as finance, manufacturing and consulting would expose participants to perspectives and knowledge a single company could not provide. This environment serves as a catalyst for new solutions, as well as a forum for employees’ personal growth and spontaneous networking. By clearly presenting these benefits, she broadened understanding and encouraged corporate participation.



Okaya
“I hope that each person will take an interest in social issues and get involved in whatever way they can.”

Another key challenge was designing operations to maximize results within about half a day. Moe Morita of the same department, who took charge of the program in fiscal 2024, worked with intermediary support organizations to narrow down the scope of issues to be addressed through pro bono support. This step is essential for raising the quality of discussion, since a theme that is too broad can cause conversations to diverge and become difficult to resolve in a single session.

Unlike long-term pro bono projects, the 1Day program also leaves little time for site visits or in-depth organizational study. To compensate, Morita enhanced preparation by providing participants with information beforehand so they could deepen their understanding and devote as much time as possible to problem solving on the day. This steady groundwork enables discussions to begin smoothly once the workshop starts. The program has also become a new challenge for employees with no prior pro bono experience and for NPOs and other organizations accepting support for the first time. In fiscal 2024, about 130 people from 43 companies took part and proposed solutions to 20 organizations.

Diverse Relationships That Continue After the Program: Pro Bono Participation as a Catalyst for Taking a Step toward Solving Social Issues

Employees who took part in the pro bono activities shared feedback such as, “I gained a deeper understanding of social issues and the activities of NPOs,” and, “The perspectives and ideas of people from other industries, whom I do not usually interact with, were refreshing. I learned that when multiple strengths combine, results can be achieved even in a short time.” Many also said, “I discovered that my everyday skills can be useful to society.” Commenting on how these everyday skills create value, Morita notes, “For example, there are many cases where organizations find value in tasks that participants themselves may not even recognize as skills, such as organizing business workflows or drafting emails.” At the same time, supported organizations are experiencing concrete changes that contribute to growth. Through the SMBC Group Pro Bono Project, for instance, Choiceful Association

received proposals for improving its business plan and public relations webpage, which encouraged it to apply for a fund it had been considering. Being selected as a donation recipient ultimately helped expand its activities. In fiscal 2025, the organization will also receive long-term pro bono support under the theme of strengthening its security infrastructure, leveraging the strengths of the financial industry to further enhance its organizational foundation.

Based on the positive response to these initiatives, Okaya shares her hopes for the future:

“I hope that participation in pro bono work will serve as a catalyst for each individual to become interested in social issues and to actively engage in solving them in ways they can, even outside the company.”

Finally, Morita offers a message of encouragement to those considering their first step toward social contribution:

“You may not realize it, but each and every person has the potential to make various contributions. Taking a step out of your current environment to try something new could be the catalyst for discovering a new you and your own way of engaging with society.”



Morita
“Taking on challenges can be the starting point for discovering a new you and your own way of engaging with society.”

Taisei Kurino Executive Director & Founder, Choiceful Association

Ryoko Okaya Senior Vice President, Senior Sustainability Expert, Sustainability Development Dept., Sumitomo Mitsui Financial Group, Inc.

My Shaka-kachi spirit: **Initiatives to pass on a better tomorrow to future generations, even if it's just a little better than today.**

Moe Morita Vice President, Sustainability Development Dept., Sumitomo Mitsui Financial Group, Inc.

My Shaka-kachi spirit: **Using the experiences and environment for someone else's happiness.**

*Profiles are listed in order from left to right in the main photo.



14 Revitalizing Japan's Drug Discovery on the Global Stage: A New Industry-Academia-Banking Alliance

Two Pharmaceutical Giants and SMBC Establish a Joint Venture to Support Drug Discovery through a New Incubation Model

Japan's international competitiveness in drug discovery has been declining. According to a survey by the Office of Pharmaceutical Industry Research, Japan fell from the world's second-ranked country for new drug creation in 2008 to sixth in 2022. Behind this trend is a structural problem: basic research conducted in the early stages of drug development often fails to reach commercialization. Globally, drug discovery startups typically take basic research from universities and turn it into businesses, but in Japan there is a gap between universities seeking support in the early research stages and pharmaceutical companies that prefer to partner in the later stages. This challenge has long been a focus for Tomohide Sampei from the Corporate Advisory Dept. at Sumitomo Mitsui Banking Corporation (SMBC). Drawing on his experience in cancer research as a student and his subsequent role covering the healthcare sector at the bank, he strongly felt the need for a new mechanism to bridge this gap. The initiative began when Representative Director and Founder CEO Toshio Fujimoto, Ciconia Bioventures Inc., who is committed to resolving issues in Japan's drug discovery ecosystem, approached Sampei with the idea of establishing a joint venture dedicated to drug discovery incubation to support startups in their earliest stages. That proposal set this initiative in motion.

A Drug Discovery Incubation Alliance of Three Major Companies Connecting Outstanding Basic Research to Commercialization

To address the challenges facing Japan's drug discovery ecosystem, Takeda Pharmaceutical Company Limited, Astellas Pharma Inc. and SMBC jointly established Ciconia Bioventures Inc. (Ciconia), a joint venture that serves as a drug discovery incubator. Fujimoto, who led this vision, emphasized the significance of the project: "The key feature of this project is that participating companies are not seeking short-term profits or ownership of the seeds, meaning the basic research results that initiate new drug development. Their real aim is to gain knowledge beyond their own specialties through this initiative and broaden their knowledge base for future business expansion. I am



Fujimoto
"A perspective of broadening the knowledge base will drive the growth of the entire ecosystem."

convinced that this long-term perspective will drive the growth of the entire ecosystem." Ciconia's mission is to identify promising drug discovery seeds whose development has stalled, for example due to strategic shifts at universities or companies, and support them to a stage where major pharmaceutical companies and venture capital firms can seriously consider investment. Beyond funding, Takeda

Pharmaceutical Company Limited and Astellas Pharma Inc., both global players, jointly provide world-class expertise and commercialization know-how without prioritizing any single corporate interest. This allows professional evaluation from the basic research stage, raises the probability of success, and supports business growth. On SMBC's role, Fujimoto noted, "In addition to funding, SMBC plays a crucial part by offering a broad network and strengthening governance." By combining these strengths, Ciconia is building the incubation capabilities lacking in Japan's drug discovery ecosystem.

Building a Collaborative Framework to Develop the Drug Discovery Ecosystem and Reaching Consensus on an Unprecedented Joint Venture

Realizing this first-of-its-kind business model in

Japan required overcoming two major challenges. The first was building the collaborative framework at the core of the vision. Although Fujimoto, then at Takeda Pharmaceutical Company Limited, secured early support there, the project required collaboration among multiple companies. He held discussions with more than 10 firms, but their business strategies did not align, and no agreement was reached. Astellas Pharma Inc., which shared concerns about Japan's drug discovery future, then decided to join. This created Japan's first framework in which two major pharmaceutical companies with global knowledge and networks collaborate with a financial institution, establishing a cross-industry promotion structure to rebuild the drug discovery ecosystem.

The second major challenge was reaching consensus within SMBC. Consideration began early in the conception phase, but for the Corporate Advisory Dept. this was an unprecedented joint venture and investment case. At the same time, it was necessary to carefully assess the business viability of pharmaceutical development, a highly specialized field with significant uncertainty. Sampei, who coordinated internal discussions, recalled the situation:



Sampei
"Instead of asking, 'What can the bank do?', we should ask, 'What should be done for society?'"

"While everyone recognized its social significance, the high specialization of drug development made it difficult to fully grasp the details of the business. It is a field full of technical terms and tends to be seen as a black box. By presenting concrete



statistical success rates for each development phase and clearly explaining the balance between risk and return in Ciconia's business model, I worked to deepen understanding of the soundness of the business."

In addition to Sampei's detailed explanations, support from executives who recognized the importance of the project strongly pushed internal discussions forward. Once the relevant departments were convinced and approval was granted, the project attracted considerable attention immediately after its establishment. Recently, venture capital firms have approached Ciconia about jointly nurturing early-stage seeds that are difficult for them to handle on their own, and the initiative has been selected by the government as a "Development Support Program for Pharmaceutical Ecosystem," reflecting the high expectations for its activities.

Delivering Japan-Origin Drug Discovery Seeds to the World and Creating Startups Competitive in the Global Market

Ciconia is intensifying efforts to commercialize promising seeds, with a concrete goal of establishing its first new company between the end of fiscal 2026 and early 2027 as part of its incubation business. Looking ahead, it envisions a model in which research and development bases remain in Japan, while clinical development

and business development are conducted in the United States. By involving leading U.S. venture capital firms and other key players, Ciconia aims to create startups that can compete in the global market.

In parallel, SMBC Group is also considering new roles as a financial institution. The Group plans to link this effort with its recent initiatives to support universities, aiming to make this project a hub in the drug discovery field. Expressing his determination to deepen collaboration, Sampei stated, "We will design and provide new support measures, not bound by existing financial services, tailored to the growth stages of the startups created by Ciconia." Fujimoto also highlighted the importance of so-called gap funds that bridge the period until startups nurtured by Ciconia reach their next fundraising round, expressing hope for further collaboration with financial institutions.

Looking back on this initiative, in which he took on the unprecedented challenge of solving a social issue from the standpoint of a banker, Sampei shared the philosophy that underpins his approach:

"If you start from the question 'What can the bank do?', your thinking inevitably remains constrained by existing frameworks. I believe it is crucial to begin with the question 'What should be done for society?', then design a long-term plan that balances that social significance with business viability. After that, you need to carefully explain the value of that vision to stakeholders and patiently earn their understanding and cooperation."

Tomohide Sampei Senior Vice President, Corporate Advisory Dept., Sumitomo Mitsui Banking Corporation

My Shaka-kachi spirit: **Imagination and Persistence**

Toshio Fujimoto Representative Director, Founder CEO, Ciconia Bioventures Inc.

*Profiles are listed in order from left to right in the main photo.



15 From Cost to Investment: Transforming Employee Condition Management

Fostering New Investment in Human Capital by Combining Insights from Athlete Support with the Power of Finance

Japan's shrinking workforce and aging population make it imperative to maintain and raise productivity. As a result, human capital is now central to corporate growth, and, from fiscal years ending on or after March 2023, human capital disclosure has become mandatory. Many companies have begun management reforms, but investment still skews toward reskilling and other training, while initiatives to manage employees' mental and physical well-being lag. Because it is difficult to quantify how better employee condition affects performance, it remains hard to win management buy-in for such investment. To tackle this issue, Sumitomo Mitsui Banking Corporation (SMBC) is applying insights from Euphoria Co., Ltd. (Euphoria)'s support for top athletes to visualize the link between employee condition and corporate performance. Through its partnership with Euphoria, SMBC has launched an initiative that uses this approach in practice to advance human capital management.

Applying Insights from Athlete Support to Visualize the Link Between Condition and Productivity

In December 2024, SMBC formed a business alliance with Euphoria Co., Ltd., a sports technology company that provides ONE TAP SPORTS, a condition management system used by many athletes. At the heart of this partnership is ONE TAP SPORTS for Biz, which applies Euphoria's expertise to managing and improving employee condition.

The service is aimed mainly at labor-intensive industries such as construction and logistics, which face acute labor shortages amid Japan's declining birth rate and aging population. Because the physical condition of front-line workers is directly linked to productivity, they have much in common

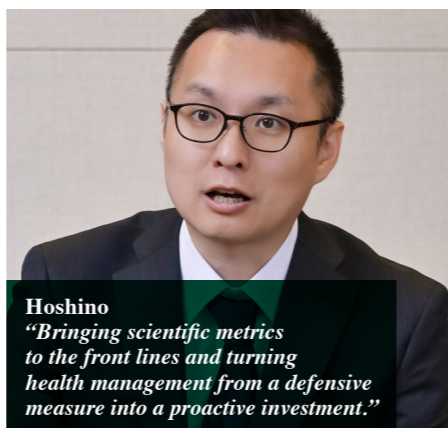
with athletes. Euphoria therefore positions them as industrial athletes and helps them improve their performance.

The service's defining feature is its ability to visualize employee condition and link it to management indicators. Using daily data such as sleep and fatigue levels collected through an app and wearable devices, it quantifies productivity losses from poor condition in monetary terms, applying the World Health Organization's concept of presenteeism. This produces objective data that show how employee condition affects business performance. Euphoria Chairman/CEO, Founder Makoto Miyata explains: "The key is not just visualizing data, but creating an effective cycle by proposing and implementing concrete improvement measures based on the knowledge we have gained through supporting athletes."

Sustainability Development Dept. Head of Business Development Group Mototsugu Hoshino, who led the initiative, saw great

potential in linking this mechanism with finance.

"By visualizing with data how condition affects productivity and linking that to improvement, we can establish new KPIs to measure the effectiveness of a company's human capital investments. Once we set KPIs, we can connect them to the world of finance. We believed this would greatly broaden the scope of this initiative."



Hoshino
"Bringing scientific metrics to the front lines and turning health management from a defensive measure into a proactive investment."

Building Consensus and Deepening the Partnership Through Demonstration and Dialogue

There were several challenges to overcome in realizing this vision. One of the most important was building consensus within the bank, especially among senior management. The idea that employee condition is linked to corporate performance was not immediately viewed as important in a decision-making environment that had long focused on financial metrics.

To address this, the team led by Hoshino took a two-pronged approach. The first was to provide explanations grounded in objective data and real-world case studies. In addition to Euphoria's track record of supporting top athletes, they presented a demonstration project with construction company Okumura Corporation, showing that preventing heatstroke on construction sites could help avoid project delays that might cause losses of tens of millions of yen. The second approach was to provide an opportunity to experience the service firsthand. Euphoria's sleep improvement program was introduced to about 30 participants at SMBC, including executives and general managers of branches and departments. By having their own sleep patterns visualized and receiving personalized advice from experts, participants deepened their understanding of the importance of condition management. Sharing a common vision with its partner, Euphoria, was also essential to advancing these efforts. Miyata recalls his dialogue with Hoshino:

"From the beginning of our discussions about the partnership, Hoshino spoke about his desire to achieve something that would have a meaningful impact on society and lead to

Creating Social Value. I also resonated with his stance of combining the power of finance to tackle challenges in a way that makes the effects visible."



Miyata
"We must build a system to support our workforce before labor shortages become even more critical."

Driving Behavioral Change Through Financial and Non-financial Means: Toward a Society Where Managing Employee Condition is an Investment

The immediate goal of this initiative is to expand adoption of ONE TAP SPORTS for Biz and develop leading case studies that show the effectiveness of human capital investment. Looking ahead, the aim is to drive behavioral change at companies through financial mechanisms. One measure is the development and provision of Sustainability-Linked Loan that use employee condition as a corporate KPI. Already common in the decarbonization field, this structure links loan interest rates to how far companies achieve the KPIs they set. The goal is to apply this mechanism to human capital and build a system that gives incentives when companies reach targets such as improving employee sleep scores or reducing presenteeism-related losses from

back pain.

There are also plans to use the data from this initiative to support customers in their human capital disclosures. By supporting companies from both financial and non-financial perspectives, the initiative aims to motivate them to invest in health and help realize a sustainable society. Miyata speaks of the social significance of this work:

"The people who support our social infrastructure are those on the front lines, whom we call industrial athletes. They will remain an essential workforce that is difficult to replace, even as AI advances. That is why we must build a system to support them before labor shortages become even more severe. I approach this initiative with a sense of crisis and responsibility, believing that our ability to expand it will affect the future of Japanese society."

Hoshino, for his part, aims to change the conventions of management through this initiative. He envisions a future in which the vitality of each employee supports corporate growth and, in turn, helps improve Japan's productivity in an aging society with a declining birth rate.

"Through this initiative, if we can move beyond mere words and have employees truly be seen as capital, then maintaining and improving their condition will become an investment. That is the kind of world we want to help create."



Example of a wearable device

Mototsugu Hoshino Head of Business Development Group, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: A united struggle driven by curiosity, vision, and healthy indignation

Makoto Miyata Chairman/CEO, Founder, Euphoria Co., Ltd.



16 Transforming Space into “Social Infrastructure”: Building Japan’s Space Industry Supply Chain

Cultivating the Space Sector as Japan’s Next Core Industry through SMBC’s First Investment in a Space Startup

Global demand for space-based services such as satellite data for autonomous driving and smart agriculture is growing. Under its Basic Plan on Space Policy, the Japanese government aims to double the market size from 2020 levels by the early 2030s, yet domestic rocket launch capacity is not catching up. Many Japanese satellite-related businesses must therefore rely on overseas launch services, creating serious challenges around costs, lost business opportunities, international competitiveness, and economic security. Against this backdrop, privately led rocket development is under way in Japan. Interstellar Technologies Inc. (Interstellar), the first Japanese private company to reach space with a rocket developed entirely with domestic technology, is one of the players. Through his work supporting startups, Yuki Takeda of Sumitomo Mitsui Banking Corporation’s Growth Business Development Dept. recognized customers’ challenges of space transportation and began exploring an investment in Interstellar to support its growth from a financial institution’s perspective.

SMBC Group's First Investment in a Space Startup

Interstellar is a leading company in Japan’s private space transportation sector, now developing ZERO, a rocket to launch small satellites at low cost and high frequency. In July 2025, SMBC announced an investment in Interstellar through its Social Value Creation Investment Framework and a business alliance to help build out the supply chain. This is SMBC Group’s first investment in a space startup. Yuki Takeda, who led the initiative, explained the project’s social significance: *“Domestic satellite operators and other companies that want to use space face a dual challenge: higher costs and lost business opportunities caused by reliance on overseas launch providers. Addressing this challenge in space transportation infrastructure is*



Takeda
“Addressing the space transportation infrastructure issue is directly connected to supporting many of our clients’ growth.”

an important issue that we, as a financial institution, must tackle, because it directly supports the growth of many of our clients.” Interstellar CEO Takahiro Inagawa emphasized that Japan can overcome these transportation challenges by tapping its latent potential: *“Japan is one of the few countries that combines geographic conditions suitable for rocket launches with advanced industrial technology,*

giving it the potential to compete globally. To maximize this advantage, we are strategically selecting technologies that balance cost and performance, such as adopting methane as a next-generation fuel. Our goal is to develop rockets as industrial products that can be supplied reliably.”

Realizing Investment in a Highly Uncertain, Unprecedented Project through Cross-Department Collaboration

With no precedent for investing in a space startup, building consensus inside the bank required careful deliberation. The team had to articulate why SMBC should take interest in the space sector, and particularly space transportation and Interstellar, despite limited internal expertise. To tackle this, Takeda partnered with Hiroto Sato of the

Sustainability Development Dept. to map out the overall business landscape. During the full-scale review, Takeda led efforts to communicate Interstellar’s potential, highlighting its collaboration with the public and private sectors, including selection for the national SBIR program and a capital and business alliance with Woven by Toyota, Inc. Sato coordinated with relevant departments, working with risk management and other divisions to prepare materials that evaluated both potential risks and the business’s social value from multiple angles. He recalled: *“Pursuing a new line of business means taking on new risks. That is why the defensive perspective supporting the initiative is just as important as the offensive one. Based on this view, we held extensive discussions with risk management, compliance and other departments, deepening stakeholders’ understanding of both the significance and the risks of the project.”*



Inagawa
“Our goal is to develop rockets as industrial products by balancing cost and performance.”

After this detailed review, the project reached its final decision-making stage. Takeda recalls his state of mind at that time: *“There were times when my confidence wavered about investing in such a highly uncertain field. But the executive in charge and my supervisor encouraged me, saying, ‘If you examine it thoroughly without hesitation, we will be fine.’ That support enabled us, as an organization, to step forward and take on the risk.”*

The investment in Interstellar ultimately went ahead. As SMBC’s first investment in a space startup, it received positive feedback inside and outside the bank. By clearly signaling SMBC Group’s commitment to the space industry, the deal prompted concrete inquiries even from clients with no previous connection to space, such as manufacturers with advanced technological capabilities. Inagawa describes this investment as a historic event for the space industry: *“At this turning point, when the private sector is taking the lead in building Japan’s space industry, SMBC has joined not only as a provider of capital but also as a business partner responsible for building the supply chain. This represents an important inflection point in the history of the space industry.”*

Building Japan’s Space Industry Supply Chain to Make Space Social Infrastructure for All

Looking ahead, Interstellar plans to complete the inaugural launch and then high-frequency operation of ZERO, the rocket now under development, and to expand its own communications satellite business. By vertically integrating everything from launch capabilities to service provision, the company aims to build social infrastructure that enables everyone to access space. To realize this concept, SMBC will use the Group’s broad network to identify potential suppliers with the precision processing and specialized welding technologies Interstellar requires and will drive concrete business matching. Takeda also points to another important aspect of this activity’s social significance: *“Many small and medium-sized enterprises risk losing their technologies because they have no successors. By connecting the technologies of such companies to growth areas like the space industry, we can help address business*

succession issues and nurture new industries at the same time.” Insights from this series of activities will be systematized into a support model for building supply chains for emerging industries. SMBC expects to apply this model to other high-potential deep-tech fields and to the structural transformation of existing industries.



Sato
“Taking on a new business is inseparable from taking on new risks.”

Sato describes the essence of these efforts as the work of connecting people: *“Society is made up of people, and it is also people who solve social issues. By connecting diverse people inside and outside the company, as we did in this initiative, we can turn grand visions into reality. That is what ultimately leads to Creating Social Value.”* Finally, Inagawa shared his view on the ultimate value this initiative will bring to society: *“The growth of the space industry means that space will become more familiar and accessible to the general public. If we can resolve the issue of space transportation, which is the largest barrier, many more people will be able to enjoy its benefits, and everyday life will become richer. By solving this most difficult challenge, we hope to help realize a more prosperous society.”*

Hiroto Sato Senior Vice President, Sustainability Development Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **The act of connecting people to create something new.**

Yuki Takeda Deputy General Manager, Growth Business Development Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **The power to move people’s hearts.**

Takahiro Inagawa Representative Director and Chief Executive Officer, Interstellar Technologies Inc.

*Profiles are listed in order from left to right in the main photo.



17

Fortifying Defenses to Support Growth: The First Cybersecurity Subsidiary for a Japanese Banking Group

Achieving Security Measures for SMEs Through Impartial Advice and Hands-on Support

In an era where digital technology is integral to business operations, the threat of cyberattacks has become a management risk no company can ignore. Attack methods are growing more sophisticated, and the resulting damage, from customer and confidential data leakage to system shutdowns, can seriously undermine a company's business and credibility. Small and medium-sized enterprises (SMEs), which often struggle to secure specialized personnel and budgets, are particularly vulnerable. In fact, SMBC Group was fielding daily inquiries from customers whose business continuity had been disrupted by cyberattacks. Against this backdrop, SMBC Group's Digital Strategy Dept. began exploring the commercialization of cybersecurity support beyond the traditional boundaries of finance. Seeking specialist advice, they sought the cooperation of the Cybersecurity Management Dept., which oversees the Group's overall countermeasures. Yasunori Aoki, who led those countermeasures, had also become increasingly aware that cyberattacks are both a social and management issue and was considering how he could apply his own knowledge and experience for the benefit of society as a whole. Through repeated discussions, the two departments began cementing plans to establish a specialized cybersecurity company, an unprecedented move for a Japanese bank.

Security Measures Co-created from the Customer's Perspective, Backed by the Bank's Extensive Defense Expertise

In February 2025, SMBC Group established SMBC CyberFront Inc. as a joint venture with MS&AD Group and CHANGE Group. Under the leadership of Aoki, appointed President and Chief Executive Officer after an open recruitment process, the company offers a unique advisory service that does not sell specific security products. Its biggest feature is neutrality. Drawing on the advanced defense expertise developed as a bank frequently targeted by cyberattacks because of the sensitivity of the information it holds, the company works with customers from their perspective to devise optimal countermeasures

without selling specific security products. This business model emerged from a series of interviews Aoki and his team conducted with about 30 companies. Aoki summarizes the structural issues revealed by this research as follows: *"Against the backdrop of Japan's declining birthrate, aging population, and overall population decrease, there is a shortage of security experts. Meanwhile, cyberattacks are becoming more advanced and frequent due to factors like the advances of AI. This supply-demand imbalance has led to a concentration of scarce expertise on high-priced services for large corporations, causing a polarization of security levels. SMEs, which have limited budgets, are lagging on countermeasures."* The research revealed that many companies did not want expensive, comprehensive consulting, but rather sought objective assessment of their current situation and guidance on where to begin.

This led to the creation of the company's current core offering: an advisory service. To encourage the first step in implementing countermeasures, it also provides free or low-cost security diagnostics. By presenting objective and quantitative assessments to management, the company has built a framework that supports concrete investment decisions.



Aoki
"Cyberattacks are both a societal challenge and a management issue."



Kurita
"Strong defenses support growth-oriented business initiatives, which in turn create new value."

However, the service did not take shape overnight. Director and General Manager Mayumi Kurita recalls, *"Even for a standard contract, there was no existing template."* The service was established and has been continuously refined through trial and error, incorporating customer feedback during delivery.

Raising the Security Level of Society as a Whole: Delivering Services That Combine Business Viability and Public Interest

The establishment of the first cybersecurity company by a Japanese banking group was unprecedented. As a result, internal discussions included concerns over business viability ("Can this be profitable as a business?") and assertions of public interest ("We have a duty to protect our customers as a social infrastructure provider.") Outside Director Takashi Hashimoto, one of the



Hashimoto
"Guided by 'spirit of mutual support' at our core, we aim to strengthen Japan's cybersecurity posture."

company's founding members, reflects: *"As the threat of cyberattacks grew and inquiries from customers increased, a shared understanding emerged that we needed to address this issue. Protecting the security of a single customer contributes to the security of its business partners and, by extension, Japanese society as a whole. The idea that this contribution was a role SMBC Group should fulfill became the decisive push."* Although established in this way, the company initially had no direct connections with customers. However, the strong relationships of trust that SMBC Group had built with its customers over many years proved to be a powerful asset. Hibiki Sakai of the company's Sales Promotion Dept., who witnesses this value firsthand, explains:

"We benefit greatly from the relationships with management that SMBC's sales representatives have cultivated over the years. Customers accept us, thinking, 'If they are being introduced by our SMBC representative, we can trust them.' The initial hurdle we would normally have to overcome is essentially eliminated."

Customers who have used the service have expressed strong approval, with comments such as, "This is a unique initiative, different from what banks have done before," and "We wish we had a service like this before we were attacked." One customer added, "If there are companies that, like us in the past, have not yet recognized the importance of countermeasures, we would be willing to attend meetings ourselves to strongly recommend this service." For the team, such feedback is an opportunity to reaffirm the value of their service.

A Strong Foundation Enables Corporate Challenges: Creating Value Supported by Security

Going forward, the company plans to accumulate and systematize the knowledge gained through consulting to expand its services and reach

more customers. The name "Front" in SMBC CyberFront Inc., as envisioned by Aoki and his team, carries three meanings: a "front desk" as a point of contact for inquiries, the "front line," standing before customers to protect them, and the "forefront" in the pursuit of cutting-edge technology. The company's mission is to realize this vision and raise Japan's overall security level. Furthermore, Hashimoto highlights a "spirit of mutual support" as the philosophy that should underpin this business.

"In the world of cybersecurity, attackers are a common enemy, and there is a culture of collaborating and sharing threat intelligence across corporate and industry boundaries. We aim to place this 'spirit of mutual support' at the core of our business and ensure our activities strengthen Japan's cybersecurity posture."



Sakai
"The trust we have built over the years eliminates the initial hurdle."

Finally, Kurita positions security as the foundation for corporate growth and outlines a path toward Japan's Regrowth. *"It is strong defenses that enable customers to proactively engage in their business. For example, challenges involving new technologies, such as the adoption of AI, invariably carry risks. Only when they have 'defenses' to properly manage these risks can companies confidently allocate resources to 'offensive,' growth-oriented business initiatives. Robust defenses support offensive business activities aimed at growth, which in turn create new value. We intend to expand this virtuous cycle throughout society."*

Takashi Hashimoto Outside Director, SMBC CyberFront Inc.

My Shaka-kachi spirit: **The spirit of mutual support**

Mayumi Kurita Director and General Manager, Business Planning Dept., SMBC CyberFront Inc.

My Shaka-kachi spirit: **The dual pursuit of economic and social value**

Yasunori Aoki President and Chief Executive Officer, SMBC CyberFront Inc.

My Shaka-kachi spirit: **Giving back to society through my expertise**

Hibiki Sakai Security Consultant, Sales Promotion Dept., SMBC CyberFront Inc.

My Shaka-kachi spirit: **Taking on unprecedented challenges**

*Profiles are listed in the same order as the photos in the article.



18 Mirai Kyousou Farm Akita Takes on the Challenge of Creating an Onion Production Hub in Ogata Village, Akita

Supporting New Farmers and Envisioning the Rebirth of Japanese Agriculture with a Decade of Ground-Level Insights

Japan's agriculture sector faces a structural shortage of successors. According to the Ministry of Agriculture, Forestry and Fisheries (MAFF), the number of core agricultural workers has fallen from 2.4 million in 2000 to 1.114 million in 2024, and their average age has reached 69.2 years. This threatens Japan's domestic food production base and food security. To keep agriculture viable for the next generation, Japan must build efficient, high-earning farming models that attract younger people.

In response, a project began after a meeting between Toru Wakui of the Ogata Village Akitakomachi Producers Association, who aims to make agriculture a more viable and attractive business, and a representative from Sumitomo Mitsui Banking Corporation (SMBC). In 2016, the association, SMBC, Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL), and The Akita Bank, Ltd. jointly established Mirai Kyousou Farm Akita Co., Ltd. (MKFA), the first agricultural production corporation founded by a Japanese bank. Led by SMBC secondees, MKFA is implementing practical initiatives in Ogata Village, Akita Prefecture, to tackle the challenges facing Japanese agriculture.

A Perspective Gained on the Front Lines of Production, Forged Through the Challenge of Onion Cultivation and Hub Creation in Ogata Village, Akita

MKFA initially focused on rice, leveraging Ogata Village's strength as a major rice-producing region in Akita Prefecture. However, the rice market was oversupplied, so a new path was needed to secure sustainable profits. The company turned to onions, a staple vegetable with year-round demand whose summer supply depends on imports. Because the Tohoku region's climate allows summer harvesting of onions, MKFA expanded into this higher-margin crop, aiming to make the region a new production hub and help strengthen Japan's

food security.

This pioneering effort meant starting with no production expertise or sales channels. MKFA addressed issues step by step. To manage weather and disease risks during the nearly year-long onion cultivation period, the company optimized planting times with guidance from the Tohoku Agricultural Research Center. To prevent spoilage from humidity during the rainy season after harvest, it standardized and documented the drying process and developed sales channels with support from its shareholders. Through these efforts, MKFA now accounts for roughly half of the onion production area in the village and has become a driving force in Ogata Village's onion industry. Jin Kikuchi of MKFA, who is on secondment from SMBC and oversees overall business operations, shares:

"Being directly involved in agriculture has

convinced me that production sites and producers are crucial. This was hard to fully grasp in my banking work, but I am reminded daily that the economy is built on the efforts of people doing the hard work on the ground. Agriculture is not only about producing food; it also conserves land and functions like social



Kikuchi
"I want to support agriculture's role as social infrastructure, not just its economic efficiency."

infrastructure. We must support its essential value as a society, rather than focus only on economic efficiency."

Bridging On-the-Ground Challenges in Smart Agriculture with a Diverse Range of Industry Players

MKFA has begun piloting smart agriculture to save labor and improve efficiency. In 2021, the project was selected for MAFF's Smart Agriculture Acceleration Demonstration Project and has since been exploring new farming models. However, various challenges have emerged in practice. Kikuchi explains: "Take the example of an autonomous robotic tractor. To maximize its performance, detailed settings such as work speed and tilling depth must be configured on a tablet. Many experienced farmers are unfamiliar with IT devices, while younger staff who are comfortable with IT lack sufficient agricultural knowledge. As a result, the technology is not being fully utilized."

Responding to these on-the-ground challenges, Takuya Shinchi of SMFL's Business Promotion Dept. shared this feedback with a wide range of industry players, including agricultural machinery manufacturers and startups. He has begun dialogue on how to make these tools more user-friendly.

Turning the Knowledge from Failures into a Shared Asset for Society, Rethinking Agricultural Support and Encouraging New Entrants

In recent years, MKFA has faced serious continuous cropping issues, where soil pathogens from repeated onion planting have cut yields to less than one-third of the previous year's level. In response, the company secured an additional 40 hectares



Hatazawa
"We will pass on the experience gained at Mirai Kyousou Farm Akita to future generations of farmers."

of adjacent unused land. With more than 60 hectares of farmland in total, MKFA is now working to establish a crop rotation system that reduces stress on the soil by cultivating different crops in a planned order every few years.

MKFA's immediate goal is to complete this crop rotation system and build a stable, profitable farming model. The value of the initiative, however, goes beyond a single company. The knowledge gained through nearly a decade of trial and error, especially detailed records of failures, is becoming a shared asset for society.

The investor companies plan to use this experience to strengthen their agricultural support. They aim to drive structural reform by providing financial capital and on-the-ground knowledge to companies looking to enter the sector. Chief Masayuki Hatazawa of The Akita Bank, Ltd. describes MKFA's unique value and the evolving role of a regional financial institution.

"Because MKFA brings together diverse talent, it can find solutions that are unlikely to emerge from local perspectives alone. We want to connect its initiatives to local businesses in the prefecture and pass this experience on to future generations of farmers. We aim to provide multifaceted support that goes beyond the purely financial, so that those wishing to start farming are not discouraged by a single

failure."

This view is shared by SMFL. Shinchi aims to build a more sophisticated support model based on the lessons learned at MKFA.

"Through our efforts over the past decade, we have gained a deep understanding of the difficulties and financial pressures of agricultural management. This practical knowledge allows us to support businesses considering entering agriculture not only with production planning, but also with building businesses that take the entire supply chain into account. Through these efforts, we want to encourage new entrants into agriculture and revitalize the industry as a whole."

Underlying these activities is a shared desire to make Japanese agriculture sustainable. It reflects a philosophy that seeks outcomes benefiting all stakeholders, rather than one where a single party profits. Shinchi compares the future this project seeks to "Sampo-Yoshi (three-way satisfaction for the seller, the buyer, and the community)," the business philosophy of the Omi Merchants.

"I believe this initiative embodies the idea of 'Sampo Yoshi,' where producers, consumers and society as a whole prosper together. This helps achieve a stable food supply and allows everyone to live with peace of mind. That, I believe, leads to a more sustainable society."



Shinchi
"We want to encourage new entrants into agriculture and revitalize the industry as a whole."

Jin Kikuchi Sustainability Development Dept., Sumitomo Mitsui Banking Corporation., Mirai Kyousou Farm Akita Co., Ltd.

My Shaka-kachi spirit: **Embodying "Jiri-rita koshi-ichinyo"** (Benefiting self and others, with public and private interests as one)

Takuya Shinchi General Manager Agrifood Business Promotion Sect., Business Promotion Dept., Sumitomo Mitsui Finance and Leasing Co., Ltd.

My Shaka-kachi spirit: **The "Sampo-Yoshi" philosophy**

Masayuki Hatazawa Chief, Business Support Dept., The Akita Bank, Ltd.



19 Connecting Purpose-Driven Capital with Society to Provide Multifaceted Support for Children's Independence

Establishing the SMBC Group Foundation's First Fund to Create a New Support Model that Breaks the Cycle of Poverty

In Japan, about 23,000 children live in foster care facilities instead of with their parents. Many go straight into work after leaving the facilities at age 18, yet about half leave their jobs within a short period because support to help them stay employed is limited. Those who drop out of their first job quickly are more likely to move into non-regular employment and often face financial hardship. Breaking this structural cycle of poverty requires specialized support both before and after they leave care.

Against this backdrop, a donor approached SMBC to "support children whose futures are determined by family circumstances they cannot choose. [With his support he] wanted to give them a little hope". Responding to this, Taira David Schaefer of the Private Banking Planning Dept. at Sumitomo Mitsui Banking Corporation., which offers philanthropy advisory services, drew on SMBC Group's expertise to design a donor-advised fund that would turn the donor's vision into a concrete response to this social issue. This marked the start of efforts to make that vision a reality.

Establishing the SMBC Group Foundation's First Fund to Support Care-leavers Attain Independence and Self-sufficiency

In response to a donor's wish to "use a portion of the funds from the sale of my company to help underprivileged children," SMBC Group proposed creating a fund through the newly established SMBC Group Foundation. This led to the Youth Resilience Fund, the Foundation's first fund, financed by this donation. The fund provides capital and a strategic framework that offers multifaceted support for the independence of children who are leaving / have left foster care.

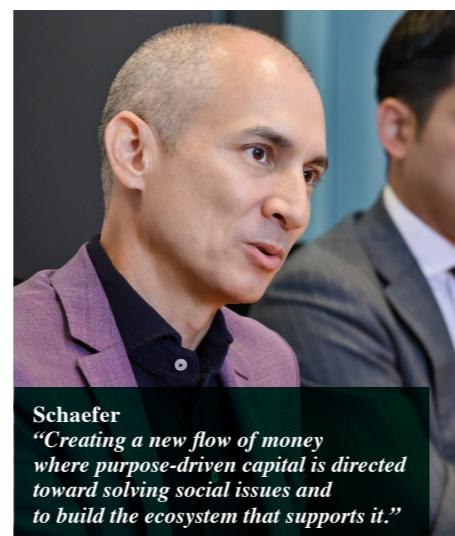
Specifically, it offers multiyear funding to nonprofit organizations (NPOs) in four areas: "leaving care," which helps children acquire life skills; "employment matching,"

which matches the children to stable jobs suited to each child's characteristics and aspirations; "aftercare" which prevents isolation after leaving the facility; and "policy advocacy," which aims to improve systems and policies. This structure allows NPOs to develop support programs with a long term perspective.

This initiative also goes beyond simply backing existing activities. Schaefer, who oversaw the overall project design, explains: "In some cases, it is not enough to provide funding just because an organization is doing great work. We focused on working together with the organizations we support to create better solutions."

As a concrete approach, the project introduced a "collaborative model" among grant recipient organizations, a pioneering move for a grant-making foundation. Multiple NPOs with different specialties, such as life skills support and employment

support, work together to assist children in the same region and from the same foster home. By leveraging each NPO's strengths and functioning as a single team, they can provide multifaceted support tailored to each child.



Schaefer
"Creating a new flow of money where purpose-driven capital is directed toward solving social issues and to build the ecosystem that supports it."

The goal is to create new solutions that go beyond extending existing activities and ultimately build a self-sustaining support system in which the local community, rather than NPOs, takes the lead in supporting these children.

A Cross-Divisional Collaborative System to Deliver the Foundation's First Project

To bring the SMBC Group Foundation's first project to fruition, Yoshiyuki Hosono of the Private Banking Planning Dept., who also works on the Foundation's operations, coordinated closely with the Cabinet Office, the supervising authority. "From establishing the Foundation and obtaining public interest corporation status to setting up the fund, every step was work I handled for the first time. We repeatedly discussed matters with the Cabinet Office, revised our plans based on their advice, and moved to the next step. It was truly a process of overcoming one challenge at a time," he recalls. Meticulous, cross-divisional collaboration grounded in the donor's vision was key to resolving these challenges.

Schaefer, who led the project, has long been interested in this issue and has taken part in volunteer activities on his own. Through SMBC Group's pro bono projects, he has also planned initiatives for organizations that support children in care homes, building strong relationships and deep knowledge of support organizations. This expertise and network became a major driving force in giving concrete shape to the donor's vision. During the project's conceptual phase, Schaefer responded to the donor's initial ideas by presenting data and the voices of NPOs working on the ground. Through careful dialogue, he explained the structure of the issue and its underlying needs, and together they explored more effective forms of support. The donor described this



Hosono
"I want to develop this project into a model fund that will inspire other donors to join."

process: "The proposal reflected the first-hand opinions directly collected from staff at foster homes and support organizations. It was backed by data and was extremely persuasive." Although there was a change in personnel during the project, the successor, Kotaro Takanushi of the Private Wealth Dept., supported the progress by serving as the client's main contact, prioritizing the reduction of the donor's burden, and ensuring smooth coordination with headquarters. The project was realized through the collaboration of these three individuals, each leveraging their expertise: Schaefer leading the planning, Takanushi serving as the client contact, and Hosono handling the Foundation's practical operations.

Aiming for a Society Where Purpose-Driven Capital Circulates by Building a Support Ecosystem

The Youth Resilience Fund will launch as a pilot in Tokyo and the three neighboring prefectures of Kanagawa, Chiba and Saitama. Beginning in the next fiscal year, it will expand to the Kansai and Chubu regions, with the long-term goal of reaching

children in approximately 600 foster care homes nationwide. The fund is not limited to a single donor but has an open structure that accepts contributions from other like-minded donors. This reflects Schaefer's vision of creating a new flow of funds in which purpose-driven capital is directed toward solving social issues and supported by a robust ecosystem.

The success of this first project is also significant for SMBC Group. Takanushi notes the leverage effect: "It has enabled us to make more compelling proposals to our corporate owner clients who have philanthropic needs." From the Foundation's perspective, Hosono is also enthusiastic: "I want to develop this project into a model fund that will inspire other donors to join," he says.

This initiative not only supports children's independence but also serves as a model



Takanushi
"It has enabled us to make more compelling proposals to our corporate owner clients who have philanthropic needs."

that shows a new role for finance in solving social issues. The donor who established this fund shared his hopes for the future expansion of this circle of support: "I hope my action serves as a catalyst that encourages others who share this vision to join and that the fund will grow larger in the future. I expect that with this collective power we will be able to address an even wider range of issues."

Yoshiyuki Hosono General Manager, Private Banking Planning Dept. (concurrent assignment at SMBC Group Foundation), Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **Mutual Benefit.**

Kotaro Takanushi Private Banker, Private Wealth Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **An initiative for the enrichment of every individual.**

Taira David Schaefer General Manager, Private Banking Planning Dept., Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: **To create a flow of money that accelerates the resolution of social issues and an ecosystem to support it.**



20 The Hagukumi Project: Supporting Children's Futures While Building Assets

A Product Designed to Maximize Customer Returns, Centered on the Shared Value of Supporting Child-Rearing

In Japan, where the declining birthrate and aging population are accelerating, creating a society where people can raise children with confidence and achieving sustainable national growth have long been critical national priorities. From 2022 to 2023, the government highlighted “child-rearing support” and an “asset management nation” as two key policies, establishing the Children and Families Agency for child policy and expanding the new Nippon Individual Savings Account (NISA) program. Responding to this shift, Sumitomo Mitsui DS Asset Management Co., Ltd. decided to create Japan’s first investment trust linking these two initiatives. Executive Officer Kenji Umaoka, who led the project, began his career at Sumitomo Mitsui Banking Corporation as a new graduate. After working at several domestic financial institutions, he returned to SMBC Group in 2022 after roughly 20 years. Seeing the industry from both inside and outside convinced him that SMBC Group’s strength lies in “continuously providing new value.” On his return, he was determined to pursue a “first-in-Japan” initiative embodying this DNA. As a parent of a preschooler, he felt the need for child-rearing support. This view was shared by many team members at the same life stage, which became the project’s driving force.

The Hagukumi Project: Donating a Portion of Management Fee to the Children's Future Support Fund

The team led by Umaoka first designed the *Hagukumi Project**, a program in which the company donates a portion of its management fee once a year to the Children's Future Support Fund, operated by the Children and Families Agency. The donation is calculated as a percentage of the target fund's net assets, and the fund is eligible for the new NISA. The *Sumitomo Mitsui DS Income Balance NISA Fund*, nicknamed "*Hagukumi NISA*" and established by the company in January 2024, was designated as the fund for the *Hagukumi Project*. Under this mechanism, as the fund's

assets grow, so does the amount donated to organizations that provide grassroots support to children, such as after-school meal programs (Kodomo Shokudo) and learning support.

The name "*Hagukumi Project*" reflects the aspiration to "nurture what we hold dear," a concept that extends beyond children. In fact, the back cover of the marketing materials features a mosaic of approximately 300 photos submitted by employees of "what they want to nurture," featuring not only children but also pets and plants. Umaoka explains the rationale for the name.

"'Child-rearing' is a theme that resonates with many people on a personal level. At the same time, we felt it was important not to limit ourselves to that theme, so that we could also connect with people who do not have children. That is why we adopted the more universal slogan of 'nurturing what we hold dear.' Our

aim with this concept was to evoke a wider sense of empathy and, in turn, expand the base of asset management."



A mosaic made from photos of what employees want to nurture

**Hagukumi* is a Japanese word that means to nurture, foster, and cultivate with care over time.

Designing the Donation Program Through Dialogue with Government Agencies and Launching the Fund via Interdepartmental Collaboration

Realizing this vision presented several challenges. One was engaging with government agencies. In 2022, before the Children and Families Agency was established, Umaoka reached out to the relevant bureau at the Ministry of Health, Labor and Welfare, its predecessor agency. The initial response to an unsolicited proposal from an asset management company was more tepid than he had imagined. Nevertheless, he persisted with the dialogue and, after the Children and Families Agency was launched in April 2023, paid a formal visit. When he explained the purpose of the *Hagukumi Project*, he promptly gained their endorsement and established a cooperative relationship.

As for the recipient of the donations, it was necessary to choose a neutral standpoint to ensure the donations were not arbitrary. The team ensured this neutrality by donating to the Children's Future Support Fund, with allocations administered by the Children and Families Agency.

Building internal consensus for the fund's design also posed hurdles. The investment management department questioned whether it was appropriate to create a product based on a concept first. Within the team, discussions ranged from "how much risk should we take?" to "there's no point if it's similar to existing products." Reaching a consensus proved difficult. The team also spent considerable time searching for the optimal solution.

The catalyst that spurred progress was the team's determination to create a fund that delivers added value to customers. They hypothesized that clues lay in what was driving the expansion of the asset management base

and analyzed actual NISA purchase data. As a result, they focused on how U.S. and global equities are common entry points in asset management. This led them to design an attractive product that would offer stable returns with controlled risk through diversified asset allocation.



Umaoka
"By nurturing what we cherish, we hope to inspire empathy in others."

To make this a reality, the team prioritized keeping investor costs low. To that end, they chose to invest solely in in-house products. Rather than simply bundling products, they selected investment targets based on strict criteria suitable for NISA, such as expected stable income, high investment efficiency and a track record of at least three years. This is how the "*Hagukumi NISA*," a diversified investment product combining domestic and international equities, bonds and real estate, took shape.

In addition to the meticulous product design, the team leader, who was himself raising children, played a crucial role. His determination to make the project succeed, coupled with efforts to carefully explain to each person across the company, was pivotal in gaining consensus among stakeholders. Through this process, the fund was successfully launched on January 4, 2024, the first business day of the new NISA program. Since launch, some financial institutions have adopted the fund, with its connection to child-rearing support being the deciding factor.

Doing What We Can as Members of Society: Expanding the "Hagukumi" Circle Through Investment and Education

The *Hagukumi Project* plans to scale up by increasing the number of distribution partners, widening the circle of support and adding more eligible funds. As a next step, Umaoka envisions a program focused on Japanese equities, enabling investors to support the Japanese economy through their investments while also contributing to child-rearing support.

The project is also exploring ways to broaden its activities beyond donations to include child-rearing support, such as providing financial education for elementary and junior high school students in collaboration with regional financial institutions.

Finally, reflecting on the initiative, Umaoka offered a closing thought.

"I believe it is very important to see ourselves as individuals first, before corporate employees. To identify what is lacking in society as an individual and consider how we can address it through our work—that, I believe, is the very essence of Creating Social Value.



*For more information on the funds mentioned in this document, please refer to the links below (Japanese only):
[1] Sumitomo Mitsui DS Income Balance NISA Fund (Growth Investment Type) / (Estimated Dividend Type) Fund Overview
▶ <https://www.smd-am.co.jp/extra/income-nisa/index.html>
[Prospectus/Growth Investment Type]
▶ <https://www.smd-am.co.jp/fund/pdf/189109k.pdf>
[Prospectus/Estimated Dividend Type]
▶ <https://www.smd-am.co.jp/fund/pdf/189209k.pdf>

Kenji Umaoka
Executive Officer,
Sumitomo Mitsui DS Asset Management Co., Ltd.

My Shaka-kachi spirit: Doing what I can as a member of society.



21 Fair Recognition for Talent: The KOSEN Inter-College Challenge Creates Opportunities for Collaboration and Practical Experience

Fostering the Next Generation of Innovation Talent by Tackling Real-World Corporate Challenges

Developing and engaging technical talent is essential for Japan's Regrowth, yet existing societal structures often fail to recognize this talent fairly, constraining compensation and career opportunities.

A prime example is Japan's system of colleges of technology (KOSEN), which provide practical, experiment- and training-based specialized education. Although graduates possess university-level knowledge and skills, their associate degree can disadvantage them in recruitment, sometimes restricting the departments they can join. On top of this recognition issue, a structural challenge further narrows their potential: students at the 58 national, public, and private KOSEN nationwide have few opportunities to build networks beyond their own institutions.

In May 2021, Funder Storm, a project team within SMBC Nikko Securities Inc.'s innovation unit, the Nikko Open Innovation Lab (NOIL), identified the unique features and challenges of the KOSEN community while exploring ways to foster next-generation talent. This led them to launch an initiative aimed at addressing these issues.

The KOSEN Inter-College Challenge: Breaking Down School Barriers Through Inter-College Collaboration and Tackling Real-World Corporate Issues

Funder Storm launched the KOSEN Inter-College Challenge as a platform to connect KOSEN students' potential with society and spark a cycle of value creation.

The event is built on two distinctive mechanisms. The first is inter-college collaboration, where students from different KOSEN colleges form mixed teams, breaking down school barriers and gaining new perspectives by working with diverse peers. The second is tackling real corporate issues. Participating companies present practical business challenges, and students develop

ideas aimed at real-world implementation. This gives KOSEN students experience in a business environment beyond the classroom and helps them hone their problem-solving skills. Haruka Shibasaki of NOIL, who joined the team in 2022 and now drives the initiative, explains the underlying motivation: "As I worked on the project, I realized we cannot create a healthier economic cycle unless we nurture the next generation. KOSEN students are a valuable source of talent for Japan. I came to believe we must raise awareness of this talent and provide opportunities for them to thrive."

Bringing this initiative to life was far from straightforward. At first, KOSEN colleges worried that a new event would place extra burdens on already busy faculty. To address this, the team set up a structure in which the administrative office provides full operational support, while KOSEN alumni entrepreneurs serve as mentors, offering hands-on guidance to student teams.



Takahashi
"My goal is to create value for all stakeholders."

Yuya Takahashi of NOIL, one of the project's driving forces, recalls how effective this approach proved to be: "By creating a structure that placed almost no burden on faculty, we were able to proceed without adding to their workload. Some teachers even said they only learned the event had ended when students told them they had won an award."

The operational structure has also evolved

with each event. In April 2025, SMBC Nikko Securities Inc. began co-managing the Challenge with Nocode Research Institute Inc., introducing a dedicated platform developed by Nocode Research. This marked a new stage in building an industry-academia collaboration platform. The platform automated team formation, previously done manually, and enabled smoother communication among participants. Time saved through this digital transformation was redirected to more personalized guidance for students, further improving the quality of the event.

"Far Beyond Our Imagination": Implementation Skills That Shattered Corporate Expectations

The final presentation, held under this robust support system, revealed the students' exceptional implementation skills. They did not stop at presenting ideas: they used their programming abilities to rapidly create prototypes and demo videos. Alongside strong technical skills, they delivered novel ideas, well-crafted presentation materials, and mature Q&A responses. Their overall competence far exceeded corporate expectations, prompting one judge to say with open admiration, "I was amazed by their skill level, which was far higher than I had imagined."

This experience also transformed the students' mindset. One participating KOSEN student commented on practical skill development: "It was great to come up with and implement ideas for a challenge that a company wanted to solve, rather than simply implementing and submitting an assigned task." Another student reflected on team value creation: "I felt we could create something better by listening carefully to the company's needs and feedback and engaging in dialogue with our team members."

Building on this tangible success and proven track record, SMBC Nikko Securities Inc. is

ensuring the event becomes not a one-off initiative but a catalyst for concrete actions to transform social structures.

First, the firm signed a comprehensive partnership agreement with the National Institute of Technology (NIT), an incorporated administrative agency that oversees the KOSEN colleges. This partnership, a first for a financial institution, aims to jointly build an ecosystem that continuously develops transformative talent with a global perspective, with KOSEN at its core.



Shibasaki
"A cycle where talent is fairly recognized and its value communicated is the catalyst for Japan's Regrowth."

Furthermore, from the April 2025 graduate intake, SMBC Nikko Securities Inc. began recruiting KOSEN graduates (excluding advanced course students) on the same compensation terms as university graduates, and the first KOSEN graduate has already joined in a career-track position. Shibasaki explains the significance: "Through our accumulated efforts, our firm has become the financial institution with the closest ties to KOSEN. By hiring KOSEN graduates at a salary equivalent

to university graduates, we believe we can help build a society where they are fairly recognized."

The goal for the KOSEN Inter-College Challenge is to secure participation from all 58 KOSEN colleges nationwide, embedding the initiative more widely and deepening the spirit of challenge. Building on the comprehensive partnership agreement, the team also aims to create a sustainable framework in which highly skilled technical talent nurtured at KOSEN can thrive and drive transformation, by planning new industry-academia collaboration programs that spin off from the event.

To realize this vision, Takahashi emphasizes "creating value for all stakeholders." For KOSEN students, the Challenge is an opportunity for growth; for companies, a chance to create new businesses; and for educational institutions, a way to deliver new educational value. For SMBC Group, nurturing the people who will shape the future of society leads to Creating Social Value and, in turn, sustainable economic growth.

Because the system aligns all parties in the same direction and enables each to realize their own value, the project overcomes difficulties and gains momentum. Building on this foundation, Shibasaki envisions a society where fairer recognition takes root. "I believe that when hidden talent is properly recognized and shared globally, that cycle can become a catalyst for Japan's Regrowth. In Japan and overseas, I want to work with people who resonate with the KOSEN Inter-College Challenge to further energize this community."



Yuya Takahashi Nikko Open Innovation Lab, SMBC Nikko Securities Inc.

My Shaka-kachi spirit: **Creating value for all stakeholders**

Haruka Shibasaki Nikko Open Innovation Lab, SMBC Nikko Securities Inc.

My Shaka-kachi spirit: **The practice of "Creating Social Value" supports Japan's Regrowth**



22 Exploring the Challenges of Promoting “Olive” and Co-Creating Practical Knowledge with Meijo University Students

Fostering a “Sampo-Yoshi” for the Company, Students and the Community by Turning Corporate Challenges into Living Textbooks for Learning

Japan’s declining birthrate and aging population are shrinking the workforce, so raising worker productivity is essential for sustainable growth. In particular, enhancing the abilities of the young people who will shape the future is a vital foundation for energizing the entire economy.

Against this backdrop, Sumitomo Mitsui Banking Corporation (SMBC) set out to promote its digital financial service Olive to younger customers to improve financial literacy and encourage cashless payments. Megumi Itagaki, Nagoya Area Main Office, SMBC, had strong desire for young people to have a bright image of their future and belief that gaining experience through practice, which increases what they are capable of, is what truly builds their confidence and broadens their choices. She began to explore whether promoting Olive itself could become a hands-on learning opportunity for students. To put this idea into action, she approached what she called a “university of destiny,” a large university with an SMBC ATM on campus and eventually met Section Chief Gouki Yamamoto, Meijo University Service Co., Ltd., who was already linking corporate problem-solving with student learning. Their shared vision led to the launch of the project.

A Marketing Workshop Where Students Take the Lead: Turning Real-world Business Challenges into Practical Learning Opportunities

The “Marketing and Sales Promotion Workshop with Sumitomo Mitsui Banking Corporation” was a co-creation project in which Meijo University, its students, and SMBC each had clear roles. The university provided “opportunities” by offering a place for practical learning. Students were responsible for “planning,” developing and proposing marketing strategies. SMBC was responsible for “implementing the plans,” turning the workshop’s outcomes into real initiatives.

A diverse group of students joined the

workshop, including humanities and science majors and doctoral candidates. Their motivations varied: some sought practical marketing knowledge not available in their majors, while others wanted to deepen their career perspectives by tackling real-world challenges in the financial industry. For them, the workshop offered hands-on learning they could not gain from lectures alone, and their proactive engagement became the project’s driving force.

Over two months, the students developed marketing plans, working in teams to interview friends on campus and uncover genuine student insights. Yamamoto explains the educational value: “Through these interviews, the students reexamined what they took for granted, treated it as objective insight, and linked it to a marketing perspective. They experienced the whole process from research through planning, and

creating such practical learning on campus was extremely meaningful.”



Yamamoto
“We were able to create practical learning opportunities on campus that grew out of dialogue among students.”

To maximize the workshop’s value, Itagaki and her colleagues acted as facilitators who drew out students’ thinking rather than simply providing right answers. They invited young bank employees of a similar age to join the discussions, creating an atmosphere where students could speak freely. “We prioritized students’ own opinions over unilaterally conveying our ideas, because we believe the unique perspectives they bring have immense value,” says Itagaki. The belief that “the students are the main characters” guided the entire project.

Workshop Activities Strengthen Student Skills and Financial Knowledge, Leading to Promotions Based on Their Work

Participants gained multifaceted learning. One student described concrete skill development: “I was not good at bottom up research, but through the interviews I strengthened my ability to understand the background behind people’s opinions and thoughts.” Another reflected on a deeper understanding of marketing: “Through the interviews we heard unexpected opinions that differed from our assumptions, which made me realize the importance of not only forming hypotheses but also conducting actual research.”

Along with new skills and perspectives, students also deepened their understanding of the financial service itself. A student who was not even aware of Olive’s existence at first now says, “I feel it is an outstanding financial service.” Another student who already used Olive commented, “Through this project I discovered features I never knew existed and realized I had not been making full use of the service.”

The students’ plans and proposals, the culmination of the workshop, are now being

implemented. An Olive flyer they designed is used on campus digital signage. Based on their insight that preparing to study abroad is when students feel a strong need for financial services, SMBC is also promoting Olive at study abroad information sessions to highlight its convenience for living overseas. Looking ahead, Itagaki reflects on the value this initiative will create:

“I want the students to see their ideas come to life and lead to tangible results that grow step by step into something much larger. I have faith that we will see that future together.”

This “Sampo-Yoshi (three-way satisfaction for the seller, the buyer, and the community),” which brings value to all three parties, including student growth, has been highly praised within the company. The initiative won the Group CEO Award at the SMBC Group Shaka-kachi* AWARD 2024, with President and Group CEO Toru Nakashima, Sumitomo Mitsui Financial Group, commending it as a project that contributes to the community through business and realizes “Sampo-Yoshi”. Since the award, it has attracted many inquiries from other Group departments, and its influence continues to grow.

*Shaka-kachi is SMBC Group’s slogan, meaning “creating social value.”

Establishing the “Nagoya Model” and Expanding It Prefecture-Wide: Envisioning a Sustainably Growing Future Through Continuous Challenge

Itagaki now aims to expand this initiative as part of a “Nagoya Model” to around 50 universities in Aichi Prefecture. Beyond that, she envisions integrated financial, economic, and career education from elementary school through university.

“First, I hope to create model content for



Itagaki
“There is immense value in the unique perspectives and ideas that only students can offer.”

financial and career education that emphasizes practical application, and then it would be fantastic to expand it throughout Aichi Prefecture.”

She also stresses the importance of long-term human resource development. “Rather than waiting until university to think about their careers, I believe it is crucial for students to start thinking about their futures from elementary and junior high school, and to gain experience steadily working toward their goals over time. That is what nurtures truly capable people.”

Reflecting on the project’s theme of “growth,” Itagaki links the initiative to her own career. “I believe growth begins with interest in the world and awareness of its issues. It is then essential to ask what you want to do, what you can do, and whether society needs it, while staying attuned to social change and continually updating yourself. Above all, one must have the courage to keep taking on new challenges. By thinking things through and persevering in the face of difficulties, true growth emerges at the end of this steady, practical path.”

Gouki Yamamoto
Section Chief,
Meijo University Service Co., Ltd.

Megumi Itagaki
Nagoya Area Main Office,
Sumitomo Mitsui Banking Corporation.

My Shaka-kachi spirit: To contribute to Japan

Two experts share their insights on where SMBC Group stands today, along with their hopes and expectations for its future growth.

Social Design with a Global Perspective, Amplifying Youth Voices

Climate change is accelerating so rapidly that the term “global boiling” was coined in 2023, and biodiversity loss is at an all-time high as we enter a sixth mass extinction. Both crises are driven by human activity. Yet the voices of youth, who will live with the outcomes of the Paris Agreement, often do not reach the forums where global decisions are made. SWITCH Association of Sustainability Founder Mana Saza is sounding the alarm.

Founder,
SWITCH Association of Sustainability
Mana Saza



Japan's Lack in Intergenerational Dialogue

Saza's connection with SMBC Group began at a talk event at Olive LOUNGE featuring former professional baseball player Yuki Saito. She sees sports as a gateway that can draw in people who have not previously engaged with climate change and biodiversity issues. Building on that event, we spoke with Saza about her global work and her expectations for SMBC Group.

Saza pointed to Japan's potential to lead a green transformation by bringing young people into decision-making.

“One of Japan's major challenges is the lack of intergenerational dialogue. However, youth voices can be elevated. For example, the United Nations secretary-general has a ‘Youth Advisory Group on Climate Change’ and sets aside time every three months to hear from 14 youth leaders from around the world. Dialogue with young people is essential for understanding and staying ahead of global trends, especially because they will

be the adults when the goals of the Paris Agreement are met. Furthermore, putting youth at the center of decision-making can turn global boiling and biodiversity loss into a catalyst for building new social systems with sustainability at the core, accelerating DX, GX and CE, supported by AI. To get there, we need education that builds climate literacy, supports entrepreneurship, develops global talent and reshapes corporate and social structures to welcome the transformation sustainability requires.”

Social Design with a Vision for the International Community

Saza emphasized that alongside these domestic challenges, she expects SMBC Group to widen its perspective and adopt a truly global lens, viewing itself from the standpoint of the international community.

“It is crucial to move beyond a domestic focus and keep asking how the Group can contribute to society from a global perspective. The first step is to produce strategies, plans, and initiatives to address social issues in English, so the starting point for the audience becomes Asia and the world, not only Japan. To strengthen collaboration with overseas entities, why not push past business as usual, shape initiatives accordingly, and identify the company's universal value?”

Saza proposes that SMBC Group position itself as a bank that solves social issues with global leadership. She added that her conversations with the Group have convinced her that it has real potential.



“SMBC Group is committed to building a sustainable society and strengthening Japan's socioeconomic foundation. They consider what infrastructure and investment are needed from a medium- and long-term perspective, and there is a corporate culture of continually taking on new challenges. Many customers resonate with that spirit of challenge. At the same time, SMBC needs stronger alignment between the social impact it aims to deliver and what its customers are working to achieve, so it can mobilize more capital for sustainability.”

Saza concluded that conveying that vision to customers depends on whether each frontline employee can explain the company's purpose in their own words.

“Why are we pursuing this business to solve social problems with finance? An organization where every employee can explain that ‘why’ in their own words is unstoppable. Grappling with that ‘why,’ and continuing these initiatives with it in mind, gives us strength to navigate an era of change. I hope SMBC Group will listen to the voices of the next generation, clearly define its social role for the future, and share that vision internally and across Asia.”

Born in 1995. MSc from University College London. As Global Coordinator for Mock COP, she brought together youth environmental experts from 140 countries and presented 18 policy recommendations to COP26 and world leaders, helping secure an official seat for youth at COP (Conference of the Parties). Named to Forbes JAPAN 30 UNDER 30 in 2023. Participated in COP26, COP28, and COP29 as a youth representative from Japan. Designated Associate Member of the Science Council of Japan. Member of the Japan Broadcasting Corporation (NHK) International Broadcasting Program Evaluation Committee.



Facing “Questions Without Answers” to Achieve True Co-creation

Modern society has relentlessly pursued efficiency and urbanization, and it is now confronting a range of adverse consequences. The essence of these challenges cannot be captured by science alone, rendering a new “co-creation of knowledge” essential. Violinist and The University of Tokyo Research Center for Advanced Science and Technology (RCAST) Professor Kaoru Kondo brings the practical wisdom of art into academic inquiry. By fusing “intellect” and “sensibility,” he is exploring a new vision for society.

Concertmaster, Tokyo Philharmonic Orchestra
Professor, Research Center for Advanced Science and Technology, The University of Tokyo
Kaoru Kondo

Embracing “Self-Interest” Leads to “Altruism”

SMBC Group is collaborating with the Koyasan Enyu Forum, an initiative Kondo founded. This forum provides a space to bring diverse values together across industry, art, and academia, aiming to create new value through dialogue.

One of SMBC Group's roots, the Sumitomo Group, upholds the spirit of “Jiri-Rita Koushi-Ichinyo” (benefit self and benefit others, private and public interests are one and the same). Similarly, Kondo selected “Jiri-Rita” (self-interest and altruism) as the inaugural theme for the Enyu Forum. He explained the importance of this concept: *“To make others happy, one must first embrace one's true individuality and find fulfillment in one's own existence.”* Only when we feel fulfilled can we truly accept others. Beyond that, Kondo envisions a world of “Enyu,” a Japanese word used to describe the limitless connections that tie together all things in this world. In this world, boundaries between the individual and society, and between humanity and nature, dissolve, enabling a cycle of mutual support.

Engaging with Art and the Inner Self Through Dialogue of Sensibility Beyond Words

How can one achieve true fulfillment? Kondo suggests art is the key. While science aims to explain



and clarify, art engages with the “unknown” and with “sensibility” as they are. Since there are no fixed answers, we are pushed to ask, “How do I feel?” In that process, encountering art can lead to fundamental questions such as “Why do we live?” and becomes a practice of digging deeply into the self. Kondo argues that this deeply explored inner self cannot be fully shared through words or online interactions. That is why he insists on in-person, embodied dialogue.

“These days, I feel that co-creation is increasing, whether it's theoretical or within the context of DX and VR. Still, true co-creation emerges only when we meet in person, resonate with sensibilities that cannot be put into words, and connect at the deeper roots each person has uncovered.”

What can finance do to help bring this kind of true co-creation into society? Kondo sees a natural affinity, and real potential for collaboration, between finance and art.

“At first, I thought finance and art were incompatible.

But finance deals in ‘credit,’ something without physical substance, which makes it closely aligned with art's focus on invisible ‘sensibility.’ And through my dialogues with SMBC Group members, I was moved to meet people who hold dreams and hopes with the same intensity as artists.”

That intensity can generate a new cycle of value. Unlike material wealth, which diminishes when distributed, the value of art does not decrease when shared. By connecting this “non-diminishing value” to society through co-creation and keeping it in circulation, a compelling vision of “Enyu” may take shape, where finance and art come together.

Born in Aichi Prefecture. Graduated from Tokyo University of the Arts and completed his master's degree at the same institution. Active in various fields as an educator and art producer alongside his career as a performer. Author of *Golden Tadpoles and Dialogue of Sensibility: Why the World Needs Music*. Also serves as an Area Operation Advisor for the JST PRESTO (Sakigake) program.

Editorial Note

We hope you've enjoyed the third edition of SMBC Group's STORY BOOK on Creating Social Value. Over the past three years, employees across the Group have advanced these initiatives aimed at Creating Social Value together. We have been reminded how many colleagues speak with optimism and enthusiasm about their ideas and actions, and we are grateful that our network of partners continues to grow through participation and co-creation.

No matter how strongly we believe our actions will benefit society or are inherently good, if external stakeholders do not see them the same way, we cannot say we have fully identified the needs or contributed to solving social issues.

With that in mind, this Storybook goes beyond merely presenting our projects, as we did in the previous edition. It also shares encouraging messages from two people in different fields outside SMBC Group.

Mana Saza urged, *"It is important to explain, in your own words, why you are pursuing these businesses and initiatives, and to communicate clearly and confidently that you are taking a long-term view."* Kaoru Kondo added, *"The financial sector can do more to help true co-creation spread across society."* Both points are priorities for our new Medium-Term Management Plan, beginning in April.

As we enter the second phase of Creating Social Value, we will strive to deliver initiatives at a level beyond that of the past three years. We hope you will continue to look forward to SMBC Group's *Shaka-kachi* initiatives.

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*The content of STORY BOOK 2025 is based on information available as of December 2025.

