



# Sustainability Report 2021



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

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# Editorial Policy

## Sustainability Report/Sustainability Website Editorial Policy

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

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

### Note on Company Names

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

### Scope of this Report

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

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

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

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

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

### Reporting period and other information

#### Reporting Period

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

Individual periods are addressed in each activity when necessary.

#### Month of Issue

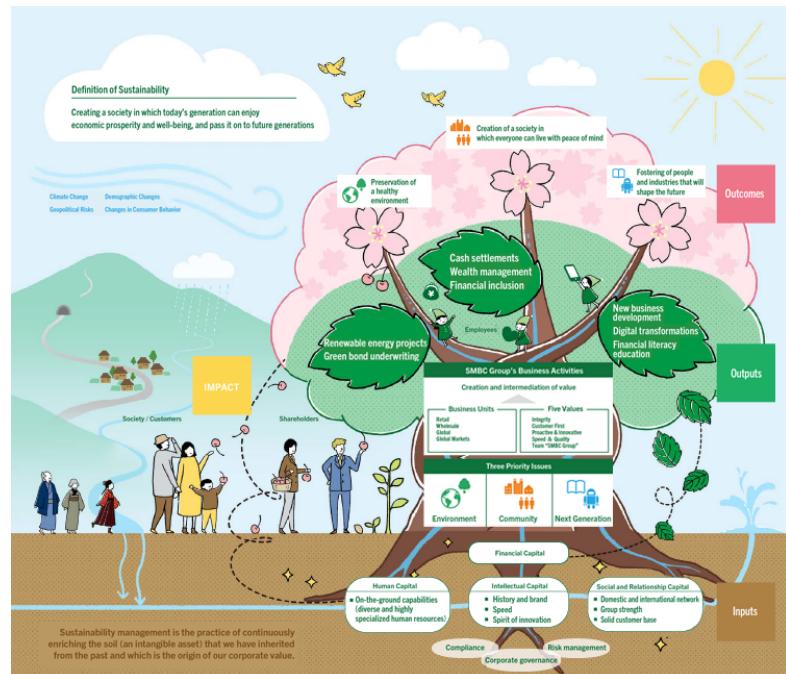
March 2021 (Previous issue: January 2020)

### Contact Information

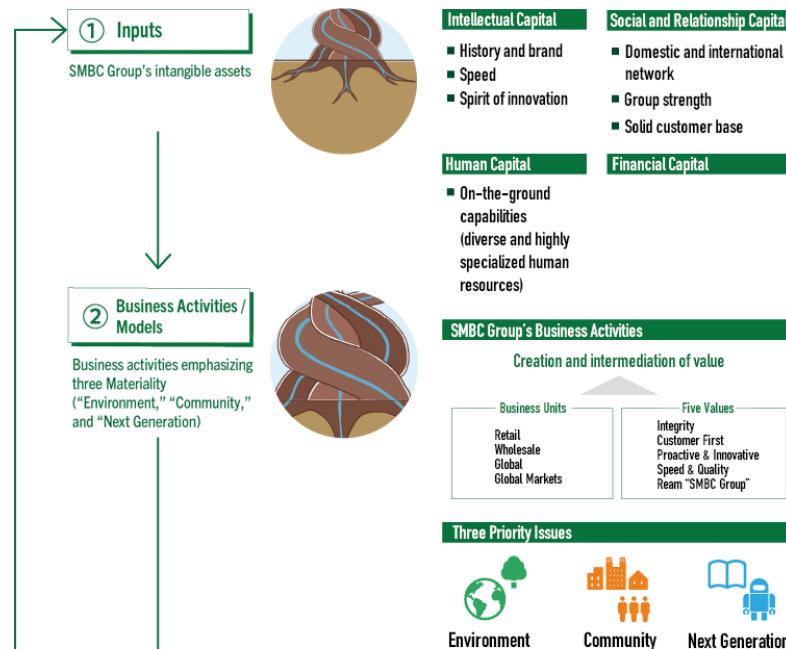
1-1-2 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-0005  
Sumitomo Mitsui Financial Group, Inc.  
Tel: +81-3-3282-8111

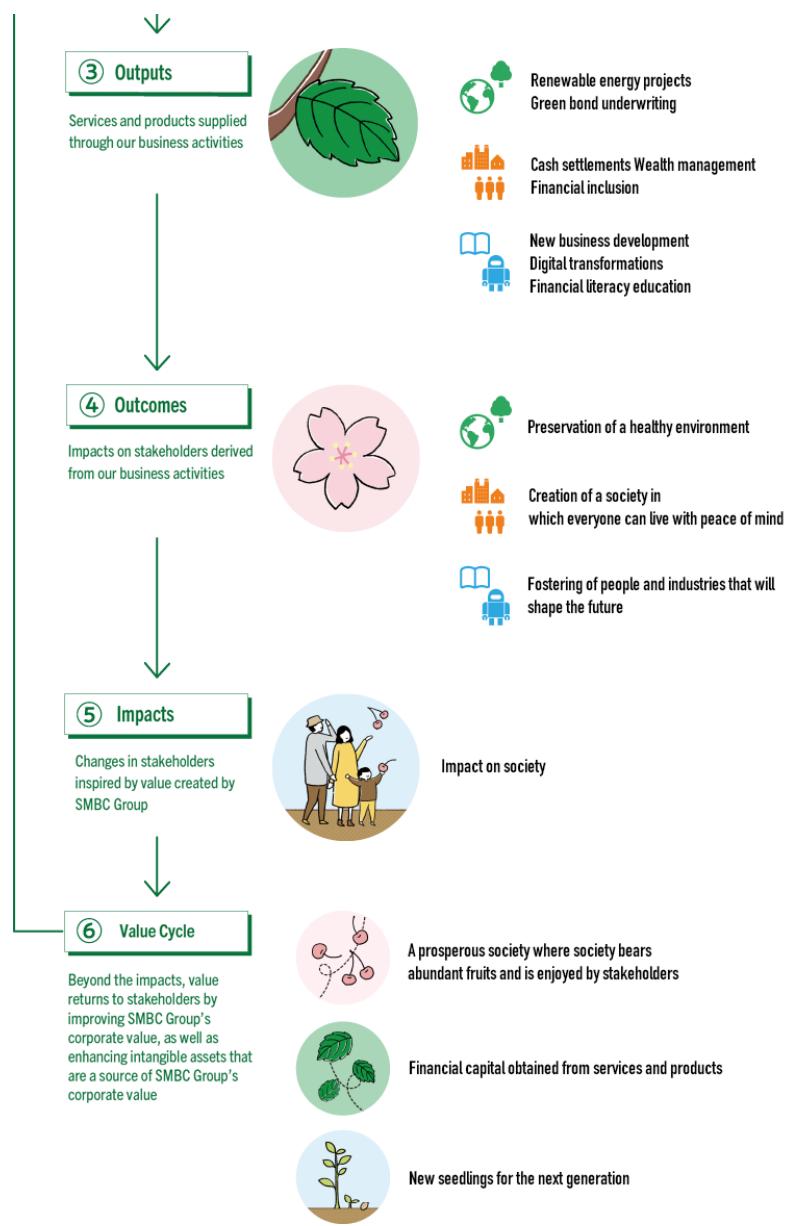
# SMBC Group's Value Creation Process

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



## SMBC Group's Value Creation Process





# SMBC Group Statement on Sustainability

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

## Definition of Sustainability

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

## Understanding of the Present Situation and Our Role

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

SMBC Group Statement on Sustainability(16KB) [PDF](#)

### FY2019 Dialogue (1)

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

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

SMBC Group GREEN×GLOBE 2030

### FY2019 Dialogue (2)

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

## Issues that SMBC Group focuses on

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

Make sustainability a reality



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

Priority Issues (Materiality) that SMBC Group Should Address

## 400 years of sustainability practice

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

### The predecessor to Mitsui



Uki-e Suruga-chō gofukuya zu  
Mitsui Bunko Collection

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

### The predecessor to Sumitomo



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



Besshi Copper Mine in 1881  
Sumitomo Historical Archives Collection

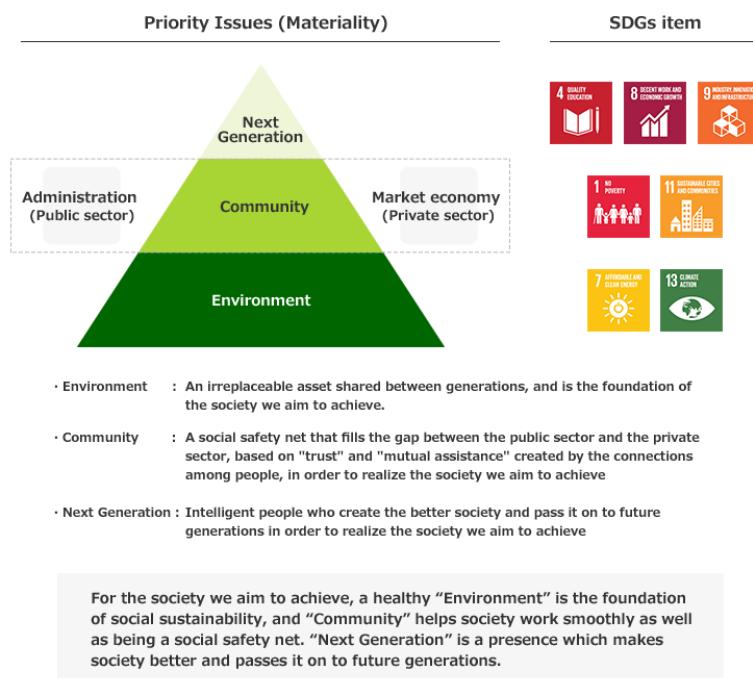
Sumitomo's predecessors have made Japan one of the world's leading copper producers through technological innovations in copper refining. Sumitomo also noted environmental issues on the other hand. The predecessor grieved the devastation on the mountains and resolved to undertake reforestation and provided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

# Priority Issues (Materiality)

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

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

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



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

#### The predecessor to Mitsui



Uki-e Suruga-chō gofukuya zu  
Mitsui Bunko Collection

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

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# For Environment

## SMBC Group's Approach

SMBC Group



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



Roadmap Addressing Climate Change/Action Plan

Response to climate change (Working on TCFD Recommendations)

Promotion of Environmental Business

Management of Environmental Risks

Reduction of Environmental Impacts

SMBC Group Green Bond

## For Community

### SMBC Group's Commitment

SMBC Group



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



Contribution to Achieving and Developing Safe and Secure Communities

Promotion of Social Inclusion in Collaboration

## For Next Generation

### SMBC Group's Approach

SMBC Group



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



Support for Growth Industries

Promotion of Financial Literacy Education

# Process to Identify Priority Issues (Materiality)

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



## Step 1 Selection and prioritization of issues

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

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

### Standards used for reference in prioritization

#### Importance to Stakeholders

- International frameworks such as the GRI Guidelines
- Items to be researched or pointed by the Socially Responsible Investing (SRI)-related institutions
- Suggestions from the strategy advisor to the SMBC Group CSR Committee

#### Importance to SMBC Group

- Priority issues from 10 Group companies
- Conformity with SMBC Group's Business Mission, business ethics, and medium-term management plan
- Assessment of risks and possible business opportunities (potential for enhancing enterprise value) in line with pursuit of sustainability

## Step 2

### Reexamination and identification through dialog with experts

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

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

## Step 3

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

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

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

## Step 4

### Review through engagement

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

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

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

Refer to the following for details on the stakeholder dialogue.

Stakeholder Engagement

# SMBC Group GREEN x GLOBE 2030

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

## Basic concept

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

### Thoughts in the name

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

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

## Key Pillars of the plan and 10 years KPIs

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

In May 2021, in order to expand its climate change-related initiatives, we added the Roadmap Addressing Climate Change and the Action Plan.

Key pillars of the plan	1	Sustainability initiatives that are directed towards our customers/society.
	2	Internal initiatives that contribute to Sustainability management.
	3	Enhance engagement with investors.

Key pillars of the plan	KPI we aspire ten years from now through our initiatives
Sustainability initiatives that are directed towards our customers/society	<ul style="list-style-type: none"> <li>Execute green finance and finance that contribute to realizing sustainability<sup>*1</sup> equivalent to JPY 30 trillion between FY2020 to FY2029 (of which JPY 20 trillion is green finance).</li> <li>1.5 million participants in financial education programs held by SMBC Group (FY2020-FY2029)</li> <li>Publicly release a minimum of one report per year which is based on the results of social impact measurements that target social contribution activities</li> </ul>
Internal initiatives that contribute to Sustainability management	<ul style="list-style-type: none"> <li>Conduct surveys targeting front office personnel and customers to measure their awareness of SDGs and engagement levels regarding solving social issues ( SDGs, etc.)</li> <li>SMBC Group will become net zero<sup>*2</sup> in its groupwide operations<sup>*3</sup> by 2030</li> </ul>

\*1 "Finance that contributes to sustainability" includes financing for the purposes of supporting corporates transition to environmentally conscious businesses models and their social programs.

\*2 Scope1 and Scope2

\*3 The basic concept is to directly reduce GHG emissions by switching electricity to renewable sources making use of non-fossil fuel energy certificates, etc. For unavoidable emissions, carbon offsets such as purchasing credits will be considered to achieve net zero.

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

## Progress Reports

### FY2020

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

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

FY2020 Social Impact Assessment Report

# FY2020 Social Impact Assessment Report

In FY2020, we conducted a social impact assessment to visualize the social impact of the Promise Financial and Economic Education Seminar. The Seminar is at the core of SMBC Group's social contribution activities, and cumulative total participants reached 1,000,000 in February 2020. This assessment was conducted based on an awareness that corporations have become required to bring about social impact through their business activities. This assessment is the first assessment of the social impact of financial and economic education at a financial institution in Japan.

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

[FY2020 Social Impact Assessment Report of Promise Financial and Economic Education Seminar\(Japanese only\) \(3,241KB\)](#) 

[FY2020 Social Impact Assessment Report of Promise Financial and Economic Education Seminar\(Appendix\)\(Japanese only\) \(321KB\)](#) 

▼ 1.Assessment summary

▼ 2.Overview of the subject project

▼ 3.Overview of the Social Impact Assessment

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

▼ 5.Considerations

## 1. Assessment summary

- In December 2020, we conducted a social impact assessment concerning the Promise Financial and Economic Education Seminar at a private high school in Nagoya. The subjects for assessment were 160 first-year students, 131 second-year students, and 74 third-year students. For the first-year students, we conducted a comparison before and after they took the seminar.
- We conducted a quantitative analysis using surveys and qualitative analysis using interviews. Interviews were held before and after the seminar with four first-year students.
- For objective financial literacy, after the seminar there was a **significant improvement in scores** across all first-year students, improving from 37.8% to 48.2%.
- First-year student scores after the seminar increased across all categories of the financial literacy map, and **scores were higher than the student scores in the 2019 Financial Literacy Survey** in the categories of Life Planning, Basics of Financial Transactions, Basics of Finance and Economy, Loans and Credit, Insurance, and Wealth Building.
- **Positive changes** were observed after the seminar in the behaviors and attitudes of **Awareness of Income, Awareness of Expenditure, Herd Behavior Bias, Consumption Trends, and Self-Assessment of Consumption**. On the other hand, **negative changes** were observed after the seminar in the behaviors and attitudes of **Prudence, Deliberateness, Loss Aversion, and Awareness of Payments**. It is likely that one reason for this is the change of the self-assessment criteria in the post-seminar review.
- When we interviewed students regarding their interest in financial and economic education before the seminar, all students were not particularly interested. However, after taking the seminar, the students were **interested in specific topics** such as taxation and investing. High school students being interested in new fields and topics they were not interested in until now is considered to be one of the social impacts of this program.
- The **provision of regular seminars and the multilayering of content could be effective** in maintaining and improving financial literacy, and the implementation of ongoing social impact assessments and establishment of control groups is desirable for more detailed analysis.

## 2. Overview of the subject project

### Project name

Promise Financial and Economic Education Seminar

### Project developer

SMBC CONSUMER FINANCE CO., LTD.

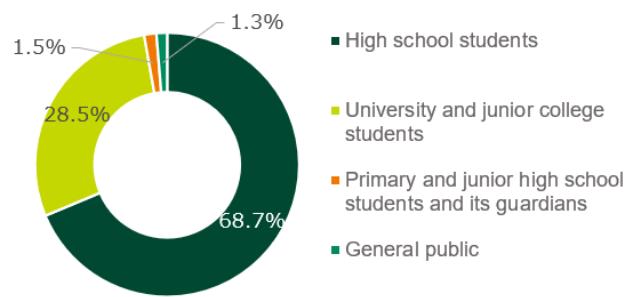
### Project contents

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

### Achievements

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

### [Demographics of participants]



SMBCCF : Initiatives for Financial and Economic Education (Japanese only) [↗](#)

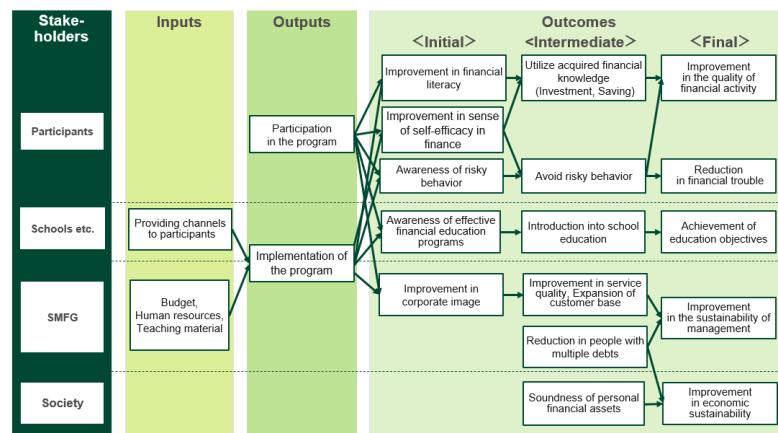
## 3. Overview of the Social Impact Assessment

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

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

### ● Anticipated logic models

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



### ● Overview of implementation

- This assessment estimates the program's overall social impact by conducting a survey of high school students, which were the largest demographic of program participants.

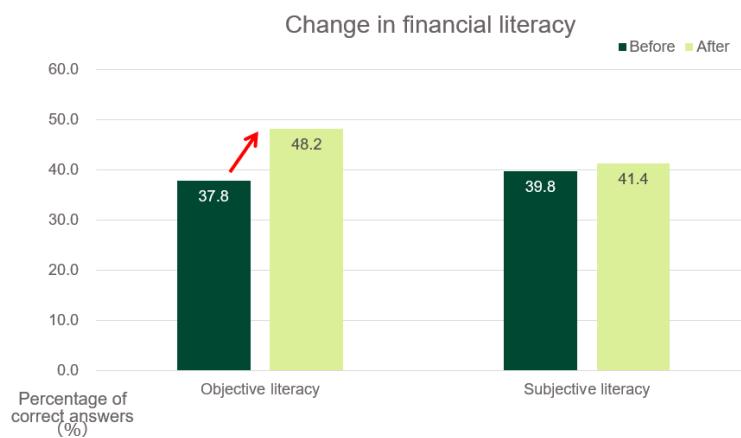
Item	Overview
Assessment name	Social impact assessment of financial and economic education seminars for high school students
Subject	First- to third-year students of a high school <ul style="list-style-type: none"> <li>First-year students (participated in a "Life Planning and Family Budget Management" seminar held in December 2020)</li> <li>Second-year students (participated in a "Life Planning and Family Budget Management" seminar held in February 2020)</li> <li>Third-year students (participated in a "Life Planning and Family Budget Management" seminar held in February 2019)</li> </ul>
Assessment methodology	<ul style="list-style-type: none"> <li>Before-and-after comparison of first-year students who took the seminar</li> <li>An interannual comparison with second-year and third-year students who took the seminar previously</li> </ul>
Assessment overview	<ul style="list-style-type: none"> <li>We measured initial outcomes of seminar participants (financial literacy, sense of self-efficacy).</li> <li>As part of the assessment design, previous studies were reviewed, provided materials were analyzed, and interviews with related people and participants were conducted.</li> <li>To evaluate the impact on participants, we conducted a questionnaire survey before and after the seminar regarding financial literacy knowledge and level of understanding, sense of self-efficacy, and behavior and attitude concerning finance.</li> <li>Based on the collected questionnaires, we will analyze the change in assessment items before and after taking the seminar, conduct a segment analysis, and assess what kind of content encourages a change in awareness.</li> <li>Based on this assessment, we will plan an ongoing social impact assessment and future project proposals.</li> </ul>

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

- Changes in financial literacy that occur as a result of taking the seminar**

- For objective financial literacy (financial literacy map categories), after taking the seminar, there was a significant improvement in scores across all first-year students, improving from 37.8% to 48.2%.

[Changes in behavior and attitude (first-year students, before and after)]



- Comparison to the national financial literacy survey**

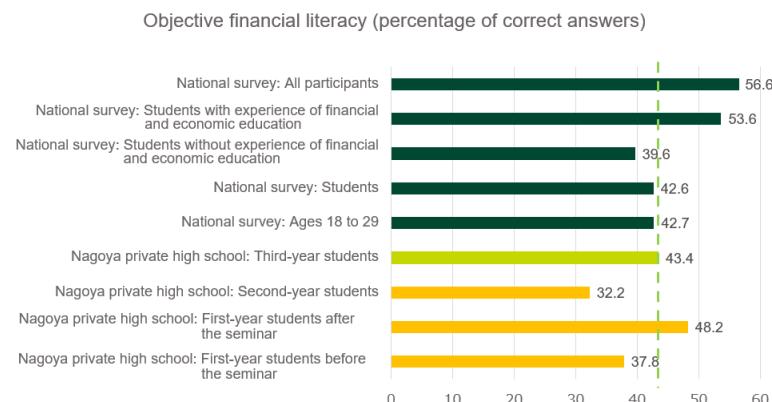
- For objective financial literacy, compared to the student scores in the Financial Literacy Survey 2019 (The Central Council for Financial Services Information\*), the first-year student scores after taking the seminar are significantly higher. The third-year students who took the seminar two years ago also maintained high scores.

\*An organization that engages in a wide range of public relations activities related to finance from a neutral and fair standpoint in cooperation with the Japanese government, the Bank of Japan, and other organizations.

The Central Council for Financial Services Information

- As the students in the above survey are university and junior college students over 18 years of age, it can be said that taking the Promise Financial and Economic Education Seminar is beneficial for improving objective financial literacy.

[Comparison with the national survey in objective financial literacy]



\*The green dotted line shows the score of the third-year students, which even two years after taking the seminar, is still above the national average score of untrained students.

### ● Change in each item of the financial literacy map

- The first-year students' score after taking the seminar improved in all categories compared to their score before taking the seminar, and in the categories of Life Planning, Basics of Financial Transactions, Basics of Finance and Economy, Loans and Credit, Insurance, and Wealth Building, scores were higher than the student scores in the Financial Literacy Survey 2019 (Central Council for Financial Services Information).
- In the categories of Financial Knowledge and Use of Outside Expertise, third-year students maintained higher scores than the first-year student scores before taking the seminar, and for Financial Knowledge, their scores were higher than the national student score. However, in the categories of Family Budget Management, Life Planning, and Use of Outside Expertise, they were lower than the national student score.

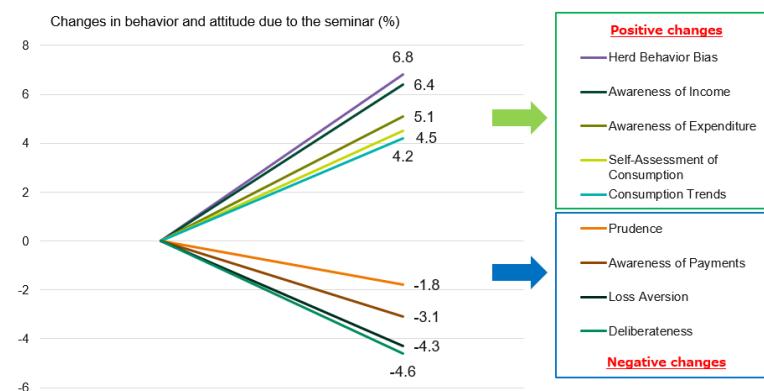
#### [Score comparison for each item in the financial literacy map]

Category	Sub-category	First-year students before the seminar	First-year students after the seminar	Second-year students	Third-year students	Variation (Before, After)	Variation (Before, Second-year students)	Variation (Before, Third-year students)	National average	National average (Students)
Family Budget Management	Family Budget Management	42.2	43.1	27.5	38.5	0.9	-14.7	-3.7	52.3	47.6
Life Planning	Deposits and Savings, and Three Major Expenses	35.3	48.1	30.5	30.4	12.8	-4.8	-4.9	50.8	36.7
Financial Knowledge	Basics of Financial Transactions	63.8	78.1	52.7	69.8	14.3	-11.1	6	74.0	67.9
	Basics of Finance and Economy	32.5	39.6	27.5	37.8	7.1	-5	5.3	49.8	35.6
	Loans and Credit	31.6	43.4	24.4	37.8	11.8	-7.2	6.2	54.4	33.3
	Insurance	29.4	42.2	26.7	36.5	12.8	-2.7	7.1	54.4	33.0
	Wealth Building	37.5	63.8	35.9	59.5	26.3	-1.6	22	54.8	35.0
Use of Outside Expertise		44.6	53.3	38.9	53.2	8.7	-5.7	8.6	65.6	53.4

### ● Changes in behavior and attitude due to taking the seminar

- Of behavior and attitude, positive changes were observed after the seminar for Awareness of Income, Awareness of Expenditure, Consumption Trends, Herd Behavior Bias, and Self-Assessment of Consumption. Negative changes were observed after the seminar for Prudence, Deliberateness, Loss Aversion, and Awareness of Payments.

#### [Changes in behavior and attitude (first-year students, before and after)]



### ● Summary of interviews

- After taking the seminar, high school students being interested in new fields and topics they were not interested in until now is considered to be one of the social impacts of this program.
- In particular, becoming interested in specific topics such as taxation and investment is considered a positive finding.

■ Is there anything you would like to learn about regarding money or economy?

&lt;Before&gt;

- All students answered nothing in particular.

&lt;After&gt;

- Two students changed their answers.



I want to learn about taxation.

In today's seminar, I learned that from 18, you are an adult. Now I am dependent on my mother but considering that I will live alone in the future, I want to learn more about taxation. (Female student)



I want to learn about investing.

I heard that you earn money through investing, and I thought that was awesome. (Male student)

## 5. Considerations

- This Social Impact Assessment observed that financial literacy improves by taking the Promise Financial and Economic Education Seminar, and initial outcomes assumed in the logic model was verified.
- To further enhance the program's social impact, it might be effective to conduct further review and improvement of contents going forward and conduct ongoing assessment of social impact such as establishing control groups and conducting medium-to-long-term assessment.

**[Recommendations for the program and insights gained from this Social Impact Assessment]**

	Insights gained	Recommendations for the program
Assessment	<u>Intervention effects of financial literacy</u> <ul style="list-style-type: none"> <li>① Improvement and maintenance of objective financial literacy</li> <li>② Improvement in subjective financial literacy</li> <li>③ High efficacy for specific demographics (female students)</li> <li>④ Changes in behavior and attitude</li> </ul>	<u>Conduct ongoing assessments into social impact</u> <ul style="list-style-type: none"> <li>① Establish control groups</li> <li>② Compare effects between program contents and delivery methods</li> <li>③ Conduct medium-to-long-term assessment</li> <li>④ Measure mid-term outcomes</li> </ul>
Contents	<u>Stimulate interest by program contents</u> <ul style="list-style-type: none"> <li>① Ripple effects to all categories of the financial literacy map due to implementation of program contents</li> <li>② Effects of specificity and simulation</li> <li>③ Stimulate interest in financial and economic education by taking the seminar</li> </ul>	<u>Development of program contents</u> <ul style="list-style-type: none"> <li>① Ongoingly configure program contents that incorporate multiple contents</li> <li>② Multilayering of contents</li> <li>③ Target segmentation</li> <li>④ Implement contents that result in appropriate consumer behavior and risk avoidance</li> <li>⑤ Implement hands-on contents in conjunction with self-study tools</li> </ul>

# Sustainability Management System

SMBC Group defines sustainability as "Creating and maintaining a society in which all of today's generation can enjoy economic prosperity and well-being and pass it on to future generations."

We take sustainability into account in our sustainability management system.

## SMBC Group Sustainability Management System

### SMBC Group

Under the guidance of **the Group CSO (Chief Strategy Officer, a member of the board)** and **the Group CSuO (Chief Sustainability Officer)** who oversees and promotes our sustainability-related initiatives groupwide, the SMFG Corporate Sustainability Department plans and formulates groupwide sustainability measures including SDGs and ESG aspects.

The Corporate Sustainability Committee, which is chaired by the **Group CEO**, discusses matters pertaining to the spread of sustainability management throughout the Group as well as measures necessary for promoting sustainability. Moreover, we newly established the Sustainability Committee as an internal committee of the Board of Directors in July 2021. The Group CSuO and the Group CRO (Chief Risk Officer) will periodically report to the Sustainability Committee and the Risk Committee. We are continuously enhancing our corporate governance and management frameworks.

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

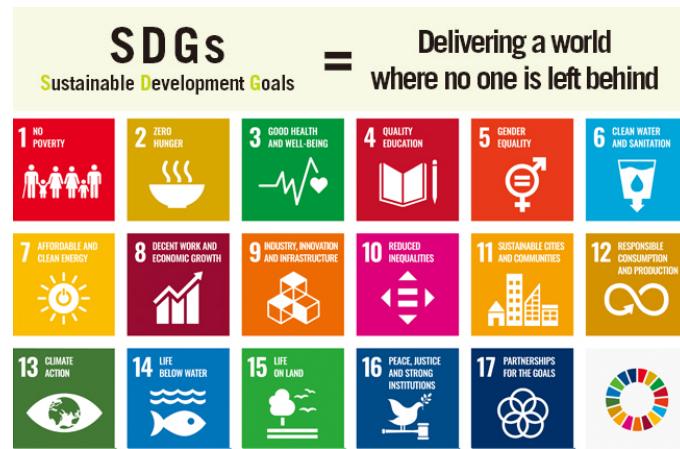
### Structure to discuss, implement and manage our sustainability measures



# SMBC Group Businesses and SDGs

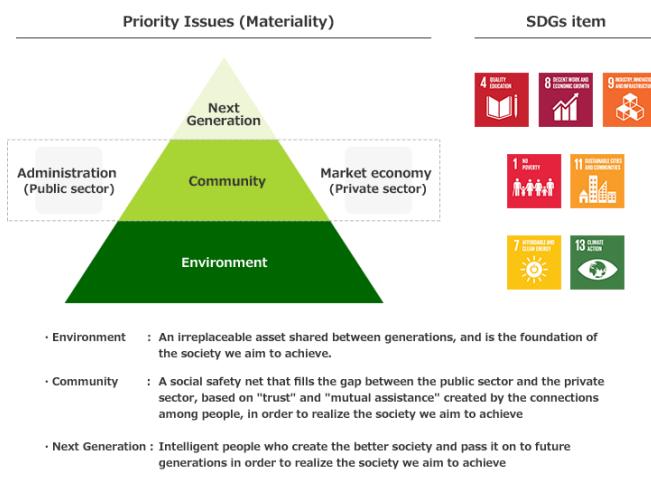
## About SDGs

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



## SDGs for SMBC Group

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



[Click to enlarge](#)

Priority Issues (Materiality) that SMBC Group Should Address

# Social Contribution

SMBC Group has set “Environment”, “Community”, and “Next Generation” as priority issues in order to respond to requests from stakeholders and contribute to solving social issues. We introduce our social contribution activities in line with our priority issues below.

Contribution Activities to Environment

Contribution Activities to Community

Contribution Activities to Next Generation

# Contribution Activities to Environment

## Main Measures

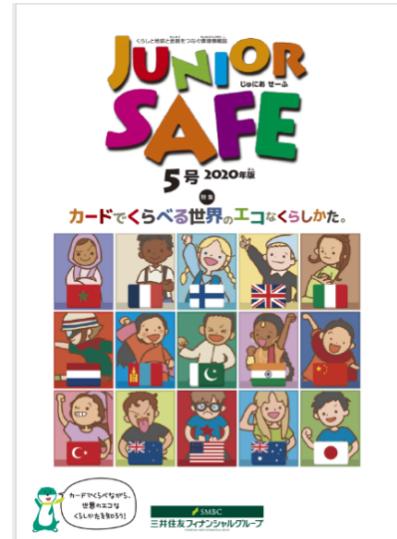
- ✓ Issuing "SAFE," an environmental magazine
- ✓ Sponsoring for the Furano Field
- ✓ SMBC Group clean up campaigns
- ✓ Tree Planting in Areas Damaged by the Great East Japan Earthquake of 2011

### Issuing "SAFE," an environmental magazine

#### SMFG

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

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



## Sponsoring for the Furano Field

### SMBC

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



Furano Field(Japanese only)

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

## SMBC Group clean up campaigns

### SMBC Group

The SMBG Group conducts cleanup events through the efforts of officers and employees of Group companies.

In fiscal 2019, cleanups were held in Suma Coast (Hyogo) on October 26th, A total of 200 officers and employees from SMBC Group companies and their families took part in the activities, working beyond workplace and company boundaries, to help protect the environment.



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

### SMBC Group

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



# Contribution Activities to Community

## Main Measures

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

## Facilitation of Employee Involvement in Volunteering

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

\*What is Pro Bono?

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

## SMBC Group Pro Bono Project

### SMBC Group

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



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

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

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

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

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

## Introduction of a Pro Bono Work System

### SMBC Nikko

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

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

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

### SMBC Volunteer Fund

SMBC

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

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

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

SMBC: SMBC Volunteer Fund(Japanese only) 

### "Yakusoku no Mori" Initiatives

SMBCCF

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

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

## Participation in or Support through TABLE FOR TWO and WFP

### Participation in the "TABLE FOR TWO" Program

SMBC SMFL SMBC Nikko SMCC SMBCCF JRI

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

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

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

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



### Donation to WFP School Meal Programs

SMBC Trust

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

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

School feeding

## Participation in the FIT Charity Run

SMBC Trust SMBC Nikko

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

## In-company Charity Sales Event

### Fair Trade Products Sale

SMBC Trust SMBC Finance Service

SMBC Trust Bank held a “Fair Trade Marche” at its head office and the Higashi-Shinjuku Liaison Office in cooperation with NGO Shapla Neer (an international cooperation entity). Addressing the problem of poverty, gender issues and so forth in Nepal and Bangladesh, the bank is attempting to help solve such international challenges by purchasing locally produced handicrafts, daily necessities and food products as well as through donations from officers and employees.

SMBC Finance Service partnered with Wakachiai Project Inc. to hold its fair trade products sale since 2016 to help address societal problems in developing countries, including issues related to human rights, the environment, and child labor. The company will continue holding the sale to deepen understanding of fair trade among employees and contribute to the international community by aiding the expansion of the fair trade market.



### Holding a vocational program products sale

SMFL

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

# Support for the Vitalization of Sports Activities

## Support for GoalBall

### SMBC Trust

SMBC Trust Bank is a supporter of the Japan GoalBall Association as a part of its work to support sports for persons with disabilities. SMBC Trust Bank supports the expansion and further development of sports for people with disabilities by hosting trial sessions, sending employee volunteer staff to tournaments, and other efforts.



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

### SMBC Trust

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

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

## Support for Blind Soccer

### SMBC Nikko

SMBC Nikko is supporting blind soccer as one example of its support for sports for people with disabilities in advance of the 2020 Tokyo Paralympic Games. The Japan Blind Football Association envisions realizing a society through blind soccer in which people with and without visual impairments interact with each other as a matter of course, and this aspiration matches SMBC Nikko's management philosophy of respect for diversity and its stance towards diversity. SMBC Nikko and the Japan Blind Football Association have concluded a partnership agreement, and company executives and employees volunteer as staff at tournaments and at kids' training events.



## Consulting Partner Agreement with the Japan Football Association

JRI

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

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

SMBCCF

SMBC Commercial Finance has co-sponsored the Promise Essay Contest held by the Sankei Shimbun since the first time it was held in 1996.

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

Over 6,000 essays are submitted each year from students and others in a wide range of age groups. In fiscal 2018, the SMBC Group established the Promise Customer Service Plaza Award to contribute toward regional revitalization and inspire young people.

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



# Social Contribution Activities in Emerging Countries

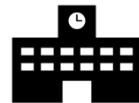
## Signing a Memorandum of Understanding on CSR Activities with Indonesian Company

### SMBC

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



Supported  
vocational  
schools  
6 curricula



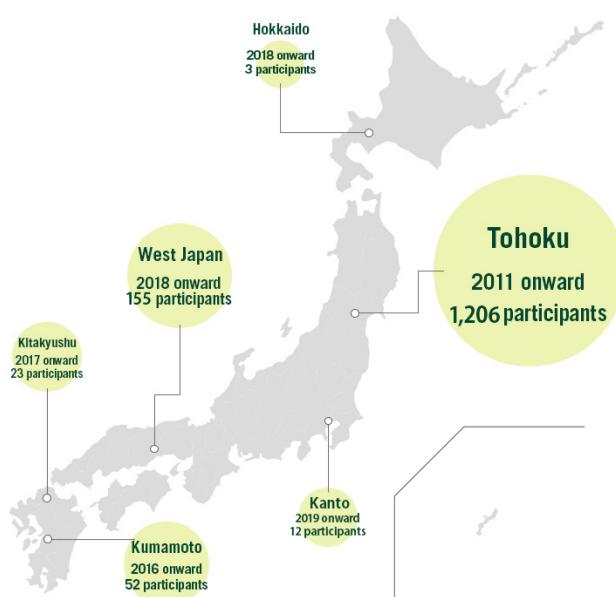
Number of  
enrolled student  
Approx. 2,400  
(total)



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

### SMBC Group

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



## Measures Being Taken by Relevant SMBC Group Companies

### Measures Being Taken by Relevant SMBC Group Companies

<b>SMBC</b>	Since November 2013, the SMBC Group has been sponsoring the “Tour de Tohoku” for the purpose of supporting Tohoku’s recovery and redevelopment by having a bicycle tour every year where people can directly get a feel of the current situation in the region.
<b>SMBC Nikko</b>	To support people affected by natural disasters throughout the world, SMBC Nikko Securities donates a portion of its income from funds connected with regions where disasters have occurred in addition to voluntary donations of relief provisions. The company also opens disaster support bank accounts and encourages executives and employees to make donations, working together with employees to make a difference. <b>East Japan</b> At SMBC Nikko, from 2011 to 2013, new professional employees (Class II) and executives and employees in leading roles visited the affected areas and carried out reconstruction support activities such as agricultural support and coastal clean-ups. From 2014, SMBC Group companies have been jointly dispatching support volunteers to help in affected areas. <b>Kumamoto</b> Seiya Norimatsu, an SMBC Nikko employee-athlete (2016 Rio Paralympic Games bronze medalist in wheelchair rugby) visited temporary housing in Mashiki Town and Mifune Town in Kumamoto Prefecture. He showed attendees his bronze medal, and spoke about his life and dreams as an athlete. Through these visits, he strengthened ties with local residents in disaster affected areas.

SMBC Finance Service	<p>In support of people impacted by the 2016 Kumamoto Earthquake and the July 2018 heavy rain disaster, SMBC Finance Service provides ex-lease vehicles that had been used for sales at no charge through an affiliated company as a part of its support for the "Disaster Area Car Sharing Project" being conducted by the Japan Car Sharing Association. The vehicles provided by the company are used by people in disaster affected areas when they are needed.</p> 
JRI	<p>JRI supports the reconstruction by administrating the "Imokoji" discussion group for people affected by the nuclear disaster, which is sponsored by the NPO Ukifuneno-sato.</p> <p><a href="#">Ukifuneno-sato (specified non-profit corporation) (Japanese only)</a> </p> <p><a href="#">Imokoji discussion group (Japanese only)</a> </p>

# Contribution Activities to Next Generation

## Main Measures

- ✓ Promotion of Financial Literacy Education
- ✓ Provision of Educational Materials on SDGs for Children
- ✓ Music Concerts for Children Presented by SMBC
- ✓ Support through the SMBC Foundation for International Cooperation
- ✓ Support for Young Artists
- ✓ Co-sponsoring Shiki Theatre's "Kokoro no Gekijo"

## Promotion of Financial Literacy Education

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

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

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

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

[Progress Reports](#)

[Promotion of Financial Literacy Education](#)

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

[FY2020 Social Impact Assessment Report](#)

## Provision of Educational Materials on SDGs for Children

### SMFG

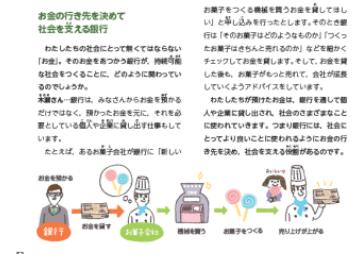
SMFG provides case examples in the form of an “SDGs Start Book,” which is an educational material for children on SDGs. For example, in the SDGs Start Book, an easy-to-understand explanation is given on how banks are working to solve environmental problems (e.g. climate change issue). Copies of the Book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



EduTown SDGs: Top page (Japanese only)

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

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



## Music Concerts for Children Presented by SMBC

### SMBC

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



## Support through the SMBC Foundation for International Cooperation

### SMBC

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

SMBC Foundation for International Cooperation(Japanese only)

## Support for Young Artists

### SMBC Trust

SMBC Trust Bank supports the activities of young artists by displaying works created by students from Joshibi University of Art and Design at the Bank's Head Office, as well as works created by students from Osaka University of Arts in Osaka representative offices.



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

### SMBC Nikko

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



Photographer: Atsutoshi Shimosaka

# Stakeholder Engagement

## Basic policy of SMBC Group



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

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

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

# Interaction with Stakeholders



Click to enlarge

Relationship with Customers

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

Relationship with Shareholders and the Market

IR Calendar

IR Events & Presentations

Relationship with the Environment and Society

Dialogue with Stakeholders

Relationship with Employees

Initiatives for Diversity & Inclusion

Creating a Pleasant Work Environment for All Employees (Work-Life Balance)

## Report on stakeholder dialogue



In fiscal 2019, we held two stakeholder dialogues to formulate the "SMBC Group Sustainability Declaration". At the first dialogue held in September 2019, we discussed the content of the "SMBC Group Statement on Sustainability" and its penetration throughout the company, and at the second dialogue held in November 2019, we discussed the social impact required for mega bank group.

### Dialogue with Stakeholders

SMBC Group held a Stakeholder Dialog session annually, as an opportunity to communicate with our stakeholders about the initiatives for sustainability that we should be pursuing as a financial group.

▼ FY2019 Dialogue (1)

▼ FY2019 Dialogue (2)

▼ Back Number

### FY2019 Dialogue (1) The content of the "SMBC Group Statement on Sustainability" and its penetration throughout the company (September 5, 2019)



The world is currently facing a range of social issues, in particular, environmental issues are becoming extremely serious around the world. To clarify our company's attitude of further contributing to the sound development of society, SMBC Group has formulated the "SMBC Group Statement on Sustainability" as its basic policy in aiming to achieve a sustainable society.

In formulating the Statement, we held a dialogue in September 2019 to receive opinions from experts on the questions of "Does its content meet what is needed by society?" and "How should we penetrate the Statement throughout the company?"

Note:Participants' company names, titles, etc., are those at the time when the dialogue was held.

## Experts who participated in the dialogue



Mr. Peter David Pedersen  
Executive Director,  
NELIS  
(Next Leaders'  
Initiative for Sustainability)  
Professor,  
Graduate School of  
Leadership and Innovation,  
Shizenkan University



Mr. Haruo Hatanaka  
ESG Strategy Vice President,  
ESG Division,  
Kao Corporation

## Participants from SMBC Group

Sumitomo Mitsui Financial Group, Inc.(SMFG) and other SMBC Group companies

Moderator : Eiichiro Adachi, Counselor, The Japan Research Institute, Limited(JRI)

**SMBC Group finds it necessary to set long-term goals for society and the global environment toward achieving a sustainable society. We would like to receive some advice on the content of the "SMBC Group Statement on Sustainability" as our basic policy toward achieving a sustainable society and how to penetrate it into the company.**

### ■ SMFG Suehiro

Our Group has held dialogues in relation to identify our materialities, etc., to obtain opinions from experts. In 2018, we held a dialogue on the theme of how we should perceive ESG/SDGs.

#### (Dialogue with Stakeholders)

We have a Medium-Term Management Plan as our medium-term business goal. Currently, however, there is no long-term goal that looks at society and global environment. Since we will set the next Medium-Term Management Plan in the next fiscal year, we are considering to formulate the "SMBC Group Statement on Sustainability" as our basic policy toward achieving a sustainable society.

With regard to formulating the Statement, please provide us with some advice on its content and how to instill it into the company.

### ■ JRI Adachi

Our Group holds a conference of employees in charge of sustainability planning at Group companies once every few months to discuss related topics. For them, the theme of sustainability is their own affair, but for many other employees, it is somebody else's business. So the employees in charge of Group companies worry about how to get the employees to feel like they are involved in this theme. Please give us some advice on this point.

## Q. Could you give us your honest opinion about the "SMBC Group Statement on Sustainability"?

### ■ Mr. Hatanaka

Honestly, I was surprised at the extensive history of Sumitomo and Mitsui which was described as the background of the "SMBC Group Statement on Sustainability."

Moreover, I can clearly see that many issues have been considered for the "three materiality (Environment, Community, and Next Generation)" consisting the Statement. I guess in formulating the Statement, you had trouble deciding what SMBC Group's "identity" is. I think that it is difficult to develop a consensus about the identity from the beginning, but that as you advance discussions, a consensus will be reached.

To cite our "Environmental Statement," the theme of environment was clear. However, after changing it to "sustainability," the theme seemed to be unclear.

As SMBC Group has a strong background represented by its 400-year history, you should first decide "what kind of society you will aim at from now" following the long history. After that, I think you will need to formulate a statement and set specific actions.

I got the impression that the course of action on sustainability includes many initiatives. One idea would be to make the course of action separate, rather than including it in the Statement.

### ■ Mr. Pedersen

The Statement has sufficient background and in-depth content. I felt the Group's attitude of placing emphasis on the environment, and that had a strong impression on me. However, I think this alone will be unsatisfactory in terms of content because there are no specific action plans.

I think you should go a step further. Specifically, along with the Statement, you need to show how you will transform the sustainability framework, including organizational aspects.

I think the keyword is "sustainable finance."

For a specific example of action, overseas companies list their initiatives in detail. Looking at SMBC Group's IR materials, it seemed that immediate social issues are just listed in the corresponding part of sustainability. I hope that you will make a strenuous effort to gather information and enhance the descriptions concerning your Group's specific actions. I think that going forward, it will be necessary to look at not only Japan, but also the world.

## Q. Could you give us some advice on instilling the Sustainability Statement into the company?

### ■ Mr. Hatanaka

Although SMBC Group is a financial group, I think the business conditions and environment are different for each Group company. So it is necessary to instill the Statement into employees depending on each company's business condition.

If two companies are merged and each has a different history, their corporate culture is often different. On the other hand, I think sharing the idea of sustainability and ESG will lead to thinking of each company's position in society in a higher dimension. From this perspective, I feel that sustainability is a desirable theme that can be jointly considered.

### ■ Mr. Pedersen

In the world of sustainability, information and personal connections are crucial. It is important to focus on developing human resources for sustainability. However, I think it will be difficult to do this during the period of personnel rotation at a financial institution.

It is necessary to thoroughly disseminate the Statement throughout the company both in and outside Japan. To name a reference example, some companies provide training and workshops repeatedly.

## Q. Could you give us a brief message?

### ■ Mr. Pedersen

I hope you will deeply consider the specific measures that you will take, including the content of the Sustainability Statement, and make the Statement stronger by clearly showing "what" and "how." I also hope that you will formulate the Statement using the backcasting approach, a method to think about social issues backward from the future.

If you stick to your "identity," it could lead to discussions of the past. I would like to ask you to face changes that are currently occurring and take initiatives with a unified force.

### ■ Mr. Hatanaka

What is probably needed in formulating the Statement is to be aware of what is cutting-edge in the world. I think it is important to determine what driver can lead by mixing "cutting-edge" with "identity."

## Receiving opinions from experts

Today we have received valuable comments on the "SMBC Group Statement on Sustainability." Although it is the first time for our company to formulate such a statement, the Statement was highly evaluated as it shows awareness of "SMBC Group's identity" and its structure is based on the careful examination of our history.

On the other hand, we have recognized that it is important to formulate measures and indicators to embody this project after deciding our future ideal and to instill the Statement into the company. We have also felt that we will need to have more in-depth discussions going forward.

To make the formulation of the Statement an effective project, not a paper plan, into which we put our thoughts toward achieving a sustainable society, we will proceed with it while referring to the valuable comments that we have received today.

Takanobu Suehiro  
General Manager, Corporate Sustainability Dept.  
Sumitomo Mitsui Financial Group, Inc.

## FY2019 Dialogue (2) **Social impacts required for mega bank group required to solve social issues. (November 27, 2019)**



In November 2019, SMBC Group held the second dialogue for formulating the "SMBC Group Statement on Sustainability". As the result of the dialogue held in September 2019, we clearly recognized that in order to formulate the Statement, it is necessary to first determine our future ideal, and then to set specific initiatives and indicators to achieve that ideal.

Therefore, we are required to set long-term plans and KPIs that have "social impacts."

Our Group took the following two points into consideration:

1. What kind of "social impacts" we had as the result of the initiatives taken through our business activities.
2. Do the "social impacts" that we aim to have reflect what is needed by society?

Through this dialog, we received comments from experts about appropriate factors required by society considering the two points above, in order to set KPIs from the perspective of "social impacts," not traditional financial KPIs.

Note: Participants' company names, titles, etc., are those at the time when the dialogue was held.

## Experts who participated in the dialogue



Mr. Ken Ito  
Executive Director  
Social Value Japan



Ms. Miyuki Zeniya  
General Manager  
Investment Planning Dept. & Responsible  
Investment Dept.  
The Dai-ichi Life  
Insurance Company, Limited

## Participants from SMBC Group

Sumitomo Mitsui Financial Group, Inc.(SMFG) and other SMBC Group companies

Moderator : Eiichiro Adachi, Counselor, The Japan Research Institute, Limited(JRI)

**Q. Along with formulating the “SMBC Group Statement on Sustainability,” SMBC Group is considering specific measures and KPIs. We would like to set KPIs based on the “social impacts” needed by society that we have not considered thus far. Could you give us some advice on this?**

■ **SMFG Suehiro**

Advice we received in the previous dialogue (held on September 5, 2019) to formulate the “SMBC Group Statement on Sustainability,” is that it is necessary to set specific measures.

To present the impact needed by society in our long-term plan for sustainability, what kind of KPIs are preferable? We would like to receive advice from experts to formulate future plans.

**Q. First, we would like to ask Mr. Ito, a specialist of “social impact assessments” about the overview of social impact assessments and the characteristics of individual methods.**

■ **Mr. Ito**

Traditional business assessments only report the output (the results of the measures taken). Taking it one step further, social impact assessments attempt to evaluate social impacts caused by outcome (impacts on society that the output is expected to have). The difficult points about this methodology include that there is a time lag until the achievement of the outcome, and that it is costly.

The key point is how to measure in concrete terms. As an example, there is a movement to ensure comparability by using different standards such as 169 targets of the SDGs or IRIS standard. This movement is accelerating to ensure mutual compatibility in social impact assessments.

■ **JRI Adachi**

There are two opinions on impact assessments. One is, “It’s not possible to assess things unless they are quantified,” and the other is, “It’s sufficient if there is something qualitative, like a story.” I would like to ask Mr. Ito about how aware you are of converting data into quantitative measurements.

■ **Mr. Ito**

Social impact involves both quantitative and qualitative aspects of impact, and the need to convert data into something numerical is very strong. This is because indexing is always required for institutionalization and systematization. And to create a market, quantitative indicators to create a market mechanism are required. As such a movement, the creation of standards has just started.

■ **SMFG Mikami**

Do quantitative indicators include something like customer satisfaction?

■ **Mr. Ito**

Yes. There is variety of ways to evaluate customer satisfaction. Quantitative data could be used to complement a qualitative story.

## Q. How are impact assessments conducted?

### ■ Ms. Zeniya

Our company mainly conducts individual corporate investments of unlisted domestic enterprises. Currently, there is no globally established social impact measurement method. Therefore, as an impact assessment for our impact investment, we first choose companies and enterprises that meet the internal criteria as our investment scope, and then judge what kind of impacts they have respectively.

Although it will be hard to monitor targeted companies if their number increases, this will result in increasing our own knowledge of impact investment, which will allow us to promote our initiatives in the future.

### ■ JRI Adachi

Regarding impact assessments, should we think simply that evaluation indicators and conversion formulas for quantification are different depending on project? In addition, are industry types divided into ones that are easy to assess and ones that are not?

### ■ Ms. Zeniya

As there are various areas of measurement with respect to the impact, evaluation indicators and conversion formulas are different. Taking this into consideration, there may be some items in which our company cannot invest at the moment, and therefore we lose them.

### ■ Mr. Ito

From a standpoint of a researcher in social impact, there are different industry standards for impact assessments such as IRIS. IRIS's latest version has more than 1,000 indicators and presents recommended indicators according to the type of business.

It is not necessary to use all of them. Right now around 15,000 companies have signed up as users, so I think comparability may be eventually ensured.

Among the impact funds, they usually have clear definition on industry focuses, priority policies as well as the targeted social issues such as particular goals of the SDGs. It can be said that among them, the "environment" is a category that is easy to evaluate because it has a vast amount of information and an enormous industrial scale. On the other hand, there is a concern that social impact investments will be concentrated to the areas that are easy to handle, such as the environment.

### ■ JRI Adachi

Our Group has also put effort into financial education. What do you think of evaluating the area of education, for example?

### ■ Mr. Ito

Considering education's social impact on the "personal growth," I think it is necessary to see a long period of time to realize its outcome. In the United States and the U.K., for example, there are indicators on education based on research conducted for 15 to 20 years, so it helps to conduct social impact assessments. On the other hand, indicators on education in Japan are short-term and the indicators are more on output level, such as changes of test scores. In such a case, there will be a problem of whether or not those indicators correspond to an impact on the "personal growth".

## Q. As we consider the impacts brought about by our Group's initiatives through businesses, what should we think about "impacts" on society? Please give your opinions about this.

### ■ Mr. Ito

From the perspective of social impact assessments, the theory is to think using the four-quadrant method. The four quadrants are called "Positive impacts," "Negative impacts," "Intended outcomes" and "Unintended outcomes."

From the standpoint of PR, PR highlights intended positive outcome. With impact assessments, however, the theory is to also consider the negative and measure both intended and unintended social impacts.

Negative outcomes are still generally expressed as "risks." In order to reduce risks, communication with stakeholders are required.

Furthermore, I think that there is a trickle-down (ripple effect) impact. The trend of inquiries about social impact has been changing over the last two years. Thus far, the departments from which we received inquiries used to be mostly CSR departments of companies. Recently, however, inquiries from IR departments are increasing aware of importance of social impact because they recognize the necessity to think about their business risks and impact from the viewpoint of investors.

### ■ Ms. Zeniya

Our company engages with investee companies by interviewing them every year. Up to three or four years ago, the management had no clear sense of solving social issues related to SDGs through business activities.

To solve social issues through core businesses, I think that it will be the first step for the management to recognize the necessity and then to reaffirm the answers to the questions of "What is their company's value in society?" and "What role is their company expected to play by society?"

#### ■ Mr. Ito

As an example, the IFC and the United Nations launched an Impact Management Project in 2018. There are several thousands of funders who support the Project as partners, and a global stream of practicing social impact assessments has been created. In the world of impact assessments, there is also a movement toward integration. Regarding practice, however, the base is still narrow.

If this movement advances, social impact assessments and social impact investments will soon hit a tipping point(social tipping point).

### Q. What kind of social impacts are required for SMBC Group?

#### ■ SMFG Takeda

Social impacts that a pure-play company (project=corporate entity) has through business activities are directly linked to its business itself and are easy to understand. On the other hand, when a financial group like us indirectly supports customers' business through funding, our business portfolio and resulting social impacts are diverse. What kind of "social impacts" are financial groups, which indirectly have impacts on society, required to have? In addition, what should we set as the outcome to achieve them?

#### ■ Ms. Zeniya

Considering economically why banks are needed, it could probably be said that it is "because they have credit-creating functions." Credit creation is built upon trust and cannot be built without social trust. I think we have come to a period where we need to reconsider what social trust is based on.

In the current era, financial institutions are not required to have only functions in the capital market. They need to play a role as comprehensive social infrastructure including not only money but also services as a whole so that people will feel like "if I associate with a bank, it will be beneficial to me and society." I think this will be the sense of stability and sustainability that financial institutions will be required to provide in the future society.

#### ■ Mr. Ito

The change in consciousness of executives and regular employees has recently become an agenda for discussions on corporate social value. If employees' increased awareness of sustainability leads to personnel evaluation and corporate culture, I think many potentials for impact business that exist in the company will come to the surface.

#### ■ Ms. Zeniya

Even if the management externally announces that they would like to do something, it will unlikely to actually happen unless that initiative and personnel system are linked.

It may be difficult to drastically change the personnel system at one time, but it is necessary to change it into a system where employees who practice company's policies are highly rated.

With regard to recruiting activities, if there is a major difference between what employees were told before joining the company and the reality after joining the company, it will lead to the early retirement of young employees, which is an issue that must be seriously considered. For financial institutions in particular, their next ten and twenty years depend on whether they can gain superior human resources or not. They cannot hire excellent human resources unless they come to an interview. And if there is a shortage of superior human resources, it will be difficult for them not only to provide and develop good products and services, but also to maintain the current status.

This applies not only to Japanese people but also globally, and I think that particularly members of Generation Z choose companies with such values.

#### ■ SMFG Suehiro

We brought up this issue partly because our Group tended to lack perspective on employees. We can set goals but we don't know whether indicators established by the company will resonate in the heart of employees.

On the contrary, I think that if we announce that "Our Group will reduce CO2 emissions," it will have the effect of helping many people get to know what our company will do. It is true that there is no answer to what kind of social impacts are needed, but we are going to think about it with a sense of urgency.

#### ■ Ms. Zeniya

Regarding ESG investment evaluation, rating agencies are acquiring ESG evaluation companies at the present time. The concept of ESG has been spreading not only to stock investments but also across finance including bonds and loans at an accelerated pace for about a year.

While it is forecast that impact investments are yet to come, impact investments will not become popular unless the impact assessment methodology is fully understood.

SDGs have individual major targets, but we have only ten years left until 2030. There are various issues concerning funds required to solve problems. They include: "How should we apply funds?" "How should we promote the transition of businesses that are considered negative from the perspective of ESG investment?" and "How should we create a market for the provision of funds for the transition?"

Since these things cannot be done by our company alone, we would like to deal with them in an advanced manner while discussing with the related parties so that we will be able to go in the right direction. I think it is necessary to change actions while monitoring global trends.

## Receiving opinions from experts

In formulating the “SMBC Group Statement on Sustainability,” SMBC Group held two dialogues.

We received valuable comments from the following perspectives: the content of the Statement and how to instill it in the company at the first dialogue; and the expectations and roles that our Group is required to fulfill toward achieving a sustainable society through social impacts and the kind of impacts that we can have on society in the second dialogue.

In particular, regarding funds required to solve issues, we received comments of “How we should apply funds” and “How we should promote the transition of businesses that are considered negative from the perspective of ESG investment.” These exactly apply to our Group’s business activities, and I strongly felt that we need to face and consider them through formulation of plans.

With regard to the Sustainability Statement as our basic policy to aim at achieving a sustainable society, we strongly recognize the importance of not only its content but also the measures and indicators that embody it, as well as the importance of firmly instilling this initiative both inside and outside of the company.

All our Group companies will sincerely take on this initiative and accelerate sustainability management.

SMBC Group Statement on Sustainability



Takeshi Mikami  
Executive Officer  
Sumitomo Mitsui Financial Group, Inc.

## Back Number

### Dialogue with Stakeholders 2017

FY2017 Dialog: Toward a Sustainable Society-Expected Actions on SDGs and ESG for Financial Institutions(January 18, 2018)

### Dialogue with Stakeholders 2016

FY2016 Dialog: Verification of Action Plan for Tackling Priority Issues (Materiality)  
(October 19, 2016)

### Dialogue with Stakeholders 2015

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

### Dialogue with Stakeholders 2013

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

# Participation in Initiatives and Reference Guidelines

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

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

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

Particularly concerning climate change issues, we are committed to achieving net zero emissions across our overall investment and loan portfolio by 2050, in addition to achieving net zero emissions in our groupwide operation by 2030. In light of these commitments, we are participating in the "Net-Zero Banking Alliance (NZBA)", and to drive forward our efforts to realize our net zero targets, we are also participating in the "Taskforce on Scaling Voluntary Carbon Markets (TSVCM)" and the "Partnership for Carbon Accounting Financials (PCAF)".

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

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

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

## Initiatives supported by the SMBC Group



### United Nations Global Compact

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

#### ■ Human Rights

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

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

#### ■ Labour

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

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

Principle 5: the effective abolition of child labour; and

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

#### ■ Environment

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

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

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

#### ■ Anti-Corruption

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

[Links to related website](#)



### Sustainable Development Goals (SDGs)

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

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

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

[SMBC Group Businesses and SDGs](#)

[Links to related website](#)



## UNEP Finance Initiative (UNEP FI)

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

[Links to related website](#)

*Signatory of:*



## Responsible investment Principles (PRI)

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

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

[Links to related website](#)

*Founding Signatory of:*



## Principle of Responsible Banks (PRB)

The principle which is intended to promote transparent disclosure.

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

[Links to related website](#)

[First Report](#)



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

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

[Links to related website](#)



Net-Zero Banking Alliance

## Net-Zero Banking Alliance (NZBA)

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



## Partnership for Carbon Accounting Financials (PCAF)

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

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

## CDP



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

[Links to related website](#)



## Poseidon Principles

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

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

[Links to related website](#)



## Equator Principles

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

[Links to related website](#)



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

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

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

[Links to related website](#)

# Guidelines Used for Reference

## SMBC Group

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

### ▼ GRI Standard

### ▼ SASB Standard

### ▼ Stakeholder Capitalism Metrics

## GRI Standard

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

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

Standard	Disclosure		Location
GRI 2: General Disclosures 2021	2-1	Organizational details	● <a href="#">Corporate Information</a> 
	2-2	Entities included in the organization's sustainability reporting	● <a href="#">Corporate Information</a> 
	2-3	Reporting period, frequency and contact point	● <a href="#">Event Calendar</a> 
	2-4	Restatements of information	
	2-5	External assurance	● <a href="#">Reduction of Environmental Impacts</a> 
	2-6	Activities, value chain and other business relationships	● <a href="#">Corporate Information</a> 
	2-7	Employees	● <a href="#">ESG Data Book P11</a> 
	2-8	Workers who are not employees	
	2-9	Governance structure and composition	● <a href="#">Corporate Governance</a> 
	2-10	Nomination and selection of the highest governance body	● <a href="#">Corporate Governance</a> 
	2-11	Chair of the highest governance body	● <a href="#">Corporate Governance</a> 
	2-12	Role of the highest governance body in overseeing the management of impacts	● <a href="#">Corporate Governance</a> 
	2-13	Delegation of responsibility for managing impacts	● <a href="#">Sustainability Management System</a> 
	2-14	Role of the highest governance body in sustainability reporting	● <a href="#">Sustainability Management System</a> 

Standard	Disclosure		Location
	2-15	Conflicts of interest	<ul style="list-style-type: none"> <li>● <a href="#">Summary of Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group</a> </li> </ul>
	2-16	Communication of critical concerns	<ul style="list-style-type: none"> <li>● <a href="#">Compliance</a> </li> <li>● <a href="#">Risk Management</a> </li> </ul>
	2-17	Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>● <a href="#">Stakeholder Engagement</a> </li> </ul>
	2-18	Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>● <a href="#">Corporate Governance</a> </li> </ul>
	2-19	Remuneration policies	<ul style="list-style-type: none"> <li>● <a href="#">Corporate Governance</a> </li> </ul>
	2-20	Process to determine remuneration	<ul style="list-style-type: none"> <li>● <a href="#">Corporate Governance</a> </li> </ul>
	2-21	Annual total compensation ratio	<ul style="list-style-type: none"> <li>● <a href="#">Corporate Governance</a> </li> </ul>
	2-22	Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>● <a href="#">SMBC Group Statement on Sustainability</a> </li> </ul>
	2-23	Policy commitments	<ul style="list-style-type: none"> <li>● <a href="#">Customer-Oriented Initiatives</a> </li> <li>● <a href="#">Compliance</a> </li> <li>● <a href="#">Respect for Human Rights</a> </li> </ul>
	2-24	Embedding policy commitments	<ul style="list-style-type: none"> <li>● <a href="#">Sustainability Management System</a> </li> <li>● <a href="#">Customer-Oriented Initiatives</a> </li> <li>● <a href="#">Compliance</a> </li> <li>● <a href="#">Respect for Human Rights</a> </li> </ul>
	2-25	Processes to remediate negative impacts	<ul style="list-style-type: none"> <li>● <a href="#">Statement on Human Rights</a> </li> </ul>
	2-26	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> <li>● <a href="#">Compliance</a> </li> </ul>
	2-27	Compliance with laws and regulations	<ul style="list-style-type: none"> <li>● <a href="#">Compliance</a> </li> </ul>
	2-28	Membership associations	<ul style="list-style-type: none"> <li>● <a href="#">Participation in Initiatives and Reference Guidelines</a> </li> </ul>
	2-29	Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>● <a href="#">Stakeholder Engagement</a> </li> </ul>
	2-30	Collective bargaining agreements	<ul style="list-style-type: none"> <li>● <a href="#">ESG Data Book P10</a> </li> </ul>
GRI 3: Material Topics 2021	3-1	Process to determine material topics	<ul style="list-style-type: none"> <li>● <a href="#">Priority Issues (Materiality)</a> </li> </ul>
	3-2	List of material topics	<ul style="list-style-type: none"> <li>● <a href="#">Priority Issues (Materiality)</a> </li> </ul>
	3-3	Management of material topics	<ul style="list-style-type: none"> <li>● <a href="#">Sustainability Management System</a> </li> <li>● <a href="#">Priority Issues (Materiality)</a> </li> </ul>

<b>Economic</b>			
<b>Standard</b>	<b>Disclosure</b>		<b>Location</b>
GRI201:Economic Performance 2016	201-1	Direct economic value generated and distributed	● <b>Financial Results</b> 
	201-2	Financial implications and other risks and opportunities due to climate change	● <b>Response to climate change(Working on TCFD Recommendations)</b> 
	201-3	Defined benefit plan obligations and other retirement plans	● <b>Consolidated Financial Statements</b> 
	201-4	Financial assistance received from government	
GRI202:Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	● <b>Global HR Development</b> 
GRI203:Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	● <b>Contribution Activities to Community</b> 
	203-2	Significant indirect economic impacts	
GRI204:Procurement Practices 2016	204-1	Proportion of spending on local suppliers	
GRI205:Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	● <b>Compliance</b> 
	205-2	Communication and training about anti-corruption policies and procedures	● <b>Compliance</b> 
	205-3	Confirmed incidents of corruption and actions taken	
GRI206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI207: Tax2019	207-1	Approach to tax	● <b>Group Tax Policy</b> 
	207-2	Tax governance, control, and risk management	● <b>Group Tax Policy</b>  ● <b>Risk Management</b> 
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	

Environmental			
Standard	Disclosure		Location
GRI301:Materials 2016	301-1	Materials used by weight or volume	
	301-2	Recycled input materials used	● Reduction of Environmental Impacts
	301-3	Reclaimed products and their packaging materials	● Reduction of Environmental Impacts
GRI302:Energy 2016	302-1	Energy consumption within the organization	● Reduction of Environmental Impacts
	302-2	Energy consumption outside of the organization	● Reduction of Environmental Impacts
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	● Reduction of Environmental Impacts
	302-5	Reductions in energy requirements of products and services	
GRI303:Water and Effluents 2018	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	● Reduction of Environmental Impacts
GRI304:Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI305:Emissions 2016	305-1	Direct (Scope 1) GHG emissions	● Reduction of Environmental Impacts
	305-2	Energy indirect (Scope 2) GHG emissions	● Reduction of Environmental Impacts
	305-3	Other indirect (Scope 3) GHG emissions	● Reduction of Environmental Impacts
	305-4	GHG emissions intensity	● Reduction of Environmental Impacts
	305-5	Reduction of GHG emissions	● Reduction of Environmental Impacts
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	

Environmental			
Standard	Disclosure		Location
GRI306: Waste2020	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
GRI308:Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	

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

Social			
Standard	Disclosure		Location
GRI404:Training and Education 2016	404-1	Average hours of training per year per employee	● <a href="#">ESG Data Book P10</a> 
	404-2	Programs for upgrading employee skills and transition assistance programs	● <a href="#">Human Resource Strategy</a> 
	404-3	Percentage of employees receiving regular performance and career development reviews	● <a href="#">Human Resource Strategy</a> 
GRI405: 2016	405-1	Diversity of governance bodies and employees	● <a href="#">ESG Data Book P11,13,17</a> 
	405-2	Ratio of basic salary and remuneration of women to men	
GRI406:Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI407:Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	● <a href="#">Statement on Human_Rights</a> 
GRI408:Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	● <a href="#">Statement on Human_Rights</a> 
GRI409:Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	● <a href="#">Statement on Human_Rights</a> 
GRI410:Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	
GRI411:Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
GRI413:Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI414:Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	
GRI415:Public Policy	415-1	Political contributions	
GRI416:Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	● <a href="#">Customer-Oriented Initiatives</a> 
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI417:Marketing and Labeling 2016	417-1	417-1 Requirements for product and service information and labeling	
	417-2	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3	417-3 Incidents of non-compliance concerning marketing communications	
GRI418:Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	

## SASB Standard

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

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

Sector	Topic	Code	Metric	Location
CB	Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	
		FN-CB-230a.2	Description of approach to identifying and addressing data security risks	<ul style="list-style-type: none"> <li>● <a href="#">Cybersecurity Annual Report 2021 P11 1</a></li> <li>● <a href="#">Privacy Policy</a></li> </ul>
CB	Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	
		FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	
		FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	
		FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	<ul style="list-style-type: none"> <li>● <a href="#">Promotion of Financial Literacy Education</a></li> <li>● <a href="#">Annual Report 2021 P87</a></li> </ul>
CB	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	<ul style="list-style-type: none"> <li>● <a href="#">Annual Report 2021 P264</a></li> </ul>
IB		FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	<ul style="list-style-type: none"> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
IB		FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of	<ul style="list-style-type: none"> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
CB/IB		FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	<ul style="list-style-type: none"> <li>● <a href="#">Management of Environmental Risks</a></li> </ul>
CB/IB	Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	<ul style="list-style-type: none"> <li>● <a href="#">Compliance</a></li> </ul>
CB/IB		FN-CB-510a.2	Description of whistleblower policies and procedures	<ul style="list-style-type: none"> <li>● <a href="#">Compliance</a></li> </ul>

Sector	Topic	Code	Metric	Location
CB/IB	Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	● <b>Leverage ratio Data Book P13</b>
CB/IB		FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	● <b>Risk Management</b>
IB	Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	● <b>ESG Data Book P11</b>
IB	Professional Integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	
IB		FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	
IB		FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	● <b>Compliance</b>
IB		FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	● <b>Customer-Oriented Initiatives</b> ● <b>Customer-Oriented Initiatives</b>
IB	Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	
IB		FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	
IB		FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	● <b>Description of the valuation techniques and inputs used to measure fair value Form 20-F P48</b>
CB	Activity Metrics	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	● <b>Annual Report 2021 P117</b>
CB		FN-CB-000.B	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	● <b>Annual Report 2021 P117</b>
IB		FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	● <b>Investors Meeting FY 3/2021 Presentation on Material P73</b>
IB		FN-IB-000.B	(1) Number and (2) value of proprietary investments and loans by sector	
IB		FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	

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

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

### Stakeholder Capitalism Metrics

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

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

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

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

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

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

# Roadmap Addressing Climate Change and Action Plan

## Our approach against climate change

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

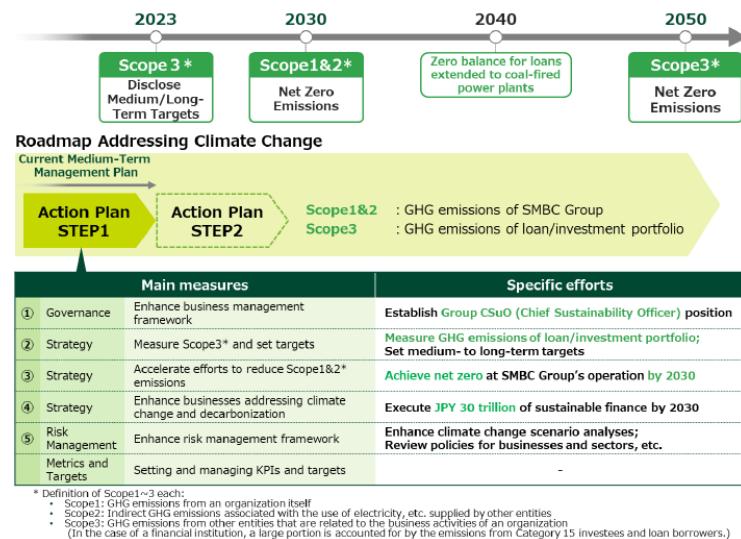
Given these circumstances, we are committed to achieving net zero emissions across our overall investment and loan portfolio by 2050, as well as in our groupwide operations by 2030.

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

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

## Roadmap Addressing Climate Change and Action Plan

SMBC Group is actively taking measures towards the realization of carbon neutrality by 2050. Specifically, long-term action plan for climate change is called the "Roadmap Addressing Climate Change," and the concrete measures to be implemented in a short-to medium-term are called the "Action Plan". The first step is to set starting measures and implement them during the period of the current Medium-Term Management Plan, which is called the "Action Plan STEP1."



Please refer to the links below for detailed information.

**News Release: “Reinforcing Efforts against Climate Change”** [PDF](#)

**SMBC GROUP ANNUAL REPORT 2021** [PDF](#)

**SMBC Group TCFD Report 2021** [PDF](#)

# Response to climate change (Working on TCFD Recommendations)

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

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

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

- ✓ Working on the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations
- ✓ Governance on Climate Change
- ✓ Impact of Climate-Related Risks and Opportunities on the Organization's Businesses
- ✓ Management of Climate-Related Risks
- ✓ Metrics and Targets
- ✓ Future activities

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

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

For more information please refer to SMBC Group TCFD Report.

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

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

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

## Content and Location of Disclosure Consistent with TCFD Recommendations

We have summarized our thinking on climate change, which has also been categorized into the four thematic areas of disclosure set out by the TCFD (Governance, Strategy, Risk Management, and Metrics and Targets).

Overview of TCFD Recommendations	References (click on link to relevant page)
Disclose the organization's governance regarding climate change-related risks and opportunities.	
Describe the board's oversight of climate change-related risks and opportunities.	<ul style="list-style-type: none"> <li>● <a href="#">Governance on Climate Change</a></li> <li>● <a href="#">Sustainability Management System</a></li> </ul>
Describe management's role in assessing and managing climate change-related risks and opportunities.	<ul style="list-style-type: none"> <li>● <a href="#">Governance on Climate Change</a></li> <li>● <a href="#">Sustainability Management System</a></li> </ul>
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	
Describe the climate-related risks and opportunities that the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> <li>● <a href="#">Promotion of Environmental Businesses</a></li> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> <li>● <a href="#">Promotion of Environmental Businesses</a></li> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> </ul>
Disclose how the organization identifies, assesses, and manages climate-related risks.	
Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Environmental Risks</a></li> </ul>
Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Environmental Risks</a></li> </ul>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Climate-Related Risks</a></li> </ul>

Overview of TCFD Recommendations	References (click on link to relevant page)
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>
Disclose GHG emissions and the related risks of Scope1, Scope 2, and Scope 3 if appropriate.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>

## Governance on Climate Change

Concerning the urgency to act on global environmental and social issues, SMBC Group revised its Group Mission in April 2020 to add the following statement: "We contribute to a sustainable society by addressing environmental and social issues". This signals our commitment to making an even greater contribution to the sustainable development of society.

We then established the SMBC Group Statement on Sustainability, which lays out the basic principles of how the Group will drive forward its efforts to actualize sustainability. Within the Statement on Sustainability, we outline our aim to realize the SDGs and to resolve social issues. We also commit to engaging and cooperating with customers and other stakeholders to contribute to the global transformation into a better society. Moreover, the statement clarifies the Group's intent to support the spirit of the Paris Agreement and contribute to resolving environmental issues based on the understanding that innovation is essential to resolve such issues including climate change.

Furthermore, our Group Environmental Policy recognizes the importance of realizing a sustainable society. To this end, we are making continuous efforts to harmonize environmental preservation and pollution prevention with corporate activities.

Our policies on climate change are reflected in our business strategy based on discussions of the Sustainability Committee, an internal committee of the Board of Directors, the Corporate Sustainability Committee in the execution side and the Management Committee, while details of our sustainability initiatives are regularly reported to the board. Under this structure, we capture business opportunities and control the risks presented by climate change.

Please refer to the link below for details about our structure concerning supervision/execution of sustainability.

SMBC Group TCFD Report 2021 : Supervision/Execution of sustainability P11-P17 (3,753KB) [PDF](#)

# Impact of Climate-Related Risks and Opportunities on the Organization's Businesses

## [Physical Risks]

There is a risk that the increase in extreme weather associated with climate change will negatively affect our customers' business. In light of frequent climate change-related natural disasters in Japan in recent years, SMBC performed a climate change scenario analysis for physical risks to assess impacts through 2050.

Our analysis specifies as the risk event water disasters such as storms and flooding, which account for the majority of climate change-related natural disasters. We apply the RCP (\*2) 2.6 (2°C scenario) and RCP8.5 (4°C scenario) scenarios used by the Intergovernmental Panel on Climate Change (IPCC) as GHG concentration pathways used as the basis for research. Also, we are conducting scenario analyses through the collaboration with MS&AD InterRisk Research & Consulting, while applying AI technology developed by a US start-up, Jupiter Intelligence (\*3). We quantitatively measured risk in the event of a water disaster, by analyzing various climate related data and satellite images of landforms, etc., while the AI technology conduct machine learning.

SMBC uses this analysis to calculate the estimated increase in credit-related costs for its corporate customers associated with water disasters in Japan through 2050, taking into consideration the effects on collateral held by SMBC and customers' financial condition as well as the probability of a water disaster occurring (\*4) in each climate change scenario. Based on our analysis, the estimated increase in credit-related costs through 2050 was 55-60 billion yen, or a simple annual average of approximately 2.0 billion yen. We thus conclude that at this stage, climate change-related water disasters will have a limited impact on SMBC's financial condition in a particular year.

The results of the above calculations are tentative, based on certain assumptions for natural disasters and analysis targets. Going forward we will analyze risk volume in greater detail while expanding the scope of analysis.

(\*2) Representative Concentration Pathways Scenario

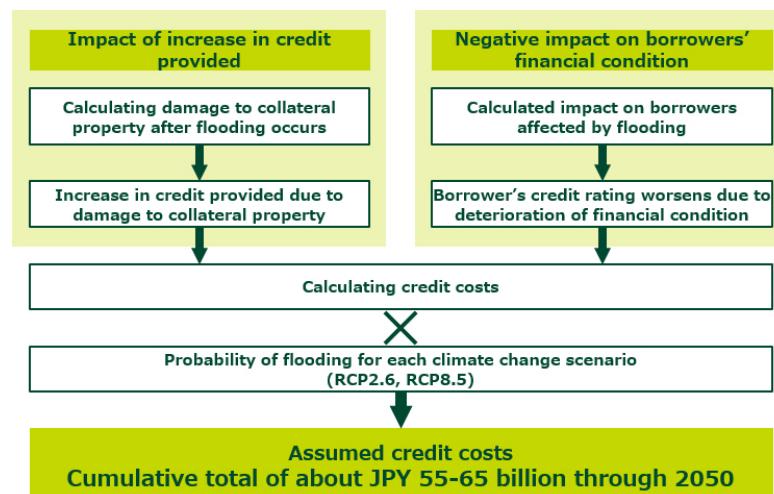
For example, RCP2.6 assumes radioactive forcing (the difference between energy absorbed by the earth and radiated back into space, which influences changes to the earth's climate system) is 2.6w/m<sup>2</sup>.

(\*3) A US startup specialized in climate change risk analysis, which enables prediction on occurrence of natural disasters, through gathering diverse data (including satellite data) as well as through using AI analysis. Its employees include a researcher of IPCC, a Nobel Prize winning entity, and the concept creator of the "Princeton Ocean Model" which is a world-famous oceanic circulation model used in 70 countries, etc.

(\*4) Based on data from the paper below

"Hirabayashi Y, Mahendran R, Koirala S, Konoshima L, Yamazaki D, Watanabe S, Kim H and Kanae S (2013) Global flood risk under climate change. Nat Clim Chang., 3(9), 816-821. doi:10.1038/nclimate1911.

### < Process of Analyzing Physical Risks >



## [Transition Risks]

In the process of transitioning to a decarbonized society, we anticipate risks of a decline in the value of affected assets (asset stranding). SMBC conducted a climate change scenario analysis for transition risks based on our Carbon-related assets (\*4), which account for 6.5% (\*5) of all loans by SMBC in FY2020.

In this analysis, we apply the NGFS's Current Policies scenario (\*6, 3°C scenario) and Net Zero 2050 scenario (\*7, 1.5°C scenario) on the premise that carbon neutrality will be realized by 2050; and IEA's Net-Zero Emissions scenario (\*7, 1.5°C scenario). By estimating the impact on credit risk of each sector from the expected changes in resource prices and demands including crude oil and natural gas, and power generation costs (\*7) in each scenario, we estimate the total credit costs expected by 2050. Under the 2°C scenario, estimated credit costs are expected to increase approximately 2~24bln yen per fiscal year on or before 2050, compared to the Current Policies scenario. Going forward, we will strive to enhance our scenario analysis methods as well as to reduce relevant risks by supporting our customers in their efforts toward the transition to a decarbonized society.

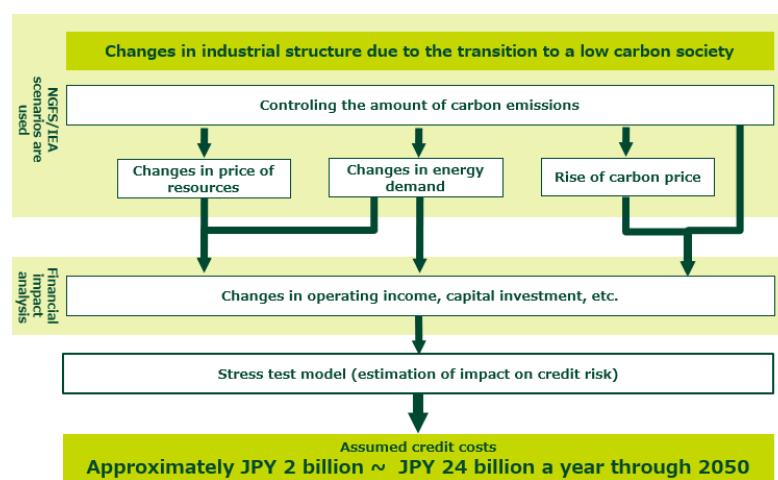
(\*5) TCFD: The Task Force on Climate-related Financial Disclosures defines carbon-related assets as those of the energy and utilities industries (excluding water companies, independent power producers, and renewable energy companies) in the Global Industry Classification Standard (GICS). The FY2020 loan balance tied to carbon-related assets represents 4.4% of Sumitomo Mitsui Banking Corporation's (including consolidated subsidiaries) total assets (total on-balance sheet assets + off-balance sheet assets, etc.)

(\*6) A scenario where the current climate change measures implemented by each government will be maintained but the measures will not be strengthened further.

(\*7) A scenario compatible with the Paris Agreement which expects less than 1.5°C temperature increase in 2100 relative to pre-industrial level through strict policies for climate change and tech innovation.

(\*8) In Japan, the restarting of nuclear power plant is considered in align with the IEA scenario.

### < Process of Analyzing Transition Risks >



## [Opportunities of climate change]

The roles of financial institutions are to provide financial support for technological innovation and equipment investment toward the realization of a decarbonized society. With the transition to a decarbonized society, various opportunities will arise such as follows: expansion of finance needs and business reorganization; needs for new financial products and services; needs for leasing of decarbonation-related facilities, etc. Thus, we recognize there would be increasingly more opportunities to provide finance-related services for financial institutions.

Under the "SMBC Group GREEN×GLOBE 2030" announced in 2020, the Group established initiatives for achieving sustainability based on the concept to "create the future of the earth and humanity with our customers." As a part of this plan, the Group sets a target to execute green finance and finance that contributes to realizing sustainability equivalent to JPY 30 trillion between FY2020 to FY2029. In order to achieve this target, will work with customers to tackle climate change.

Furthermore, SMBC Group holds the Sustainable Business Promotion Department within the Wholesale Business Unit. The department is in charge of gathering up-to-date sustainability knowledge and network on a global scale, and it serves as a hub where we present proposals on our customers' management issues related to the transition to a decarbonized society on the global/groupwide basis. To realize a decarbonized society, we will help our customers resolve their management issues related to sustainability through supporting projects that contribute to the mitigation of climate change, such as renewable energy and green buildings, for example, as well as provision of multi-layered solutions (including consulting).

Please refer to the link below for details about our promotion of businesses for decarbonization.

SMBC Group TCFD Report 2021 : Promotion of businesses for decarbonization P29-P33 (3,753KB) [PDF](#)

## Management of Climate-Related Risks

As a framework for risk management, SMBC Group follows the PDCA (Plan, Do, Check, Act) procedure to identify external environmental and risk events, analyze their impact, and establish a system to undertake necessary management.

Recently, events related to climate change, such as the occurrence of large-scale disasters due to extreme weather and the deterioration of carbon-related assets in accordance with transition to a decarbonized society, have been newly selected as top risks. Under this framework, efforts to strengthen scenario analysis and consider countermeasures at the management level have begun. These measures are reported to the Management Committee and the Risk Committee and reviewed by external directors at Board of Directors meetings.

Going forward we remain aware of the increasing emergence of the effects of climate change, strive to understand the external environment and the risks on our business, and take action as appropriate.

SMBC Group TCFD Report 2021 : Process of risk management P41-P44 (3,753KB) [PDF](#)

## Metrics and Targets

SMBC Group is applying a variety of metrics regarding GHG emissions, exposure, etc. for the purposes of measuring/controlling climate change risk/opportunities, to comply with the Paris Agreement, and to establish a path to achieve the net zero target. These metrics are regularly reported to the Management Committee, the Corporate Sustainability Committee and the Board of Directors, and are reflected in SMBC Group's oversight and business strategies.

Strategy	Metrics (KPI)	FY2019 result	FY2020 result	Targets
Reduce Operational GHG Emissions	GHG emission volume of SMBC Group*1	140k tons	140k tons	Net zero in 2030
Enhance Risk Management	Carbon-related asset ratio*2	6.9%	6.5%	-
	Loan balance for coal-fired power generation (project finance) *3	-	JPY 300 billion	2030: ▲50% 2040: Zero balance
Reduce Financed Emissions	GHG emissions per sector*4	-	382g-CO2/kWh (Power sector)	Net zero by 2050 (currently setting mid-term target)
Promote Business addressing Decarbonization	Green finance and financing which contributes to sustainability (executed amount)*5	-	2.7 trillion	Total of JPY 30 trillion by 2030 (of which JPY 20 trillion is green finance)

\*1 Metrics and targets have been revised on May 12, 2021.

Previously: Sumitomo Mitsui Banking Corporation would reduce its CO2 emissions by 30% from FY2018 to FY2029.

Revised: SMBC Group will become net zero in its groupwide operations by 2030.

\*2 Excludes loans to renewable energy projects in order to more accurately reflect exposure on transition risks.

\*3 Mid-term target (halve our loan balance by FY2030) were added in 2021.

Excludes projects that contribute to the realization of a carbon neutral society.

\*4 FY2020 result is the trial calculation based on the current loan balance of Sumitomo Mitsui Banking Corporation (including consolidated subsidiaries).

(369g/kWh if calculated based on the credit amount)

We will continue to measure financed emissions on other sectors.

(Metrics will be absolute emission or carbon intensity.)

\*5 Metrics and targets have been revised on May 12, 2021.

Previous: Execute green finance equivalent to JPY 10 trillion between FY2020 to FY2029

New: Execute green finance and finance that contribute to realizing sustainability equivalent to JPY 30 trillion between FY2020 to FY2029 (of which JPY 20 trillion is green finance).

FY2020 result only account for execution amount of green (due to the revision on metrics and targets).

SMBC Group TCFD Report 2021 : Metrics and Targets P57-P67 (3,753KB) [PDF](#)

## Future activities

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In responding to the TCFD recommendations, SMBC Group has strengthened the management of climate-related risks by including the matter to our Top Risks, quantitatively assessing anticipated future risks by scenario analyses and discussing countermeasures at the management level.

Going forward, we will formulate and execute business strategies in a forward looking way by constantly refining scenario analyses and grasping potential risks. We will lead the resolution of climate change issues in a global level by deepening our engagements with customers based on our calculation of financed emissions and actively promoting green finance both domestically and internationally.

Additionally, we will encourage in constructive engagements with stakeholders including customers and strive to create mutual understanding on the approaches we are taking on climate change, how customers contribute to achieving the goals of the Paris Agreement and their efforts to reduce their own GHG emissions.

Based on these engagements, we will demonstrate leadership in addressing climate change issues by supporting our customers' efforts to transition to a decarbonized society. Going forward, we will continue to provide consistent and transparent disclosures to our stakeholders in line with the TCFD Recommendations.

# Promotion of Environmental Businesses

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

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

## Main Measures

▼ Measures Being Taken for Green Finance

▼ Environmental business creation

▼ Initiatives for Environmental Conservation Through Financial Products

▼ Initiatives for Environmental Protection Through Investment

### Measures Being Taken for Green Finance

#### SMBC Group

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

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

## Project Financing for Renewable Energy

SMBC

For many years now, SMBC has been providing project finance for renewable energy businesses such as solar power generation and wind power generation in Japan and overseas. The bank has a strong track record in this area. Since no carbon dioxide is emitted in renewable energy in principle, these operations are deemed to reduce CO<sub>2</sub> emissions because the power they generate can replace energy from non-renewable sources such as coal, oil and natural gas. Support for such projects contributes to reductions in CO<sub>2</sub> emissions and environmental impact.

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

[SMBC: Project Finance \(Japanese only\)](#)

## Fiscal 2020 results

SMBC has conducted **76** renewable energy projects in fiscal 2020



## FY2020: CO<sub>2</sub> emissions reductions from renewable energy projects (\*)

Renewable energy projects in fiscal 2019 contributed to total reductions in CO<sub>2</sub> emissions equivalent to **29,728,083 tons**.



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

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

The emissions coefficient for the power generation sector: Quoted from IEA "CO<sub>2</sub> Emissions from Fuel Combustion, 2019 edition."

## Initiatives for Renewable Energy Through Business

### SMBC Trust

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



## Initiatives for leasing "solar sharing" projects that combine agriculture with power generation

### SMFL

Sumitomo Mitsui Finance and Leasing provides leases for solar power generation equipment used in a solar sharing project where support columns are erected on farmland for the installation of solar panels while leaving space underneath to farm. The project is generating solar power on unused farmland in Fukushima Prefecture, while enabling production of ginger crops. Sales of electricity supplement the crop production to ensure a reliable income stream. This approach is attracting attention as a potential way to develop farmland in Japan, where many farmers are elderly and young people are moving to cities rather than take up farming.



Solar panels attached to pillars built on farmland by Toyo Energy Farm Co., Ltd.

## Support for Green Bond Issuance

### SMBC Nikko

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

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

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



## Environmental business creation

### Initiatives Towards Realizing a Low-Carbon Society

SMBC

As part of its initiatives to realize a low-carbon society, SMBC has promoted business activities related to emissions trading since 2005.

Specifically, SMBC provides financial support for energy conservation and renewable energy development projects conducted overseas with environmental technologies from Japan in connection with the Joint Crediting Mechanism (JCM), a new framework promoted by the Japanese government in the post-Kyoto Protocol era. Since fiscal 2010, the bank has conducted various business feasibility study for over thirty projects, primarily in Asia and Central and South America, while planning and developing financing schemes. Going forward, SMBC intends to utilize JCM to support overseas application of exceptional Japanese environmental technologies. It will take on environmental issues such as climate change, and continue to contribute to the development of a sustainable society.

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

Please click on the link below for details regarding emissions credits and specific related initiatives.

[SMBC: Emissions credit business \(Japanese only\)](#)

#### Initiative Examples

Initiative Examples	Content
Study on Energy-Saving Systems for Caustic Soda and Chlorine Manufacturing Processes	<p>In fiscal 2014, we participated in a study of an energy conservation project at a caustic soda and chlorine manufacturing plant in Central and South America by converting from the mercury method to the ion exchange membrane method, utilizing the bilateral credit system.</p> <p>Caustic soda and chlorine manufacturing facility in Central and South America. The study focused on converting from the conventional, energy-inefficient mercury-based process to the highly energy efficient ion exchange membrane method. The ion exchange membrane method is environmentally friendly, and conserves energy while also helping reduce use of mercury.</p> <p>Use of mercury in the manufacturing process for caustic soda and chlorine will be banned beginning in 2025 under the Minamata Convention on Mercury, which goes into force in August 2017. Thereafter, mercury use is expected to decrease as worldwide caustic soda and chlorine manufacturing plants convert from a mercury-based process to ion exchange membranes.</p>
Study on Capture, Utilization and Storage of Carbon Dioxide	<p>of carbon capture, utilization and storage (CCUS) projects utilizing bilateral credit mechanisms in the Mideast and Central America. Such projects would utilize Japan's carbon capture technologies to capture carbon dioxide emitted from power stations from other gases to prevent its emission into the atmosphere and effectively utilize the captured carbon dioxide. The projects are expected to contribute to the achievement of new greenhouse gas reduction goals established in the Paris Agreement, which went into effect at the end of 2016.</p>

## Initiatives for Growth Sectors

### SMBC

SMBC Sustainable Business Promotion Department has identified three specific growth sectors : new energy/energy management, the environment and agriculture society to promote the creation of new business opportunities in these sectors for customers. Drawing on broad-ranging knowledge and networks developed through industry-government- academia alliances in Japan and overseas, the bank provides business support in respective areas.

#### Initiative Examples

Initiative Examples	Content
Smart Grid Demonstration Project in Poland	A smart grid demonstration project utilizing Japan's grid stabilization and power storage technologies has been carried out in Poland by SMBC and other Japan-affiliated companies since fiscal 2016 on a contract from the New Energy and Industrial Technology Development Organization (NEDO). While renewable energies are being utilized at an accelerating pace, their power output varies depending on weather conditions, so as the amount of renewable energy sources increase, problems arise related to the power grid; specifically, maintaining the balance of power supply and demand on distribution networks and dealing with overloads. The demonstration project seeks to solve these grid issues by utilizing Japanese technologies to expand use of renewable energies in Poland and create a grid stabilization system that simultaneously reduces capital investment in power infrastructure and stabilizes the power grid.
Study on Utilization of Green Climate Fund	The Green Climate Fund (GCF) is a multilateral fund established based on the United Nations Framework Convention on Climate Change in order to support reductions to greenhouse gases and measures to address the impact of climate change in developing countries. SMBC conducted a feasibility study in fiscal 2016 and fiscal 2017 with multiple Japan-affiliated companies on geothermal power projects using the GCF in Papua New Guinea under the sponsorship of the Ministry of Economy, Trade and Industry. Going forward, through further studies and other initiatives, SMBC will work to form projects that utilize the GCF and support measures to address climate change in developing countries.

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

### SMFL

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

## Consultation for Environment-Related Business

JRI

### Environmental Advisory Business

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

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

JRI

### Proposals for Energy-Related Policies

The Great East Japan Earthquake led to the substantial review of the Japan's energy policy.

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

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

## Overseas Alliances Related to Environmental Business

SMBC

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

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

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

### List of Service Agreements

Provision Period	Country	Content
October 2014	Chile	signed with Chilean government organization and Production Development Corporation (CORFO) to collaborate on the procurement of funds for renewable energy and mining projects.
July 2014	Mexico	A Memorandum of Understanding (MOU) was concluded with Petróleos Mexicanos (PEMEX), Mexico's largest state-owned company, relating to cooperation in environmental sectors (to reduce greenhouse gas emissions).
March 2013	Colombia	In partnership with the Japan Bank for International Cooperation (JBIC), SMBC instituted a JBIC Green credit line for Banco de Bogotá, the second-largest commercial bank in Colombia. This helped to fund local projects that contribute to greenhouse gas reduction in a two-step loan format.

Provision Period	Country	Content
March 2013	Mongolia	An MOU was concluded with Mongolia's largest commercial bank, Khan Bank, to forge an alliance related to cooperation in areas ranging from resource and infrastructure development, financing for renewable energy and new energy sectors, and trade finance, customer referrals, and exchange of market entity related information, etc.
March 2012	Mexico	An MOU was concluded with Petróleos Mexicanos (PEMEX), Mexico's largest state-owned company, aimed at providing support initiatives for reduction of greenhouse gases at the company's own facilities.
March 2012	Mongolia	An MOU was concluded with Mongolia's only state-affiliated development bank, Development Bank of Mongolia (DBM), to support cooperation in the financing of environmental businesses and infrastructure projects that target greenhouse gas emissions reductions.
June 2011	Estonia	Estonia, a government institution that handles foreign investment incentives and trade promotion in the Republic of Estonia, in connection with a business alliance to provide financial services to local companies and Japanese-owned companies entering the Estonian market. The alliance will also target the acquisition of new business opportunities in the environmental sector, including development projects in Estonia and emissions-trading ventures
February 2011	Uzbekistan	An MOU was concluded with the National Bank for Foreign Economic Activity of the Republic of Uzbekistan, the country's largest state-run bank in terms of assets, in connection with a business alliance to provide various trade financing related to trade between Japan and Uzbekistan and the provision of financial services to Japanese-owned companies entering the Uzbekistan market and local companies. The alliance will target the acquisition of new business opportunities in the environmental sector, including development projects in Uzbekistan and emissions-trading ventures, and to strengthen a collaborative framework for yen settlement operations.

## Initiatives for Environmental Conservation Through Financial Products

### SMBC Group

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

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

[SMBC Group Businesses and SDGs](#)

## Initiatives for Environmental Protection Through Investment

SMBC

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

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

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

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

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

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

# Management of Environmental Risks

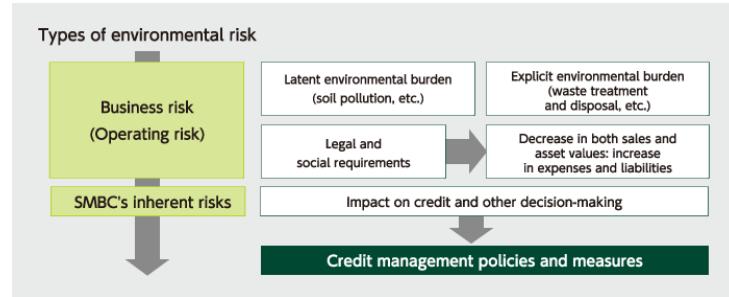
"Managing environmental risks" is one of the SMBC Group's three key environmental themes, articulated in the Group's environment policy. As a global financial group, SMBC is working to strengthen its structure for managing environmental and social risks.

## Environmental Risks That Financial Institutions Should Address

Financial institutions confront various types of environmental risk including:

- Credit risks associated with a deterioration in the customer's debt repayment capability. This can be attributed to such factors as the suspension of business operations due to a breach of environmental regulations and restoration expenses incurred as a result of soil pollution.
- The risk of a decline in the value of assets due to the disclosure of soil pollution or asbestos in real estate as collateral.
- Lender liability risks that accrue to the lender in connection with business and other loan proceeds that adversely impact the environment.
- Reputation risks attributable to any of the aforementioned.

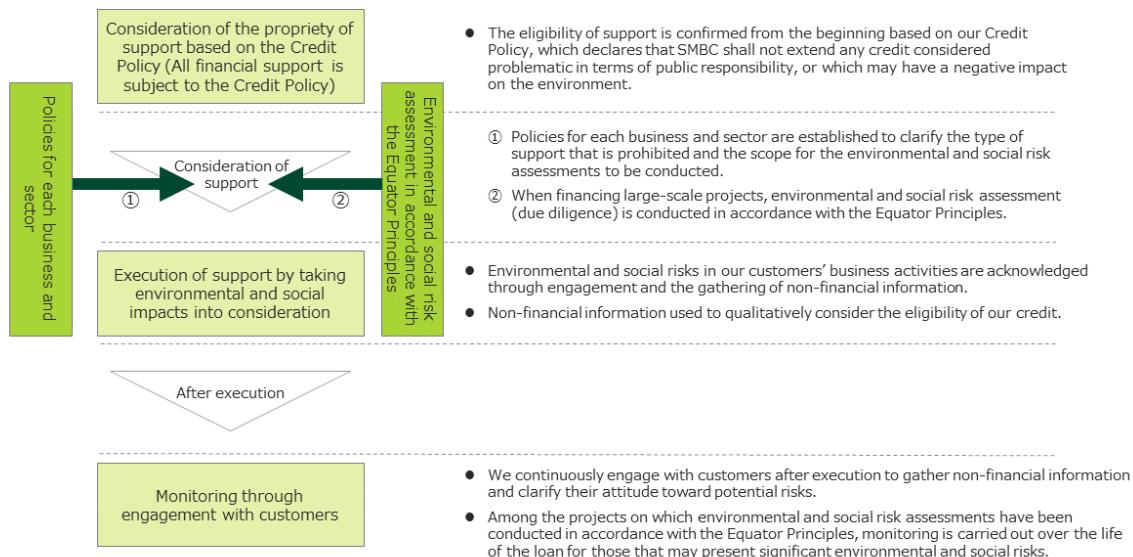
SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing social and environmental risks in finance to large-scale development projects and has established the Environment Analysis Department (ENAD) to assess the social and environmental risks in accordance with the principles.



## Consideration of ESG risks

### SMBC Group

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



Also, we recognize our customers' environmental and social impacts from their business activities by understanding not only their financial information, but also non-financial information represented by ESG. We will engage closely with customers through gathering non-financial information, and strive to improve expected risk with customers while actively supporting their environmental and social consideration activities.

In addition, for large-scale projects which may potentially exert a major impact on the environment and society, we will continue to comply with the Equator Principles, a set of guidelines developed by private-sector financial institutions for managing environmental and social risks related to financing large-scale projects. We will also conduct appropriate environmental and social risk assessments by performing due diligence in our Environment Analysis Department. Through such actions, we expect project companies to conduct activities for environmental and social consideration, including climate change and human rights, to address the Task Force on Climate-related Finance Disclosures (TCFD), and to respect the FPIC (free, prior and informed consent) of local residents.

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

Working with the Equator Principles [↗](#)

We establish policies for each business and sector which is likely to have a significant impact on the environment and society.

These policies are also rolled out to SMBC Group companies, which include SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing Company and SMBC Nikko Securities, in line with their business. This strengthens our risk management system.

## 1. Coal-Fired Power Generation

### ■ (Policy)

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

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

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

## 2. Hydroelectric Power Generation

### ■ (Policy)

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

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

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

## 3. Oil and Gas

### ■ (Policy)

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

#### (1) Oil Sand

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

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

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

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

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

#### (4) Oil and Gas Pipelines

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

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

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

## 4. Coal Mining

■ **(Policy)**

The scope of environmental and social risk assessment that take into account Equator Principles is expanded for coal mining businesses when we consider lending. Through this, environment and social risks are identified and evaluated. In addition, we don't provide support for coal mining projects that are conducted using the Mountain Top Removal (MTR) method, as this method has a large environmental impact.

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

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

## 5. Tobacco Manufacturing

■ **(Policy)**

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

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

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

## 6. Nature Conservation Areas

■ **(Policy)**

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

## 7. Palm Oil Plantation Development

■ **(Policy)**

For palm oil plantation development projects, whether they have been certified by the Roundtable on Sustainable Palm Oil (RSPO), which is given for palm oil produced with environmental and social consideration, or by an equivalent certifying body is confirmed. Support is only provided after confirming that forest resources and biodiversity are protected when new plantations are developed and that there are no human rights violations, such as child labor. For those customers that have not yet been certified, obtaining certification is encouraged and supported. We will require our business partners to publicly declare their compliance with NDPE (No Deforestation, No Peat, No Exploitation).

## 8. Deforestation

■ **(Policy)**

For any business involving deforestation, we provide them with support only after having confirmed as per the laws and regulations of respective country that there is no illegal deforestation, burning, nor illegal labor. Among them, especially regarding large-scale farm (\*) development projects, we will require them to publicly declare their compliance with NDPE. In addition, when considering financing for any large-scale project, not limited to farm development projects, we will surely conduct environmental and social risk assessments as per the Equator Principles, while closely monitoring the applicant's stance on the following points: impact on virgin forests and ecosystems and mitigation measures for the foregoing; inclusion of peatland development; considerations for workers and local residents, etc.

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

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

■ **(Policy)**

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

# Reduction of Environmental Impacts

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

## Main Measures

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

## Management Approach

### SMBC Group's Approach

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



## Group Environmental Policy

**SMBC Group**

### — Basic concepts

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

### — Group Environmental Policy

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

## Environmental Policies of SMBC Group Companies

Sumitomo Mitsui Finance and Leasing Environmental Policy (Japanese only) 

SMFL Rental Company, Limited Environmental Policy (Japanese only) 

SMBC Nikko Securities Environmental Policy (Japanese only) 

Sumitomo Mitsui Card Company Environmental Policy (Japanese only) 

SMBC Finance Service Environmental Policy (Japanese only) 

SMBC Consumer Finance Environmental Policy 

Japan Research Institute Environmental Policy (Japanese only) 

## — SMBC Group's Management

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

## — Environmental Management System (EMS)

SMBC Group has developed an original structure for promoting Environmental Management System (EMS) that meets the requirements of ISO14001\* adoption across the Group under the guidance of the Group CSuO (Chief Sustainability Officer).

Our EMS is operated in SMFG and its major companies (SMBC, Sumitomo Mitsui Finance and Leasing(including SMFL Rental), SMBC Nikko Securities, Sumitomo Mitsui Card, SMBC Finance Service, SMBC Consumer Finance and The Japan Research Institute).

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

SMBC Group also conducts an EMS test every year aimed at employees trying to raise the environmental awareness of individuals.

# SMBC Group Environmental Data

## SMBC Group

The SMBC Group is working to further promote environmental activities by visualizing them. As a part of this process of visualization, we have disclosed environmental impact data from company office activities. We have obtained third-party certification of our data from the Japan Quality Assurance Organization. As well, SMBC has expanded the scope of disclosure to environmental accounting.

### Environmental Impact Data of SMBC Group Companies

### Environmental Accounting at SMBC



## Greenhouse Gas Emissions Verification Report

No.3811004325

To: Sumitomo Mitsui Financial Group, Inc.

**1. Objective and Scope**  
 Japan Quality Assurance Organization Society ("JQA") was engaged by Sumitomo Mitsui Financial Group, Inc. (hereinafter "the Company") to conduct an independent verification on FY2020\* SMBC Group Calculation Report of GHG emissions Vol.1.\* (hereinafter "the Report"). The content of our verification was to express our conclusion based on our verification procedure, on which the Report was currently measured and calculated, in accordance with the "FY2020 SMBC Group Calculation Manual of GHG Emissions Vol.1" (hereinafter "the Rule") issued by the Company. The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.

\*The fiscal year 2020 of the Company ended on March 31, 2021.

### 2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" and "JIS Q 14067". The scope of this verification assignment covers energy consumption in Scope 1, 2, and GHG emissions from Scope 1, 2 and 3 of the Company's environmental management system. The verification was conducted under the following conditions. The limited level of environmental management activity was set at 1/3 percent of the total emissions and of the each energy consumption in the Report. The operational boundary of this verification include the Sumitomo Mitsui Financial Group, Inc. and nine main group businesses of the affiliation in Japan. Our verification included:

- Performing validation of inputted functions to check the Rule prior to the on-site assessment.
- Holding on-site verification at the Company's domestic sites, which were selected by the Company as sampling sites.
- Basic measurement which the Report's boundaries, GHG sources, monitoring points, monitoring and calculation system are confirmed.
- Verifying Cross-checking the GHG emissions data against evidence for all sampling sites. The evidence was selected by the Company.

### 3. Conclusion

Based on the procedures described above, no change has come to our attention that caused us to believe that the statement of the information regarding the Company's energy consumption and GHG emissions in the Report, is not materially correct, or has not been prepared in accordance with the Rule.

### 4. Consideration

The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of energy consumption and GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.

Satoru Ando, Head of Division  
 For and on behalf of Japan Quality Assurance Organization  
 1-25, Kanda-nakacho, Chiyoda-ku, Tokyo, Japan  
 February 2nd, 2021

\*Please refer to the annex in the next page.

1/2

## Fiscal 2020 Greenhouse Gas Emissions Verification Report (1. [PDF](#) 11MB)

# Total CO<sub>2</sub> Emissions of SMBC Group

Measurement Items		Units	Fiscal 2018	Fiscal 2019	Fiscal 2020
Direct energy consumption	City gas	Thousand m <sup>3</sup>	2,225	1,930	2,265
		t-CO <sub>2</sub>	4,993	4,329	5,078
	Liquefied petroleum gas (LPG)	t	10	9	9
		t-CO <sub>2</sub>	29	27	27
	Heavy fuel oil	kl	94	112	99
		t-CO <sub>2</sub>	256	303	269
	Light oil	kl	3	3	1
		t-CO <sub>2</sub>	7	8	4
	Kerosene	kl	44	37	43
		t-CO <sub>2</sub>	109	93	107
	Gasoline (automobile)	kl	4,080	3,776	2,551
		t-CO <sub>2</sub>	9,470	8,765	5,921

Measurement Items		Units	Fiscal 2018	Fiscal 2019	Fiscal 2020
Indirect energy Consumption	Electricity(*1)	Thousand kWh	291,039	275,868	288,600
		t-CO2 (emission coefficient)	136,081	121,784	123,863
	Electricity(renewable energy)	Thousand kWh	-	-	2,308
		t-CO2 (emission coefficient)	-	-	997
	Steam	GJ	26,667	26,077	28,229
		t-CO2	1,520	1,486	1,609
	Hot water	GJ	3,397	6,607	7,471
		t-CO2	194	377	477
	Cold water	GJ	48,986	42,797	38,793
		t-CO2	2,792	2,439	2,267
Other energy consumption	CO2 emissions from business trips(*2)	t-CO2	18,432	39,020	5,633
	CO2 emissions from commuting(*2)	t-CO2	-	-	15,496
	Water supply	Thousand m <sup>3</sup>	36	39	30
	Sewage	Thousand m <sup>3</sup>	36	39	30
	Total water and sewage	Thousand m <sup>3</sup>	2,662	2,303	2,195
		t-CO2	1,195	1,033	984
Total	Direct energy CO <sub>2</sub> emissions	t-CO2	14,863	13,526	11,405
	Indirect energy CO <sub>2</sub> emissions	t-CO2 (emission coefficient)	140,586	126,086	128,216
	Other CO <sub>2</sub> emissions	t-CO2	19,628	40,053	22,112
	Total CO <sub>2</sub> emissions	t-CO2 (emission coefficient)	175,077	179,665	161,734
	Total CO <sub>2</sub> emissions (per m <sup>2</sup> )	t-CO2/Thous and m <sup>2</sup> (emission coefficient)	106	112	101

\* The main reason for the increase in results of FY2019 compared to that of FY2018 is that the CO<sub>2</sub> conversion factors for business trips have been updated to ver 3.0 in the "Database of emission intensity for calculating greenhouse gas emissions of the organization throughout its supply chain", developed by MINISTRY OF THE ENVIRONMENT.

**■ [Scope of data]**

\* Each item is simply the sum of the values of the following group companies. Sumitomo Mitsui Banking Corporation, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing, SMBC Nikko Securities, Sumitomo Mitsui Card Company, SMBC Financial Service, SMBC Consumer Finance, The Japan Research Institute, Sumitomo Mitsui DS Asset Management Company.

**■ [CO<sub>2</sub> conversion method]**

(\*1)Actual emission factor for each electric business company is used.

(\*2)Refer to MINISTRY OF THE ENVIRONMENT's " Database of emission intensity for calculating greenhouse gas emissions of the organization throughout its supply chain".Ver 2.2 is applied until FY2018, and ver 3.0 from FY2019, and ver 3.1 from FY2020. The commuting expenses are calculated for the employees who belong to them. Commuting to work such as assignees and temporary staff is not included.

(\*3)Others uses "Support tool of Calculating CO<sub>2</sub> Emissions from Energy Use" provided by the Agency for Natural Resources and Energy.

**■ [Third party verification]**

These data are being tested third-party certification from the Japan Quality Assurance Organization.

## Reducing greenhouse gas emissions and energy use

### Reduction targets for greenhouse gas emissions

**SMBC Group**

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

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

### Compliance with Amended Energy Saving Act

**SMBC**

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

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

**SMBC**

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

# Reducing Environmental Impact through Products and Services

## Paperless Initiative Through Devices in Store Operations

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

SMBC

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

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



## Paperless Application Procedures

SMBC SMBC Finance Service SMBCCF

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

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



## Paperless Statements

**SMBC** | **SMCC** | **SMBC Finance Service** | **SMBCCF**

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

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

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

**SMBC**

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

Please refer to the link below for more details:

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

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

**SMBC Finance Service**

SMBC Finance Service issues the Chikyuni Yasashii Card to allow people to make donations for the environment through simple, everyday use. The company issues 14 types of cards based on specific themes related to global environmental protection. When people use the Chikyuni Yasashii Card for shopping, SMBC Finance Service automatically donates 0.5% of the card usage amounts to protection and research organizations based on those themes through The Defense of Great Earth Foundation.

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

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

## Environmental Considerations in Leasing

**SMFL**

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

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

# Reduction of environmental impact within the company

## Environmental Features in Buildings

### SMBC

Implementing company rules to reduce environmental impact

SMBC actively selects buildings with environmental friendly features for its branches and offices. The head office building has rainwater storage tanks, solar power facilities, a rooftop garden and human sensors, and makes use of recycled materials. These various environmental features and facilities are designed to give the building 30% lower annual CO<sub>2</sub> emissions than the average leased office building in Tokyo.

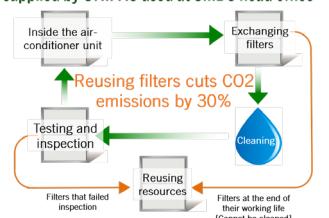
For example, SMBC reduces 187 tons in carbon per year as a result of recycling high efficiency filters for air conditioning systems and energy-saving effects.

SMBC East Tower, which opened in the summer of 2015, has the environmental features on the head office building with the addition of all LED lighting and high-performance exterior walls performance. These features enable a 35% reduction in annual CO<sub>2</sub> emissions compared to the average leased office building in Tokyo. Thanks to these environmental facilities and features, the building has earned an "S" rank in the CASBEE rating system for building environmental performance and a "Platinum" rating from LEED-CI, an international environmental certification program.

Part of the power used by the East Tower was switched to non-carbon-emitting power by hydroelectric plants ("Aqua Premium"(\*) by TEPCO Energy Partner).

(\*) Aqua Premium represents the power generated by general hydroelectric facilities of the TEPCO Group (excluding power generated by pumped storage power plants and FIT electricity). It represents the power generated only by hydroelectric plants that do not emit carbon in the process of generation, and stable power supply is enabled throughout the day by procuring power from many hydroelectric plant sites. (FIT stands for the "Feed-in Tariff" system, whereby the government ensures that the power generated by renewables is purchased by utility companies at a fixed price.)

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



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



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



## Other Initiatives

✓ company rules to reduce environmental impact

✓ Ban on Plastic Straws

✓ Green Purchasing

✓ Utilizing monitors and recycling office supplies

✓ Internal Recycling of Documents that are No Longer Needed

### company rules to reduce environmental impact

**SMBC**   **SMCC**   **SMBC Finance Service**   **SMBCCF**

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

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

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

### Green Purchasing

**SMBC**   **SMBC Nikko**   **SMCC**   **SMBC Finance Service**

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

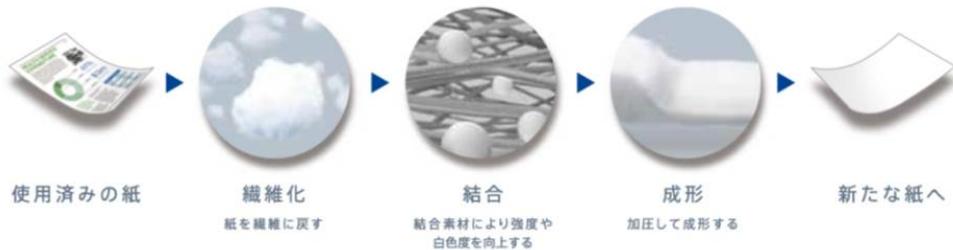
### Internal Recycling of Documents that are No Longer Needed

SMBC

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

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

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



### Ban on Plastic Straws

SMBC

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

### Utilizing monitors and recycling office supplies

SMBC Trust

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

# SMBC Group Green Bond

Sumitomo Mitsui Banking Corporation (SMBC) Group is a major issuer of green bonds both domestically and in international markets. SMBC Group strives to further contribute to the sustainability and improvement of the global environment through green bonds issuance.

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

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

## Track Record of Green Bond Issues

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

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

## Green Bond Framework

The green bonds were issued and managed by SMBC Group in accordance with its green bond framework pursuant to "Green Bond Principles" established by the International Capital Market Association (ICMA) and "Green Bond Guideline" published by the Ministry of the Environment, Japan.

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

# Annual Reporting

As of Mar.2021

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

## Reporting Archive

As of Mar.2020

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

As of Mar.2019

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

As of Mar.2018

Notes	External Review	Management Assertion	Investor Report
SMBC USD500mn 2.450% due2020	<b>KPMG assurance report (467KB)</b> <a href="#">PDF</a>	<b>SMBC Green Bonds impact Report 2018</b>	
SMFG EUR500mn 0.934% due2024	<b>Annual Review 2018</b> <a href="#">PDF</a>	<b>SMFG Green Bonds Monitoring Report (As of March 31, 2018)</b>	

As of Mar.2017

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

As of Mar.2016

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

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# Customer-Oriented Initiatives

## Our Approach

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

## CX Improvement System

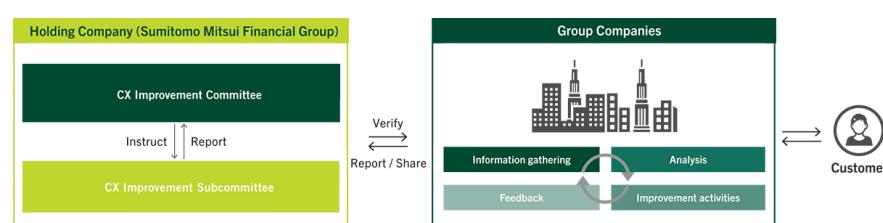
We have established the CX Improvement Subcommittee as well as the CX Improvement Committee, through which we are advancing initiatives, reinforcing management systems, and promoting Group coordination related to customer-oriented business conduct.

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

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

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

### Incorporation of Customer Feedback into Management



### Declaration of Compliance with ISO 10002

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

## Customer-Oriented Business Initiative

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

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

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

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

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

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

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

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

# Respect for Human Rights

## Approach to Respecting Human Rights (SMBC Group)

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

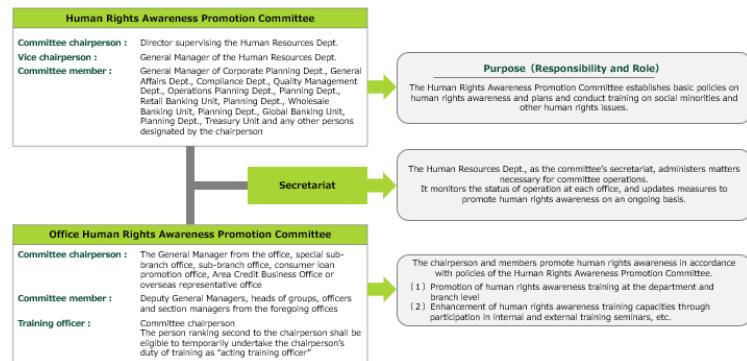
## Policy on Human Rights (SMBC Group)

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

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

## System for Promoting Human Rights Awareness (SMBC)

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



## Enhancing Awareness for Human Rights (SMBC Group)

The SMBC Group is a signatory to the United Nations Global Compact and the ten principles related to human rights, labor, the environment, and anti-corruption. We are also actively raising internal awareness on human rights, with a range of activities across each Group company, such as human rights training and collecting ideas for a promotional slogan. As a Group, we participate in the "Industrial Federation for Human Rights, Tokyo" which aims to establish respect for human rights as part of core corporate culture through awareness raising and initiatives. By participating in these activities the SMBC Group will continue to engage with stakeholders to seek to identify salient human rights issues.

### Human Rights Awareness Seminars (SMBC)

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

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

Seminars on human rights are held during new recruit training and level-based training, etc. Seminars were held between fiscal 2017 and fiscal 2019 as follows.

(Person)

Training eligibility	FY2017	FY2018	FY2019
New recruit training	1,534	823	676
New manager/new executive training	904	955	826
New branch manager training	132	144	121

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

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

Examples of Training Themes	Assimilation Issues and Human Rights: Elimination of discrimination against the Burakumin
	Barrier Value: Converting Disability into Value
	Power Harassment and Anger Management: How can you scold people without resorting to power harassment?

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

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

Examples of Training Themes	Workplace harassment and human rights
	Community discrimination problem and human rights
	Power harassment at the workplace and human rights

## (4) Human Rights Slogan Contest for Employees

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

## Initiatives for Improving Workplace Environment (SMBC)

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

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

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

## Participating "Human Rights Due Diligence Workshop" (SMBC)

With human rights considerations becoming more important in international CSR guidelines such as the UN's Human Rights Framework, ISO 26000, and OECD Guidelines for Multinational Enterprises, SMBC participates in the Nippon CSR Consortium's "Human Rights Due Diligence Workshop." This workshop was established for the purpose of raising the competitiveness of Japanese companies through CSR activities, and is sponsored by the Nippon CSR Consortium. Through its participation in the workshop, SMBC surveys and researches future approaches to human rights issues.

## Modern Slavery Act (SMBC)

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

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

# Human Resource Strategy



## Our Approach

One overarching social trend is the change in relationship between companies and employees and there are more alterations and diversifications in employees attitudes toward work.

SMBC Group has approximately 100,000 employees around the world. We aim to improve both employee motivation and corporate productivity in order to effectively implement the Group's management strategies. We envisage to be a bank with the best talent pool by fostering talent capable of continuous growth and encouraging employees to tackle ambitious challenges.

## Human Resource Medium-Term Management Plan

To establish a robust platform to realize SMBC Group's medium - to long-term vision, we have established the Human Resource Medium-Term Management Plan, with the following three pillars.

- ✓ 1. Resource Management
  - Strategic Allotment of Human Resources across Group Companies and Divisions -
- ✓ 2. Seamless Platform
  - Realization of True Diversity and Inclusion -
- ✓ 3. Employee Engagement
  - Measures to Enable All Employees to Fully Exercise Their Potential -

### — 1. Resource Management

#### Strategic Allotment of Human Resources across Group Companies and Divisions

SMBC Group promotes business transformation and the streamlining of its business processes through business model reforms, branch reorganizations, and group-wide integration of operations. At the same time, we will be more proactive in reallocating human resources on a group-wide basis to strategic fields and areas as designated in the seven key strategies of the new Medium-Term Management Plan.

As a result, we aim to enable natural attrition of the domestic workforce by 7,000 people over the new Medium-Term Management Plan period, an increase from the reduction of 3,300 people achieved in the previous Medium-Term Management Plan.

## — 2. Seamless Platform

### Realization of True Diversity and Inclusion

Strategic utilization of human resources on an inter-Group company basis, cross-divisional manner requires the elimination of obstacles that may impede the ability of diverse employees to excel in their positions. By establishing the necessary systems and frameworks and reforming the mindsets of employees and other parties through education, SMBC Group will realize true diversity and inclusion.

Diversity and Inclusion

#### (1) Construction of Platforms for Supporting Business Strategies

SMBC Group is moving forward with the construction of platforms to support the flexible and effective reinforcement and streamlining of businesses.

In the Retail Business Unit, we have established the Wealth Management Division and the Payments & Consumer Finance Division. In conjunction with this move, human resource systems and recruitment strategies are being revised with a focus on cross-entity fluidity of human resources.

Meanwhile, we are developing human resources with specialized skills in the Wholesale Business Unit and providing career paths for these individuals in order to heighten our ability to accommodate customer needs.

#### (2) Flexible Group-Wide Recruitment Strategies

SMBC Group is enhancing Intra-Group coordination in new graduates recruitment through holding joint recruitment events and reconsidering recruitment strategies on a group-wide basis. In the recruitment of mid-career hires, we have raised the number of such hires to account for approximately 20% of all hires with the aim of greatly increasing related recruitment numbers. In order to acquire diverse talent including candidates for management positions, we are employing a multi-channel approach such as recruitment through referrals and alumni networks. At the same time, we are developing workplace environments to encourage active contributions of mid-career hires.

#### (3) Diversification of Management and Human Resources

##### ■ Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has compiled a database for integrated management of information on overseas employees and established the Global Talent Management Council as a framework for increasing the transparency of promotions of overseas employees to senior management positions.

In addition, we offer various development programs for fostering leadership capabilities in a multi-cultural environment, including a leadership program for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the United States and group training programs for employees from offices around the globe. We also conduct the Global Japan Program, under which employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,700 employees have participated in these programs to date.

Global HR development

#### ■ Gender Diversity

SMBC Group has set targets for the ratio of female managers and the number of female executive officers. We are devoting efforts to fostering female management candidates and creating a pool of female managers by increasing the hiring of women, specifically aiming to have women account for 30% of all hires, and enhancing educational programs through leadership training and programs for reforming the gender awareness of supervisors. To ensure appointments and promotions are determined based on individuals' skills and competencies, unconscious bias training has been made compulsory for management and members of the Human Resources Department.

Furthermore, SMBC Group joined 30% Club Japan, an organization striving to increase female representation in corporate decision-making, in April 2021 as part of its efforts to empower female employees and diversify decision makers.

Meanwhile, in support of the LGBT community and other sexual minorities, the Company has expanded its employee welfare and benefit to include same-sex partners and set up helpdesks to support members of sexual minorities. We are also offering employee education and supporting the development of networks of sexual minority allies through aid and donations for external events.

Empowerment of women

LGBT Inclusion

#### ■ Age Diversity

Following the extension of the retirement age at SMBC Group, we have been taking steps to provide elderly employees with positions that let them exercise their skills at Group companies and implementing group-wide efforts to support the contributions of these employees. For example, recurrent training and post-appointment support is provided, with a focus on both skills and mindsets, for individuals being reassigned across company lines, and a second career support system has been put in place.

Empowerment of senior employees

### (4)Energization of Diverse Employees

#### ■ Health and Productivity Management

Group companies have formulated a "Statement on Health Management" and are developing environments in which all employees can remain healthy and feel empowered through joint efforts by companies, health insurance unions, and health support staff under the leadership of the Chief Health Officer.

For example, we offer health seminars and exercise awareness campaigns and are also bolstering systems and providing training regarding the unique health issues faced by women. In addition, we provide financial assistance for employees looking to take part in programs for quitting smoking, and approximately 80% of the participants in our FY2020 quit smoking campaign successfully gave up smoking.

Mental healthcare measures include training programs based on group analyses and stress checks for all employees, mental health helpdesks, and support for returning to work. We also monitor working hours and implement systems to ensure sufficient intervals between shifts to prevent excessive or concentrated working hours.

Health management

#### ■ Work-Life Balance Support

As employees' values diversify, SMBC Group is fostering workplace environments designed to help all employees deliver their maximum performance, regardless of life stage or physical or mental characteristics. For example, we are expanding leave systems, providing training, and encouraging male employees to take childcare leave. In addition, we have set up a helpdesk to answer questions regarding nursing care.

Moreover, we strive to ensure that all employees feel motivated and ambitious in their work. To this end, we have adopted systems that allow for flexibility in working hours and work locations, such as flextime, staggered working hours, and telework systems. We also seek to improve productivity through heightened operational efficiency by promoting paperless operations and utilizing robotic process automation tools.

Work-life balance support

Work style reform

## — Diversity Initiatives

SMBC Group is promoting "Diversity and Inclusion" as a growth strategy itself. The Group has formulated its "Diversity and Inclusion Statement" to communicate this fact to internal and external stakeholders.

### Text of Diversity and Inclusion Statement

To promote diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the Diversity and Inclusion Department and holds regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we arrange meetings of the Diversity and Inclusion Committee and encourage members of top management to commit to the promotion of diversity and inclusion and to act based on this commitment.

### Message on Diversity and Inclusion from the Group CEO

## — 3. Employee Engagement

### Measures to Enable All Employees to Fully Exercise Their Potential

#### (1) Talent Development Strategy: Environment Self-Driven Career Development

SMBC Group has established the Learning and Development Institute to spearhead its group-wide talent development activities in order to complement the human resource development initiatives Group companies are advancing based on their specific business environments. The Learning and Development Institute implements development programs for cultivating a group-wide perspective and fostering a sense of solidarity. Each program is backed by strong commitment from the Group CEO; and by incorporating dialog with Group executives, participants are continuously conveyed messages that foster Group unity. Moreover, in addition to classroom instruction, web-based learning is also available through a Group-wide learning management system (SMBC Group eCampus).

At the same time, we are actively implementing joint programs with the Graduate School of Management, GLOBIS University and cross-Group job rotations to develop management candidates. Through the joint programs, we also endeavor to devise management strategies that leverage the Group's strengths.

SMBC Group fosters a sense of solidarity between employees through group-wide training sessions and cross-Group job rotations while also cultivating human resources who are able to view the Group from an overarching perspective as well as candidates for future Group management positions.



As a result of these efforts, SMBC has received an innovation award in the Good Career Company Award program of the Ministry of Health, Labour and Welfare. This award was presented in recognition of SMBC's robust lineup of career support systems as well as its business-oriented models for selfdriven career development.

Looking ahead, we intend to bolster our range of career development support systems to offer programs for learning about digital technologies along with other reeducation and awareness reform programs to ensure that we can respond quickly to operating environment changes and accordingly swiftly implement management strategies.

#### ■ SMBC's Human Resource Development Policies

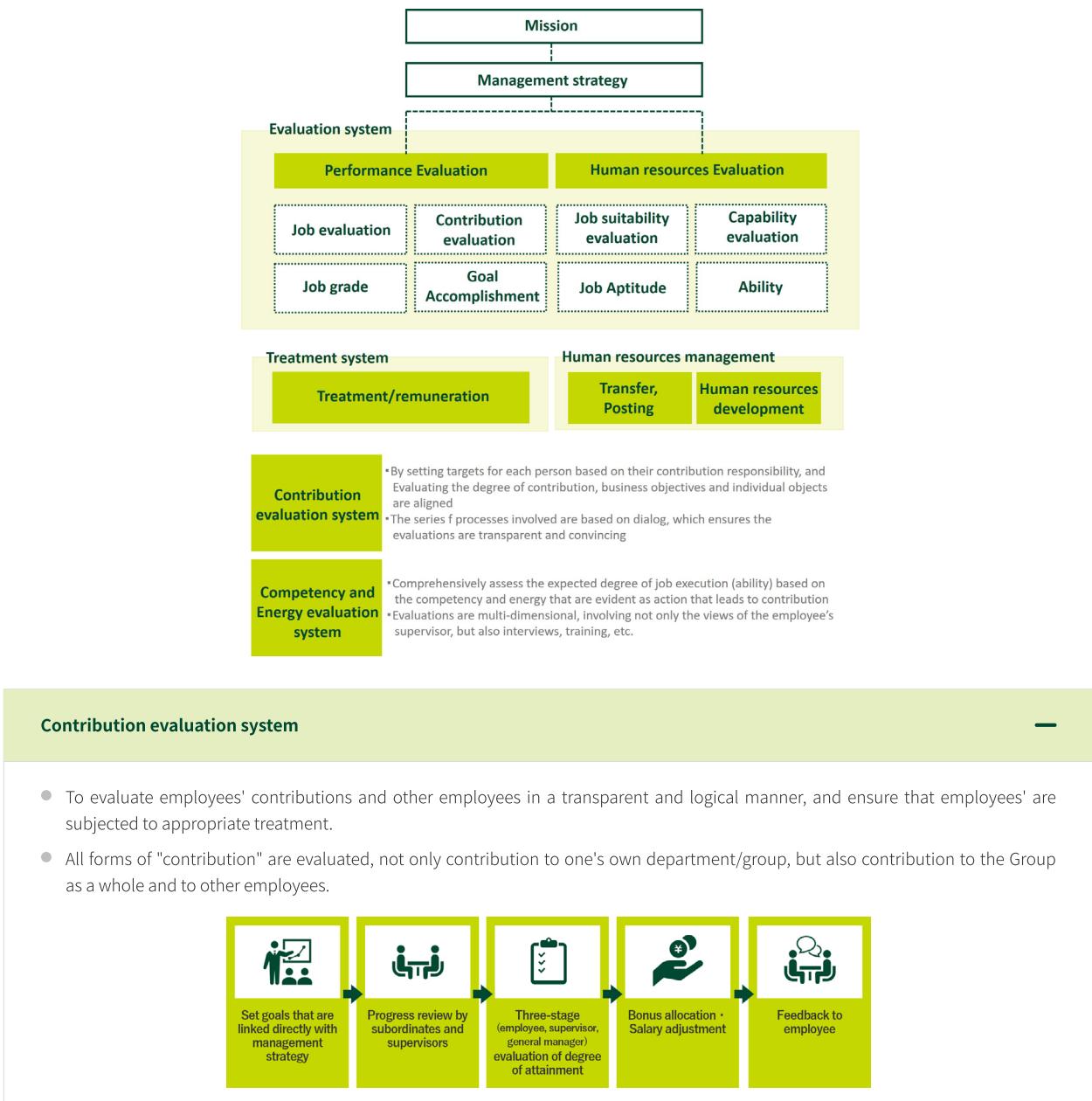
Sumitomo Mitsui Banking Corporation has formulated a "Human Resources Vision" in its Medium-term Management Plan to serve as a long-term strategy for every aspect of personnel development. Guided by this vision, we are transitioning from Human Resources Department-driven development models to more business-oriented,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

Our philosophy is to develop true professionals who are highly competitive and capable of behaving proactively. In line with this philosophy, our personnel system comprehensively evaluates job aptitude and capabilities based on an individual's job duties, contributions, and HR evaluation. The system comprises three components: treatment (compensation) system, evaluation system, and human resources management. Under a job-type structure capable of responding to the diversification of business fields and the trend toward jobs becoming more specialized, we aim to achieve an optimal fusion of job-based criteria and person-based criteria, so as to make the system transparent and acceptable to employees.

### Human Resources Vision

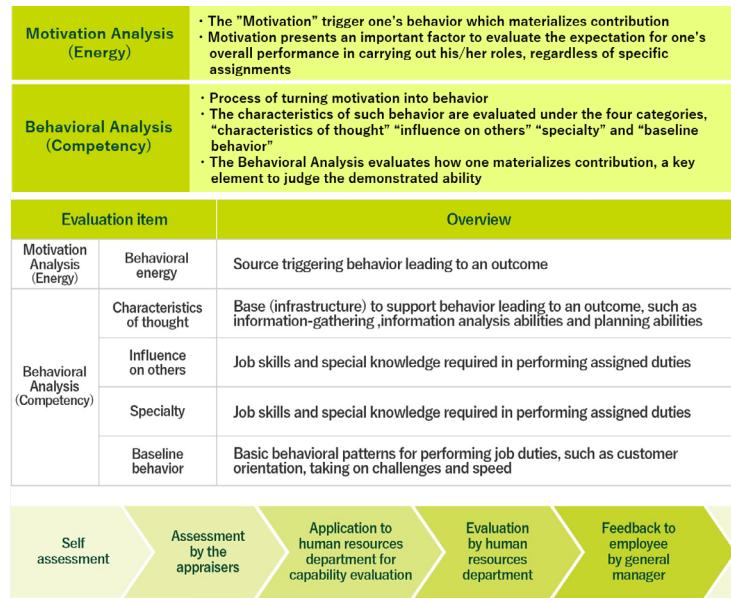
**Establish an environment in which professionals  
who never tire of chasing personal growth set agendas  
autonomously and are aggressive to take on challenges**

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



## Competency/Energy evaluation system

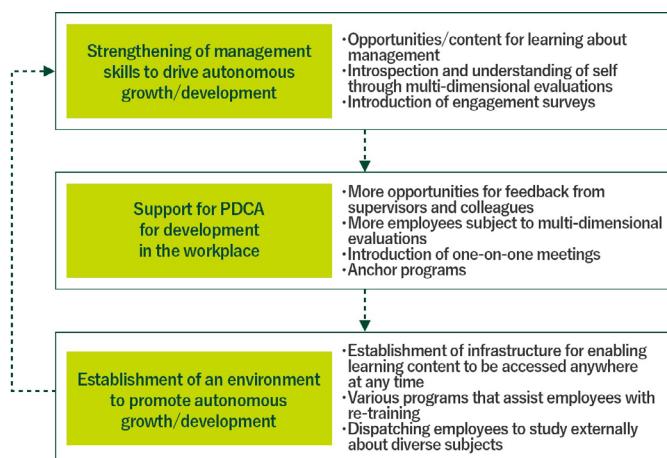
- A system for comprehensive evaluation based on "behavioral analysis (competency)," which will materialize as one's own contributions, and "motivation analysis (energy)," which is unique to each individual.
- To ensure objective and satisfactory C/E Evaluation, information is collected from a wide range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



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

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

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



## Initiatives targeting managerial personnel

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

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



### - Expanding Off JT -

As well as establishing an OJT environment as described above, we also focus on Off JT (off-the-job training).

We offer a full program of basic education aimed at getting young employees to become industry-ready at an early stage and augmenting the benefits of OJT. There are also level-specific programs that are oriented to the long-term careers of personnel, including those in the middle-management layer. And in addition to leadership training for those responsible for management, we also offer training programs with different themes, such as equipping participants with grounding in and knowledge of digital technology or boosting their specialist knowledge in areas such as credit provision and fx. In the realm of leadership training, we deliver high-end programs that we have developed jointly with external institutions such as the University of Tokyo and the Wharton School at the University of Pennsylvania in the U.S.

With regard to executive candidates, who will be placed in leadership roles, the above-described selective training programs and transfers allow them to receive extraordinary assignments that lead to their development in an organized fashion.

### ■ Support for autonomous career design

To raise the level of expertise of each employee as a financial professional, it is vital to put mechanisms in place that enable personnel to identify their own attributes/skills and select fields that they themselves believe will allow them to demonstrate their capabilities. One such mechanism for supporting this sort of autonomous career design by employees is our open-recruitment system, which comprises the three components of Training Entry, Job Entry, and Post Entry.

Furthermore, even before launching the open-recruitment system, we had organized an event called the SMBC Job Forum, which is intended to deepen understanding of operations performed within the bank. These Forums are attended by almost 2,000 people each year. During the Forums, each department explains its operations in a seminar format, after which each department is assigned a booth from which it can provide more details on specific projects and field questions from booth visitors. The Forums therefore offer an opportunity for employees to obtain a clearer picture of the work performed by the various sections within the bank, which raises their interest in open recruitment and simultaneously encourages them to think independently about their career development.

<b>Training entry</b>	A voluntary application system for all kinds of training programs necessary for career formation.
<b>Job entry</b>	A voluntary application system for the desired job (professional duties) so that employees can take on the challenge of career development for themselves.
<b>Post entry</b>	A voluntary application system to offer opportunities to ambitious, talented human resources to take on the challenge of reaching a management position (department manager, branch manager).

To support the desire to learn about various things, we dispatch employees through open recruitment to graduate schools and external educational institutions both in Japan and overseas. We also offer an extended-leave scheme to enable employees to go and study at graduate schools, vocational schools, etc. on a full-time basis (Career-Design Leave Scheme), a program that partially subsidizes the course fees of employees who wish to attend graduate school or obtain qualifications while still working full time (Career-Design Learning Support Scheme), and so on. Furthermore, to support learning through work performed outside the bank, we also actively dispatch personnel to work temporarily at entities outside the Group.

## (2) Corporate Culture

A sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement. For this reason, we have a free dress code, enabling employees to wear what they please to work, and encourage employees to refer to each other without titles. In addition, we have introduced an internal social networking service as a digital tool for strengthening connections between people and organizations.

Furthermore, the wevox engagement survey system is being introduced on a group-wide and global basis to develop a corporate culture that facilitates self-driven improvements by organizations. Sumitomo Mitsui Banking Corporation has set maintaining an engagement survey score of 70 or higher as a KPI, and it has achieved its target KPI score (as of March 2021). In the March 2021 survey of Group employees, 73% of our employees expressed that they felt pride in working for SMBC Group.



### Column : Midoriba: Internal Social Networking Service

An internal social networking service known as Midori no Hiroba (meaning green plaza), or Midoriba for short, was introduced at SMBC in October 2020 application at Group companies planned). This system is designed to encourage mutual communication between management-, organization-to-employee and employee-to-employee that is not limited by organizational boundaries and to promote employee innovation. Specifically, employees are able to learn about colleagues and other business fields, connect with likeminded colleagues, and share ideas and opinions with each other through this system. Thus, the system will support the establishment of a proper mindset for career development and encouraging the employee-initiated establishment of internal communities. We aim to develop a framework in which employees can create new business opportunities or transform existing businesses by freely sharing ideas and receiving mentoring or sponsorship from specialized departments or management.

This system is already used by more than 20,000 employees, with thousands of interactions, including knowledge sharing and idea consultations, taking place each month.



Diversity & Inclusion



**Outline of Diversity Promotion**

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

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

SMBC Group regards "Diversity and Inclusion" as an important strategy for growth.

Management is promoting greater diversity and inclusion to create a working environment where people from various backgrounds can fulfill their potential based on strong mutual respect, and where synergy borne of diversity generates new value. In this way, we can help to create greater value for customers.

SMBC Group Message from the Group CEO

## Diversity Is Possibility

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



**Message from the Group CEO**

SMBC Group  
Outline of Diversity Promotion

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

**Outline of Diversity Promotion**



# Creating a corporate culture which derives strength from diversity



## Creating conditions for diverse human resources to support growth

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



▶ Work-life balance support



▶ Empowerment of women



▶ LGBT inclusion



▶ Global HR development



▶ Empowerment of senior employees



▶ Empowerment of people with disabilities

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

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



▶ Work style reforms



▶ Health management

[Confirming initiatives for the human resource strategy >](#)



## Interview

### Diversity as a source of competitiveness

#### SMBC Group Employee interviews

##### Diversity as a source of competitiveness

▶ employees share their thoughts and discuss Group initiatives





## SMBC Group initiatives in figures

### Extracting examples from the ESG Data Book

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

**SMBC Group**

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**initiatives in figures**

▶ [View data on initiatives](#)



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

▶ [Click to see historical diversity data](#)

## SMBC Group company initiatives

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

## Diversity-related topics

2020.11.11	SMFG	EVALUATION
<a href="#">SMBC Group receives the highest rating in the LGBT - related PRIDE Index</a>		
2020.11.02	SMFG	EVALUATION
<a href="#">4 stars awarded in the 4th Nikkei "Smart Work Management" survey</a>		
2020.03.03	SMFG	EVALUATION
<a href="#">Selected as a "Nadeshiko Brand 2019" Enterprise</a>		
2020.03.02	SMFG	EVALUATION
<a href="#">Recognized for the Fourth year running as a Certified Health and Productivity Management Organization (large enterprise category) by the Ministry of Economy, Trade and Industry</a>		
2020.1.22	SMFG	NEWS RELEASE
<a href="#">Sumitomo Mitsui Financial Group, Inc. INCLUDED IN 2020 BLOOMBERG GENDER-EQUALITY INDEX</a>		
2019.12.20	SMBC Trust Bank	EVALUATION
<a href="#">Winning the "Forbes JAPAN WOMEN AWARD 2019"</a>		
2019.11	SMFG	EVALUATION
<a href="#">4.5 stars (Top 50 Companies) awarded in the 3rd Nikkei "Smart Work Management" survey</a>		
2019.10.11	SMFG	EVALUATION
<a href="#">SMBC Group receives the highest rating in the LGBT - related PRIDE Index</a>		
2019.09.01	SMBC	TOPICS
<a href="#">"Dress Code- Free" is introduced on a full scale from September 2019.</a>		

2019.04.12

SMBC Nikko

TOPICS

Enhancement of System to Support the Development of Employees

2019.03.25

SMFG

EVALUATION

Selected as a "Nadeshiko Brand 2018" enterprise

2019.02

SMFG

EVALUATION

Recognized for the third year running as a Certified Health and Productivity Management Organization (large enterprise category) by the Ministry of Economy, Trade and Industry.[List of diversity-related topics](#) >



SMBC Group employs more than 100,000 people working in about 40 countries and regions worldwide.

The Group is comprised of many companies, each having unique culture with highly diverse employees.

This "diversity of people" is our greatest asset.

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

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

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

Diversity is indeed the key to unlimited possibilities.

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

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

Sumitomo Mitsui Financial Group, Inc.

Director President and Group CEO

(Representative Executive Officer)

Jun Ohta

A handwritten signature in black ink, appearing to read 'Jun Ohta'.



## Outline of Diversity Promotion

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

**What does it take for a company to have employees who are highly motivated  
to achieve growth hand in hand with their organization?**

**We believe that "diversity" is the biggest key for achieving this, and is essential  
for the advancement of our organization.**

▼ Diversity and Inclusion Statement

▼ Roadmap

▼ Diversity promotion framework

▼ Initiatives to reform employee  
awareness and behavior

▼ SMBC Group diversity initiatives

## Diversity and Inclusion Statement

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

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

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

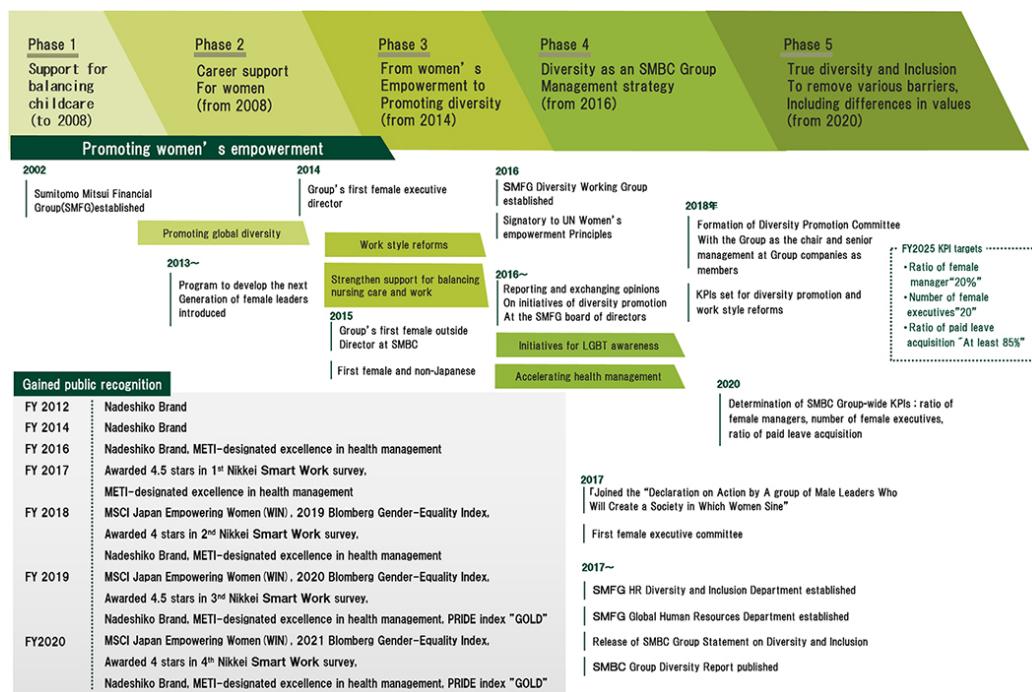
We believe that institutions that promote diversity and encourage their employees to contribute through their varied experience and talents are more dynamic and innovative than institutions in which employees tend to share only similar backgrounds and perspectives.

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

### Approach and initiatives for human rights



# Roadmap

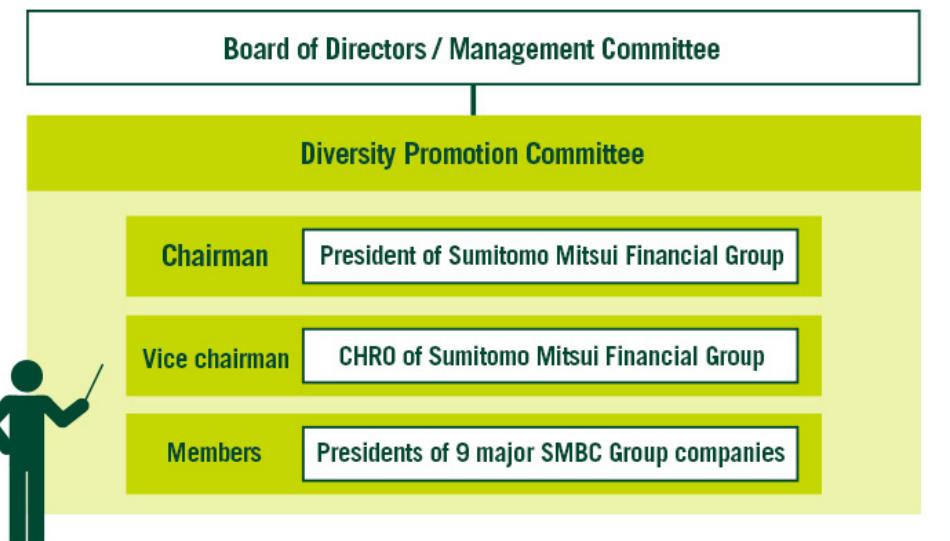


[Click to enlarge](#)

## Diversity promotion system

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

## Diversity promotion framework (initiatives from management)



## SMBC Group diversity initiatives

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





**Work-life balance support  
Full support for  
childcare + work,  
nursing care + work**

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

## System and initiatives for work-life balance support

### Balancing work and childcare

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



[Click for details▼](#)

## Balancing work and nursing care

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



[Click for details▼](#)

## Interview

### SMBC Group Employee interviews

Diversity as a source of competitiveness

▶ employees share their thoughts  
and discuss Group initiatives



## Creating an environment for all employees to thrive

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



Work style reforms



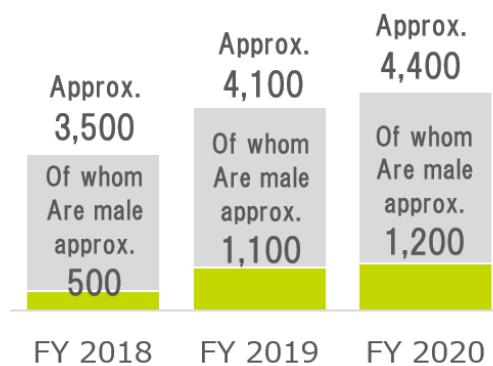
Health management



## Balancing work and childcare

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

### Number of employees taking childcare leave



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

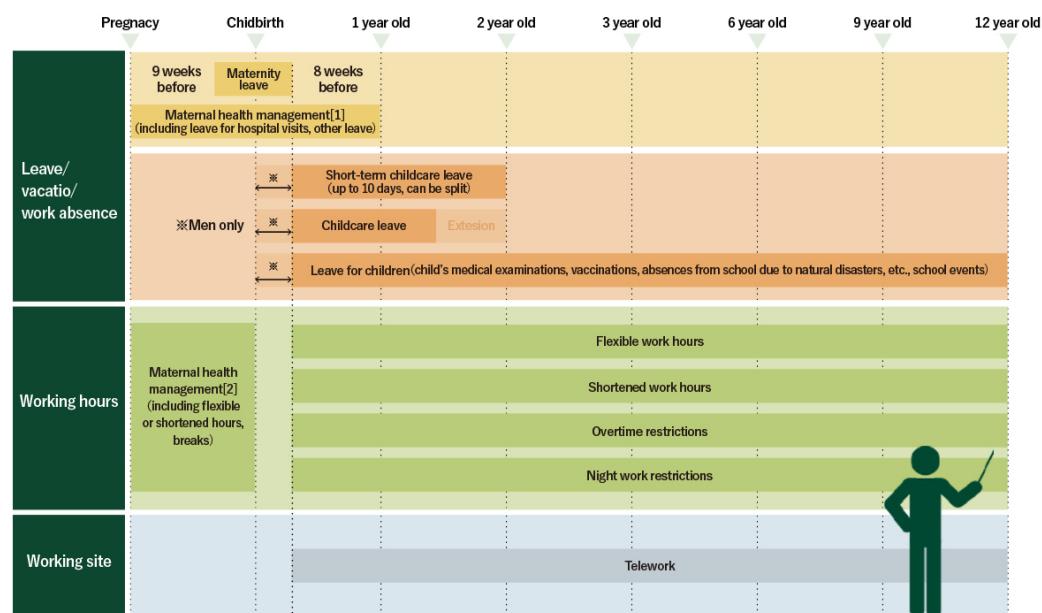
### Major systems to support balancing work and childcare

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

## Work-related systems

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

### Systems to support balancing work and childcare



[Click to enlarge](#)

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

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

### Partnership with a company-led childcare service provider

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



### Economic support for childcare

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

## Major Initiatives to Balance Career and Childcare

### Training and seminars

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

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



Training to support work-life balance

## Development of guidebooks

We have created the "SMBC Group Career Guidebook for Mothers." Distributed to female employees, aiming to help them in preparing for the next stage of life. The Group has also created a special management guidebook containing communication pointers to distribute to managers with subordinates engaged in raising children.



## Promoting male participation in childcare

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



## Encouraging an understanding of work within employees' families

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



## External evaluation and accreditation

### Platinum Kurumin accreditation

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



▶ External evaluation/accreditation

# Balancing work and nursing care

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

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

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

- ▶ Systems to Support Work-Life Balance at SMBC Group Companies

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

(Example: SMBC)

## Major Initiatives to Balance Career and Nursing Care

### Work and nursing care balancing course

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

## Guidebook production

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



## Nursing care information website

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

## Nursing care help desk established

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

## Initiatives of Diversity Promotion



Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

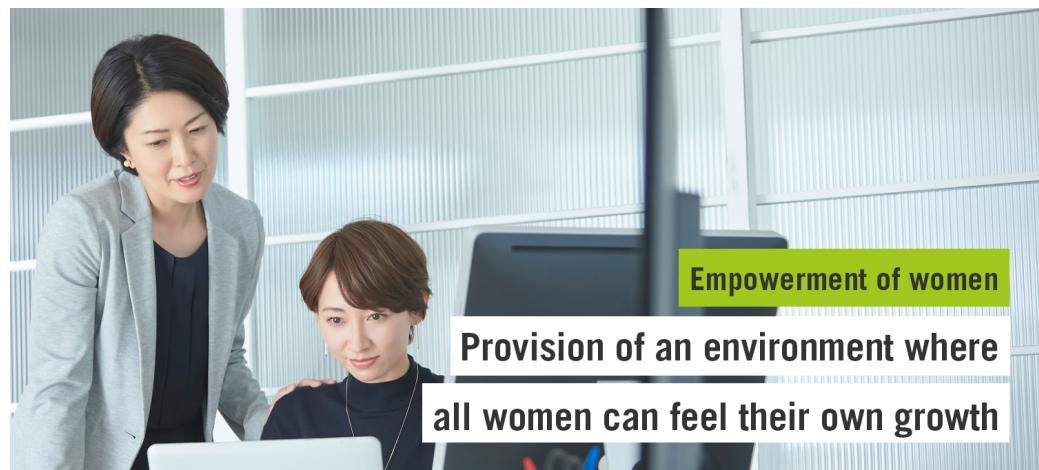
Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management





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

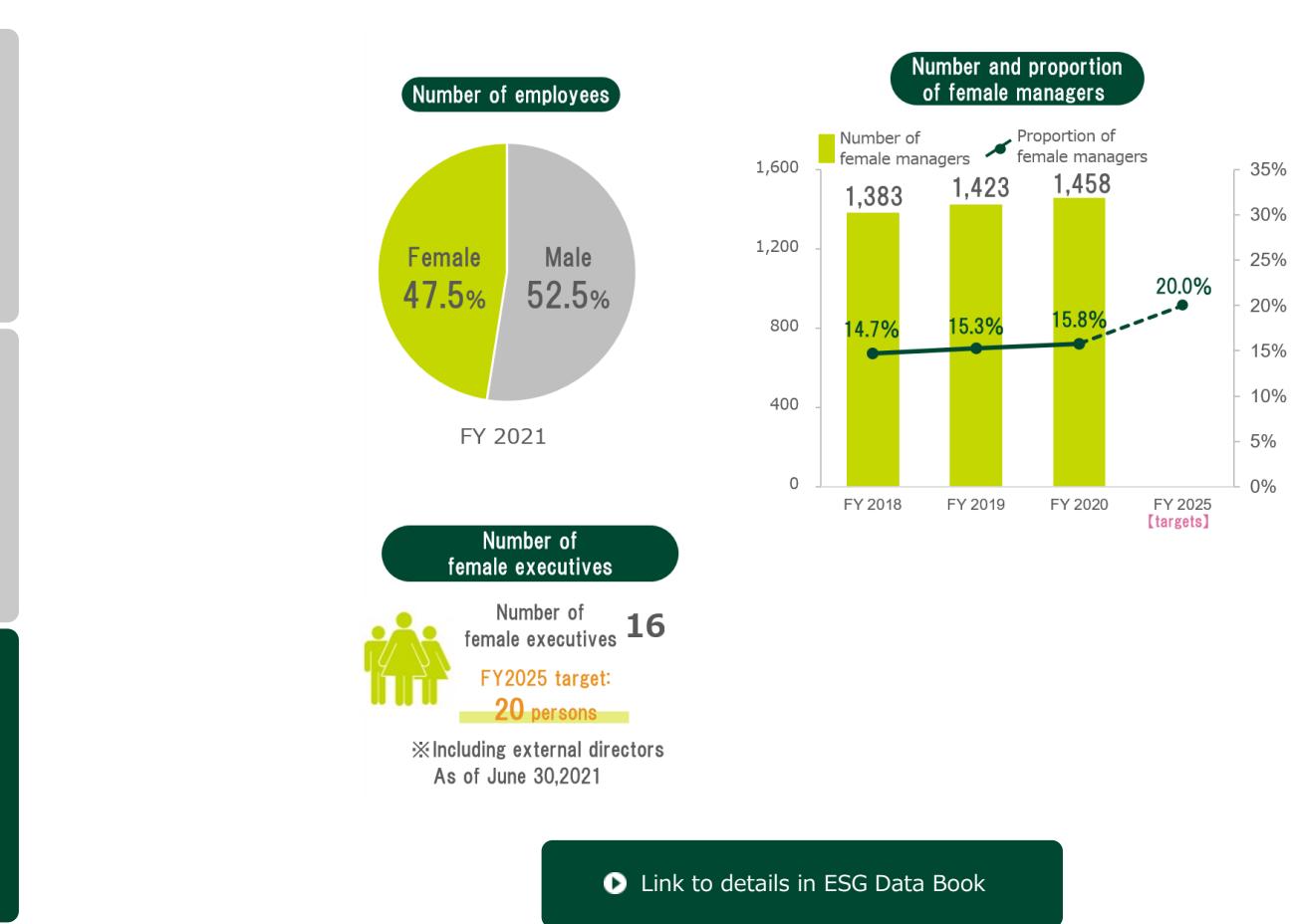
## **SMBC Group's women's empowerment in figures**

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

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

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

※ Please refer to "Support for various alliances" below



## Numerical targets/plans for Group companies

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

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

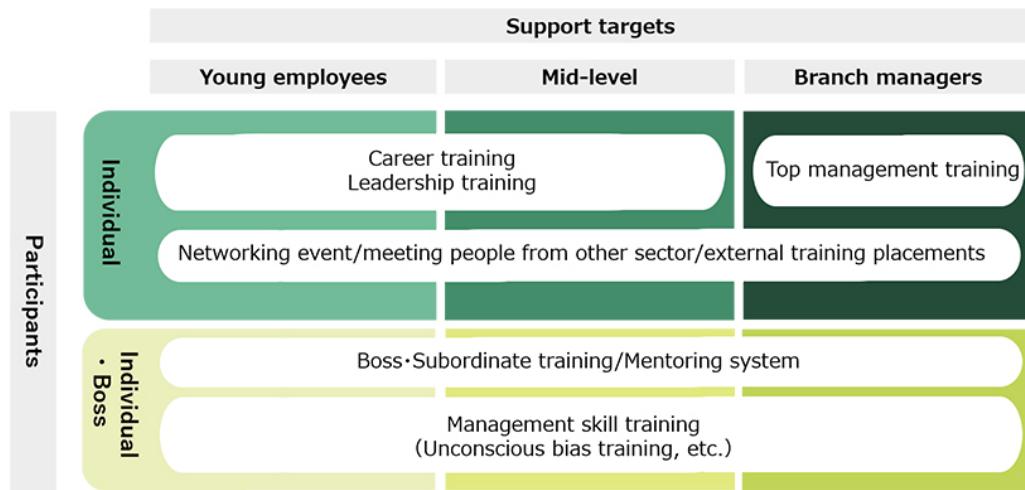
### Numerical targets/plans related to the promotion of women into managerial positions

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

# Key Initiatives to Support Women's Empowerment

## Career development support

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



## Leadership training

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



## Support for various alliances

The SMBC Group supports the vision of "30% Club Japan\*" and participates as a member. We also support G20/EMPOWER, a private-sector alliance for empowering women and encouraging their participation in the economy, and we participate as an advocate company that supports the alliance's activities in Japan.



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

▶ 30% Club Japan

## Support for continued employment



## Interview

### SMBC Group Employee interviews

Diversity as a source of competitiveness

▶ employees share their thoughts and discuss Group initiatives



# External evaluation and awards

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



## Nadeshiko Brand



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

## Bloomberg Gender-Equality Index



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

## Eruboshi



Companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women  
(\*Acquired Second rank: SMBC, SMBC Finance Service; third rank: SMBC Trust Bank, JRI)

## Catalyst Special Award



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

▶ Recognition and Accreditation

Initiatives of Diversity Promotion ▾

▶ Work-life balance support

▶ Empowerment of women

▶ LGBT inclusion

▶ Global HR development

▶ Empowerment of senior employees

▶ Empowerment of people with disabilities

▶ Work style reforms

▶ Health management





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

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

### **Statement on LGBT Inclusion**

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



### Educational activities

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

In addition to providing e-learning content for learning basic knowledge about LGBT issues, we hold events such as LGBT-themed movie viewings and talk sessions to promote correct understanding of LGBT issues and to change awareness and behavior.

We have also created our own rainbow-colored logo and are using it in LGBT support announcements and educational activities.

### Revision of work regulations

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



### Establishment of consultation desks

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

# Creating a society in which LGBT people are respected

## Support for allies

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

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

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

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



Tokyo Rainbow Pride



NIJI PRIDE  
(NYC World Pride celebration)



NIJI EMEA

## Initiatives toward customers

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

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

▶ [Click here for information about SMBC home loans](#)

## External evaluation and accreditation

### PRIDE index "Gold" rank

In November 2020, the volunteer organization "work with Pride" awarded SMBC Group the highest rank of "Gold" in its PRIDE Index in recognition of the SMBC Group's LGBT-related initiatives for the second year in a row.



▶ Recognition and Accreditation

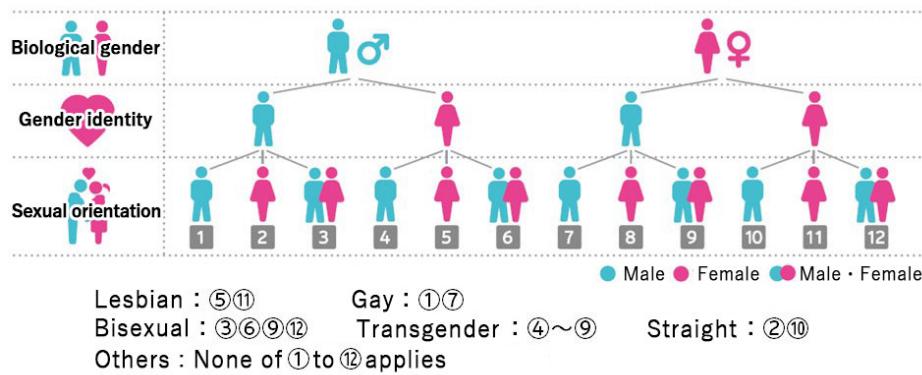
## Understanding the LGBT community

Toward a society where sexual diversity is widely accepted.

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

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

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



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

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

## Initiatives of Diversity Promotion



Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management



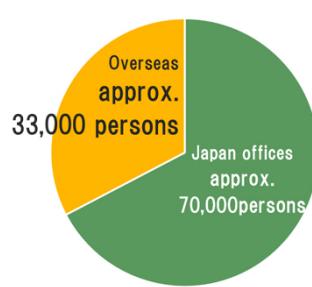


**SMBC Group advances its operations in more than 40 countries and regions worldwide, and these overseas businesses are driving the growth of the Group. To support these businesses, we are developing talent management framework to enable optimal assignments and promotions, regardless of their location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

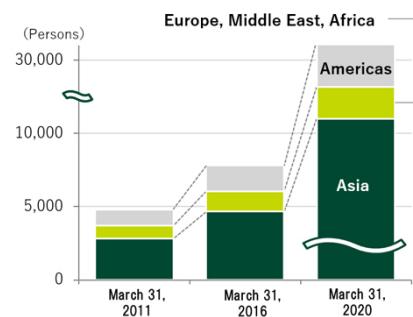
**Another area of focus is personnel exchanges between Japan and overseas, global training programs, helping employees gain experience in cross-cultural communication, and building a corporate culture that treats diversity as a source of competitiveness.**

## Globalization of human resources by in figures

**Number of employees**



**Number of employees in overseas offices by Division**



\* Consolidation of SMBC Group

\* Figures are for SMBC and its major subsidiaries

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

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

### Global HR Department

SMBC and SMBC Nikko Securities has established the Global Human Resources Dept. in FY 2014 and FY 2017, respectively, and the SMFG Global Human Resources Dept. was established in FY 2017. In addition to establishing the Global Talent Management Council as a framework for increasing the transparency of executive appointments, we are also developing a database that centrally manages human resource information for employees hired overseas. We also established standardized talent review framework and developed a database to enable centralized management of talent information on overseas employees. In addition, we hold a Global Human Resources meeting annually in Tokyo, welcoming representatives such as regional HR Heads and Heads of L&D functions. In these ways and more, we are collaborating closely and working together as one global team to develop and promote our talents.

### Various training systems

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

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



Global Co-working Program

### Promoting Local Employment

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

## Employee Resource Groups at our overseas offices

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



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

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

▶ NIJI Pride/NIJI EMEA

▶ SMBC Americas

▶ SMBC EMEA

## Exchange with BTPN

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



# Interview

## SMBC Group Employee interviews

Diversity as a source of competitiveness

- ▶ employees share their thoughts and discuss Group initiatives



### Initiatives of Diversity Promotion



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





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

#### **Expansion of the support system**

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

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

## Career support program

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

## Interview

**SMBC Group**  
**Employee interviews**

Diversity as a source of competitiveness

employees share their thoughts and discuss Group initiatives



**Initiatives of Diversity Promotion**

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





**SMBC Group has developed various types of administrative processes and work**

**Also,**

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

## Numerical results

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



	FY2018	FY2019	FY2020
Ratio of employees with disabilities	2.4%	2.5%	2.6%

\* SMBC Group composite data

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

## SMBC Green Service

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



Universal Talk

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

## Nikko MiRun

Headquartered in Nihonbashi-Koamicho, the SMBC Nikko Securities special subsidiary Nikko MiRun Inc. has employees with disabilities who do light work duties for other Group firms. The company also operates the MiRun Farm in Ichihara, Chiba Prefecture, where employees with disabilities cultivate vegetable crops under the guidance of eight farming supervisors. The farm also hosts "normalization training," where SMBC Nikko Securities employees undertake manual farm labor alongside their colleagues with disabilities. This initiative was selected as an example of best practice in March 2016 by the body\* promoting the Principles for Financial Action for the 21st Century by Ministry of the Environment.



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

## Athletes with disabilities

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



## Creating branches that customers with impairments can easily visit

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

▶ Contribution to Achieving  
and Developing Safe and Secure Communities

## Joining an outside initiative

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



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

### **Commitment of SMBC Group**

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

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

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

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

# Interview

## SMBC Group Employee interviews

Diversity as a source of competitiveness

▶ employees share their thoughts  
and discuss Group initiatives



### Initiatives of Diversity Promotion



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





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

## Numerical results

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

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

# Main initiatives for increasing productivity and motivation to work

## Complying with laws and regulations and improving labor conditions

SMBC Group regularly monitors the working conditions in member companies; works to comply with all applicable laws and regulations; strives to eliminate overtime work; and endeavors to improve the working environment and reduce working hours. As per policy, each company is working to, in addition to exceeding minimum wage, adequately meet the equal-pay-for-equal-work requirement introduced in April 2020 and to maintain an environment in which all employees can feel satisfied with their jobs, regardless of their employment status.

## Rectifying long working hours

Each company regularly monitors overtime hours and the number of employees working long hours to eliminate overtime work as a part of the ongoing efforts to improve working conditions across the Group.

At SMBC, as part of day-to-day working hours management, the times that employees log in and out of their PCs are recorded, which allows us to accurately gauge how many hours each individual is working. We have also established work intervals and set upper limits for working hours. We are also working to reduce long working hours via the introduction of robotic process automation (RPA) for increased administrative efficiency, along with the management of total work hours by setting times for people to leave offices and designating days when workers are encouraged to leave early.



## More flexible working hours

SMBC Group companies are utilizing a variety of systems to increase flexibility, including flextime, staggered start times, variable working hours, and discretionary working arrangements for planned or professional duties.

## Work site flexibility

All SMBC Group Companies have a "Work from home system" in place, and are rolling out satellite office\* duty.

\*Office space established inside a facility, or external office space for which a usage contract has been signed.



## Initiatives to increase work style reform awareness and productivity

At each Group Company, regarding changing thinking toward work styles and the importance of management, the management ranks dispatched a message, and we are conducting seminars and workshops for the purpose of increasing productivity and achieving business with higher added value.

Also, we are incorporating accomplishments related to increasing productivity to the items we use to evaluate achievements.

## Flexibility on work attire

We are working to make reforms to our corporate culture. In order to create an environment in which it is easy to take on new challenges that are not restrained by precedent or standard thinking, we introduced a "Dress Code Free" policy. This makes it possible for employees to freely choose their own garments in line with TPO.

## Creating more innovative workplaces

In September 2017, the SMBC Group established "hoops links tokyo" as an innovation space located in Shibuya, Tokyo. Bringing together a variety of people from start-ups and larger firms, government, academia, research institutions and NPOs, the aim of this initiative is to forge connections to support the creation of dynamic, innovative businesses and services with a focus on addressing societal issues.



# Interview

**SMBC Group**  
**Employee interviews**

Diversity as a source of competitiveness

▶ employees share their thoughts and discuss Group initiatives



## External evaluation and accreditation

**4 stars awarded in  
the 4th Nikkei  
"Smart Work  
Management" survey**

In November 2020, SMFG was awarded 4 stars in the 4th Nikkei "Smart Work Management\*" survey conducted by Nikkei Inc.

**NIKKEI**  
**Smart Work**

★★★★ 2021

\* "Smart Work Management" refers to maximizing the potential of workers through varied and flexible work styles, and developing strategies to maximize productivity and the broader performance of the organization using positive feedback loops, thereby fostering innovation and new market development.



▶ Recognition and Accreditation

## Initiatives of Diversity Promotion



Work-life balance support

Empowerment of women

LGBT inclusion

Global HR development

Empowerment of senior employees

Empowerment of people with disabilities

Work style reforms

Health management





**SMBC Group is undertaking health management to help support the physical and mental health and motivation of employees to underpin the continual provision of high value-added for customers.**

## **Main initiatives to promote and accelerate health management**

### **Statement on Health Management; Appointment of CHO**

Each of our Group companies views the promotion of employee health as a management issue, and has instituted a Statement on Health Management.

The firm has also appointed a Chief Health Officer (CHO) and established a Health Promotion Office as part of systematic efforts to maintain and promote the health of employees and family members.

### **Various medical examinations**

Alongside periodic health examinations, Group companies are active in providing specific health-related guidance as a means of preventing lifestyle diseases.

## Mental health initiatives

To enable individuals to manage their own mental health, we carry out a stress check for all employees. Also, to support mental health self-care, line care (in which managers and supervisors who have daily contact with workers improve the working environment and consult with them) and reassignment, we have consultation services with outside specialist councilors. We perform follow up training for managers at offices that have particularly high stress numbers. In addition, at SMBC Nikko Securities, a metal health supporter is designated at branches in order to promote self-care and quick responses to those who are in poor mental health. In these ways and more, we are promoting efforts for the mental health of our employees.

## Action on smoking

We work closely with the health-insurance society to help employees quit smoking by subsidizing their participation in an online smoking cessation program. Also, we have a "No Smoking Day" every month, and provide e-learning on tobacco and secondhand smoke.

## Health support for women

We regularly hold "health promotion seminars" for all employees with the aim of raising employees' health awareness and literacy. We also invite outside lecturers to speak at seminars on a variety of topics to promote independent efforts by employees to ensure their own good health.

For example, we hold health promotion seminars on topics such as diet, exercise, sleep, and smoking cessation as well as on topics specific to women (fertility treatments, menopause, etc.).

# Interview

**SMBC Group**  
**Employee interviews**

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Diversity as a source of competitiveness

► employees share their thoughts and discuss Group initiatives



# External evaluation and accreditation

**Recognized as a 2021  
Certified Health and  
Productivity  
Management  
Organization (large  
enterprise category)  
by the Ministry of  
Economy, Trade and  
Industry**

In March 2021, we  
recognized for the Fourth  
year running as a 2021 Certified  
Health and Productivity  
Management Organization (large  
enterprise category) by the  
Ministry of Economy, Trade and  
Industry.



Note: Since FY2016, METI's Certified Health & Productivity Management Outstanding Organizations Recognition Program has recognized organizations with outstanding records in health management, based on their engagement with local community health initiatives or health promotion activities promoted by the Nippon Kenko Kaigi.



## ▶ Recognition and Accreditation

### Initiatives of Diversity Promotion



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



# SMBC Group initiatives in figures

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

Female managers (number/ratio)

	Number (Persons)	Ratio (%)
FY3/19	1,383	14.7
FY3/20	1,423	15.3
<b>FY3/21</b>	<b>1,485</b>	<b>15.8</b>
<b>Targets for Fiscal 2025</b>	-	<b>20</b>

Number of executives

	Female executives (Persons)	Non-Japanese, etc. executive officers, general managers (Persons)
June 2019	11	14
June 2020	13	15
<b>June 2021</b>	<b>16</b>	<b>17</b>
<b>Targets for Fiscal 2025</b>	<b>20</b>	-

[Empowerment of women](#) >

[Global HR development](#) >

Number of people taking childcare leave

	Overall (Persons)	Of whom are male (Persons)	Rate of men taking childcare leave (%)
FY3/19	3,443	528	47.0
FY3/20	4,100	1,094	89.8
<b>FY3/21</b>	<b>4,364</b>	<b>1,229</b>	<b>100.0</b>

[Work-life balance support](#) >

## Paid leave acquisition rate

Paid leave acquisition rate	
FY3/19	70.6%
FY3/20	74.7%
<b>FY3/21</b>	<b>76.4%</b>
<b>Targets for Fiscal 2025</b>	<b>85% or more</b>

## Ratio of employees with disabilities

Ratio of employees with disabilities	
FY3/19	2.4%
FY3/20	2.5%
<b>FY3/21</b>	<b>2.6%</b>

[Empowerment of people with disabilities](#) >

[Work style reforms](#) >

▶ Link to details in ESG Data Book

# Contribution to Achieving and Developing Safe and Secure Communities

SMBC Group is also promoting better branch design so that the elderly and people with disabilities can feel comfortable using these facilities. Below are some examples of group companies' branch design initiatives, including employee education and introduction of universal design services.

## Main Initiatives

### Policy recommendation

Public policy for a super-aging society

JRI

The year 2025, when baby boomers reach the age of 75, is fast approaching. Japan continues to see its population shrink and the percentage of elderly people increase. The government is establishing an integrated community care system so that elderly people can live out their lives in their familiar communities and extend their lifespans so that all citizens can stay healthy throughout their lives.

To achieve these goals, a complex structure is needed that involves not only social security systems such as healthcare and long-term care, but also health promotion and disease prevention, working style and employment systems, and social infrastructure such as housing and transport.

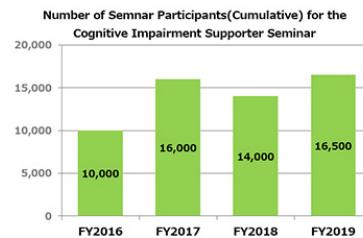
With the theme of "public policy for a super-aging society," the Japan Research Institute harnesses the knowledge of both public researchers and consultants on social security, long-term care and businesses targeting senior citizens, medicine and healthcare, urban planning, etc., to promote recommendations and implementation of new policies and business.

Japan Research Institute: Public policy for a super-aged society 

### Employee education

SMBC Group

The SMBC works to create branches that can be visited with confidence by seniors and people with disabilities by incorporating universal design principles and conducting a variety of other initiatives. We also put particular emphasis on training employees who directly interact with customers so that our branches and services can be used with total peace of mind. We have approximately 2,800 care service assistants, who undergo service care cast training, universal etiquette and other training to ensure appropriate assistance is provided. Since fiscal 2014, we have also engaged in full-scale training of cognitive impairment supporters to prepare for the aging of society. As of March 31, 2020, there are approximately 16,500 specialized staff members to assist people with cognitive impairment assigned mostly at its branches.



\*The decline in FY2018 is due to two major subsidiaries being removed from the list of Group companies.

## Implementation of Universal Design and Universal Service at Branches

### SMBC Group

SMBC is working to advance universal design compliance at branches. When installing new equipment or facilities at branches, we check whether it will be easy for people with disabilities to use them during the development stage, and also ask for feedback from customers after installation. SMBC Trust Bank is also conducting Web-based training for all bank employees regarding universal manners, as we work to improve services as a group.

Customer feedback and specific service examples can be found at the following link.

[SMBC: Utilizes Customer Feedback in its Operations \(Japanese only\)](#)

## Universal Design (Equipment Response)

### Pictogram Display

- ✓ Improvement of Reception Number Display Devices (EQ displays)
- ✓ Installation of Automated External Defibrillators (AEDs)

### Braille Blocks for Visually Impaired

- ✓ Writing Tools
- ✓ Universal Design Introduction - Enhancing Facilities that All People Can Use with Ease

### ATMs for the Visually-Impaired

- ✓ More Convenient Form Entry

### Pictogram Display

SMBC

Visual indicators related to barrier-free information are posted in the branch information section of the SMBC website as well as at branch entrances to allow customers to confirm in advance when using branch facilities.



### Braille Blocks for Visually Impaired

SMBC

Guidance tiles and rivets are placed to mark the path from a branch's entrance to its ATM area to assist people with visual impairments to enter and use the branch.

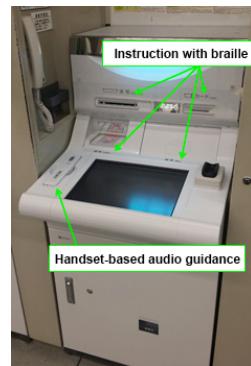
(Installed at 420 of 420 branches as of March 31, 2020)



### ATMs for the Visually-Impaired

SMBC

All ATMs at domestic branches and in non-branch locations are equipped with handset-based audio guidance to serve customers with visual impairments.



More information on upgrading to ATMs for people with disabilities can be found at the following link.

SMBC: ATM Upgrades for People with Visual Impairments (Japanese only) [↗](#)

### Improvement of Reception Number Display Devices (EQ displays)

SMBC

We received feedback that reception number display devices were difficult to read, so we installed EQ display devices that incorporate universal design principles for color, making them easier to read for seniors and people with visual impairments.



**Writing Tools**

SMBC

Writing tools are also made available at branches to ensure that we are able to accurately and smoothly determine the needs of customers with hearing impairments



Writing board



Guidance plate with "ear" mark



Communication board displays customer procedures in pictograms

**More Convenient Form Entry**

SMBC

Branches also make available cane and umbrella holders and lap tables for filling out forms so that customers can comfortably use both hands when filling out forms and operating devices.



Cane holders



Lap tables for writing

### Installation of Automated External Defibrillators (AEDs)

**SMBC** **SMBC Finance Service**

We have progressively installed AEDs in staffed ATM areas since August 2007 and are utilizing our nationwide branch infrastructure to help people in emergency situations. Even though AEDs are now more readily available, there have been few cases of them being used by the general public, and awareness of first aid techniques has become a society-wide issue. SMBC Finance Service holds basic life-saving classes to strengthen its in-office crisis management system and has been increasing the number of personnel who have acquired life-saving certification, which allows them to perform life-saving procedures using an AED.



AED



Basic life-saving class

### Universal Design Introduction - Enhancing Facilities that All People Can Use with Ease

**SMBC Nikko**

Since May 2015, we have been installing a desktop communication support system called "comuoon (Commune)" on service counters at branches. "comuoon" is developed and manufactured by Universal Sound Design Inc. (Headquarters: Minato-ku, Tokyo, Representative Director: Shinichiro Nakaishi). It is a communication support system that improves communication with people with hearing difficulties. Its high-performance microphone accurately picks up the speaker's voice, and the system then creates sounds that are easy for hearing-impaired people to hear through its egg-shaped speakers.

In addition, we have installed gently-sloped ramps and writing boards at all branches nationwide. We are also installing cane holders as well as customer service counters, interphones, and other objects at heights that are easy for people in wheelchairs to use.

## Universal Service

▼ Braille Services

▼ Voice recognition password card

▼ Lower Fees for Counter Transfer Orders

▼ Reading and Writing Assistance

▼ Utilizing Customer Feedback

▼ Acquisition of "Omotenashi Standard Certification 2019"

▼ Introduction of multilingual support tools

▼ Establishment of global branches

### Braille Services

**SMBC**

We also have Braille versions of contractual terms for regular and time deposits, etc., end-of-month balance notices and time deposit transaction notices.

**Voice recognition password card****SMBC**

SMBC provides voice recognition password cards to customers with vision impairments.

For more information on voice recognition password cards, visit: (Japanese only) [↗](#)

**Lower Fees for Counter Transfer Orders****SMBC**

When customers who have difficulty ordering bank transfers using an ATM machine, such as customers with visual impairments, visit the bank and order a transfer at a teller counter, after the customer's intention is confirmed, the same fee as the fee charged for ATM transfers is applied.

**Reading and Writing Assistance****SMBC**

Procedures have also been established to provide reading and writing services for customers who are not able to read a contract or enter their signatures due to a disability (how this is handled differs depending on the nature of the transaction).

**Utilizing Customer Feedback****SMBC**

We conduct various initiatives to sincerely consider customer feedback and provide greater levels of customer satisfaction.

SMBC: Utilizes Customer Feedback in its Operations (Japanese only) [↗](#)

**Acquisition of "Omotenashi Standard Certification 2019"****SMBC Nikko**

Omotenashi Standard Certification is a certification system established by the Ministry of Economy, Trade and Industry to promote and revitalize Japan's service industry and regional vibrancy. Companies from sectors other than the service sector are also obtaining this certification. SMBC Nikko received the Omotenashi Standard Certification in 2019 in recognition of efforts to improve the quality of services and to develop branches where all people can use services with ease.



## Introduction of multilingual support tools

SMBC

We provide multilingual communication boards and leaflets on how to open an account, etc., to help foreign customers understand registration procedures.



Communication board  
(Example: Chinese)



Leaflets about opening an account, etc.  
(Example: Chinese)

## Establishment of global branches

SMBC Trust

We have positioned the Akasaka and Hiroo branches as "global branches" for customers with global businesses. These branches offer English-language pamphlets and product brochures to customers who wish to make transactions in English, as well as providing competent consultations about products and services in English.



# Establishing an Inquiry Desk for People with Disabilities

✓ Dedicated forms for customers with visual or language impairments

✓ Sign language / written inquiry

## Dedicated forms for customers with visual or language impairments

SMBC

Dedicated inquiry forms are made available for customers that have visual or language impairments.

SMBC: Dedicated forms for customers with visual or language impairments  
(Japanese only)



## Sign language / written inquiry

SMCC

SMCC provides a sign language and written inquiry service that uses a specialized video communication system for people who have difficulty with phone conversations due to a hearing or speech disability.

SMCC Sign Language and Written Inquiry Service  
(Japanese only)



# Promotion of Social Inclusion in Collaboration

We understand a Community where each of the components of our society feels the connection, support and safety among each other is the essence of a society we strive to realize in our Mission Statement. Thus, we promote various activities through our business to make contributions to the Community, such as addressing local issues, encouraging financial inclusion and so on as described below.

## Main Measures

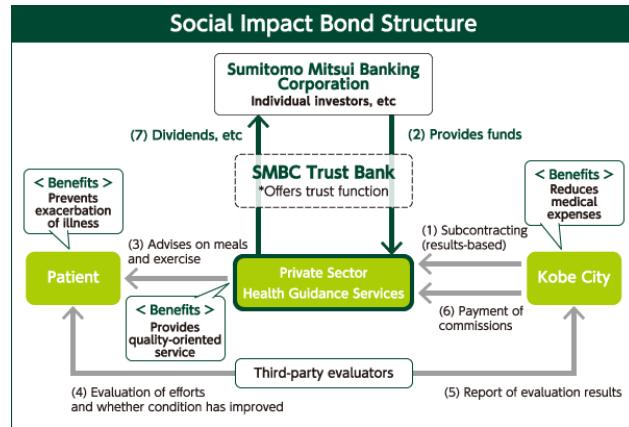
- ✓ Structuring of Social Impact Bonds
- ✓ Initiatives for Financial Inclusion
- ✓ Handling of “Mirai 2030™,” a Leasing Service for SDGs
- ✓ Regional Revitalization Business
- ✓ Donations through Products and Services

## Structuring of Social Impact Bonds

SMBC      SMBC Trust

SMBC and SMBC Trust Bank are jointly pursuing measures for the “social impact bonds” that typify a scheme for public-private partnership. In July 2017, social impact bonds were structured for Kobe City’s project to prevent diabetic nephropathy, etc. from becoming a serious issue, and in September 2019, social impact bonds were also structured for Toyonaka City’s project to ensure smoking cessation; both were the first such projects in Japan. Through the said scheme, Group companies will continue to provide financial support to solve social problems that modern society and respective regional communities are facing going forward.

Structure of a social impact bond (e.g. project of Kobe City to prevent the diabetic nephropathy, etc. from becoming a serious issue)



## Initiatives for Financial Inclusion

### SMBC

SMBC Group is actively engaged in expanding its retail banking services in Asia.

In Indonesia, for instance, SMBC is now providing financial services through its subsidiary BTPN Syariah, to small local business owners who have not had access to banking services before.

Such services are mostly intended for groups of very small business owners such as housewives typically consisting of 10 to 15 members for each group. All the group members are jointly held responsible for their business-related borrowings and repayments, as well as for their obligation to deposit funds in their savings accounts. BTPN Syariah simultaneously provides business know-how sessions so that the members will be able to form the habit of depositing money in the bank while gaining knowledge about basic financial management and how to start their own business.

Through these activities that contribute to financial inclusion, SMBC Group will continue to endeavour to assist even increasing numbers of customers to expand their businesses, which, in turn, is expected to make contribution to the further development of the Indonesia's society as a whole.

## Handling of “Mirai 2030™,” a Leasing Service for SDGs

### Support for GoalBall

#### SMFL

#### JRI

Sumitomo Mitsui Finance and Leasing (hereinafter “SMFL”) began providing Mirai 2030™, which is a leasing service for SDGs to enable their achievement, jointly with the Japan Research Institute (hereinafter “JRI”). SMFL is offering two types of Mirai 2030™: Mirai 2030™ (donation type), where a part of the lease charge is donated by SMFL to public interest incorporated foundations and NPOs that contribute to achieving the SDGs; and Mirai 2030™ (certification type), whereby a certificate is issued if visible effects from facility adoption or effective measures for SDGs are confirmed with regard to facilities related to renewables and/or energy saving.

SMFL: SMFL, jointly with JRI,  
began providing Mirai 2030™ as the first SDG leasing service in Japan. (Japanese only)

## Regional Revitalization Business

**SMBC Trust**    **SMFL**

SMBC Trust Bank received the land and buildings of an aquarium in trust and is involved in a regional revitalization business through design, management, and operational support of the aquarium.

In January 2019, Sumitomo Mitsui Finance and Leasing established Dazaifu Co-Creation through joint investment with Nishi-Nippon Railroad Co., Ltd., and The Bank of Fukuoka, Ltd. Dazaifu Co-Creation, and operates a dispersed traditional Japanese dwelling lodging business via coordination with Dazaifu City, Fukuoka Prefecture, and Dazaifu Tenmangu Shrine, which entails renovating traditional Japanese dwellings located throughout the region to function as lodging facilities and restaurants. Sumitomo Mitsui Finance and Leasing supports this business by leasing interior fixtures, lodging facilities, kitchen equipment, and equipment and machinery used in restaurants and by providing other financial services.

SMBC Group is supporting tourism and subsequently the development of regional economies by participating in such tourism projects as a partner and by providing leasing and various financial services.



Shikoku Aquarium



Traditional Japanese dwelling converted into lodging facility

## Donations through Products and Services

### Handling of ESG Investment Trusts and Social Contribution Bonds

**SMBC Nikko**

In June 2016, SMBC Nikko launched sales of the Schroder Asia Pacific Excellent Companies Fund, a mutual fund that invests in stocks in the Asia Pacific region focusing on ESG (Environment, Social, Governance).

The fund is the first ESG fund with Asia-Pacific stocks and received the Outstanding Fund Award in the domestic equity (global) category at the Morningstar Award Fund of the Year 2017. Since 2017, the company has been donating a portion of obtained profits through funds to support sports development and provide financing for disabled sports (para-sports). In July 2019, the company donated 2,849,108 yen to the Japan Sports Association and Japanese Para-Sports Association. In addition, Nikko Asset Management provides opportunities for investing in environmentally and socially conscious companies through its handling of green bonds and other social contribution bonds.

### Social Contribution Through Credit Card Use

**SMBC Finance Service**

SMBC Finance Service issues a credit card for social contribution through its credit card operations together with cardholders. When members use their cards, a portion of the spent money will be donated to organizations at no cost to the members. The "Atom Card" issued since 2003 is donating to charities that qualify as "activities that make children's dreams come true" and "activities that help children." Approximately 2.53 million yen was donated in fiscal 2019, a cumulative total of approximately 56.0 million yen.

# Support for Growth Industries

SMBC Group is working on various measures to foster the next generation to build a vibrant society that strikes a balance between maturity and growth. One of these is support for growth industries, helping new businesses create new technologies and services.

## Main Measures

- ✓ Establish state-of-the-art SMBC Startup Hub to support new startups
- ✓ Supporting Commercialization as the Foundation of Japan's Growth Strategy
- ✓ Real Tech Fund: Support for R&D Ventures
- ✓ Supporting Small and Medium Enterprises (SMEs) Install Cashless Payment Systems

### Establish state-of-the-art SMBC Startup Hub to support new startups

SMBC Group

The SMBC Group has established SMBC Startup Hub, an activity base in Shibuya (home to many startups) to improve and develop services for startups where we can work closely with them. SMBC Group head office employees with specialist knowledge of supporting startups are deployed in Shibuya to help startups that are potential global players of tomorrow by providing a range of services dedicated to these companies and offer collaborative open innovation opportunities for startups, major corporations, and overseas organizations.

## Supporting Commercialization as the Foundation of Japan's Growth Strategy

SMBC JRI

The Japan Research Institute (JRI) and SMBC has launched the "Incubation & Innovation Initiative," a business consortium of cross-sector alliances, together. The consortium will support the commercialization of highly progressive technologies and business ideas that will form the foundation of Japan's growth strategy. The consortium will also research factors that inhibit innovation and make policy recommendations, for example on designing legal systems and making regulatory reforms that reflect actual conditions, thereby contributing to the further invigoration of Japan's economy.

Please see below for details.

Incubation & Innovation Initiative [↗](#)

(You will be transferred to the Incubation & Innovation website.)

Acceleration program "MIRAI" [↗](#)

(You will be transferred to the Acceleration program "MIRAI" website.)

## Real Tech Fund: Support for R&D Ventures

SMBC Nikko

The Real Tech Fund supported by SMBC Nikko is a venture capital fund created in April 2015 with euglena Co., Ltd. and Leave a Nest Co., Ltd. The aim of the fund is to address social and environmental issues that we face, revitalize Japanese economy and promote greater investment in Japan by providing comprehensive support of human, finance and material resources for venture companies with exceptional technologies.

The fund targets venture companies seeking to integrate into society innovative, R&D-oriented technologies ("real tech") that address social and environment issues, in fields such as robotics, biotechnology, the environment and energy, agriculture, new materials and IoT. It plans to conduct investment and development using a total 7.5 billion yen from funds invested by private companies in various industries.



## Supporting Small and Medium Enterprises (SMEs) Install Cashless Payment Systems

SMCC

We support SMEs around the country in installing cashless payment systems by promoting a payments service provided by U.S. business alliance partner Square, Inc.

Square Readers is a simple card payment system in smartphones or tablets that can be installed anywhere, from retail stores to outdoor events. Signing up for the service is also simple, and the system can be used on the same day at the earliest. Payments will be deposited to the account on the next business day at the earliest, making the service almost the same as cash. Installing Square's POS register will facilitate smooth inventory management, sales analysis, and accounting software, helping to grow their business by streamlining payments and settlement.

SMBC Group will continue to support Japan's transition to a cashless society by supporting installation of cashless payment systems to SMEs.

# Promotion of Financial Literacy Education

Our awareness of money is changing amid a widening gap between rich and poor and shifting economic conditions. Various problems related to money such as multiple debts and financial crime have emerged in recent years. SMBC Group seeks to create a society where everyone can live safely, equipped with an accurate knowledge of money, by providing financial literacy education for all ages as a group-wide program. Featured below is our hands-on accounting tool and some of our finance and economics education programs for all age groups available online.

## Financial information media and personal finance tools

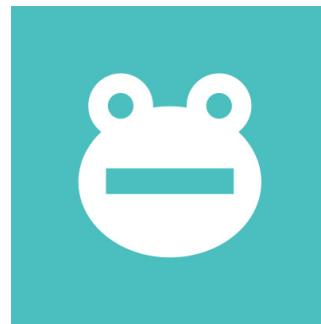
### SMBC Group

SMBC Group publishes articles on personal finance and provides a personal finance tool over the Internet.

**Sumitomo Mitsui Banking Corporatio  
n:**  
**Money VIVA, a Place to Enjoy Learning  
about Money (Japanese only)**   
**Learn about money and take a step for  
ward toward the future.**



**SMBC Nikko:**  
**Investing information service "Nikko F  
ROGGY" that allows you to buy stocks  
from the articles (Japanese only).** 



**Sumitomo Mitsui DS Asset Manageme  
nt Company:**  
**Learning (Japanese only)**   
**Providing useful information for asset  
management, such as the basics of inv  
estment and financial systems**



### | もっとよく知る

## Financial and Economic Education

### SMBC Group

Initiatives of SMBC Group companies

**SMBC: Financial and Economic Education (Japanese only)** 

**SMBC Nikko: Financial and Economic Education** 

**SMCC : Financial Education (Japanese only)** 

**SMBCCF: The Realization of a Lively Society and a Happy and Healthy Lifestyle for People (Japanese only)** 

## For Elementary School Students

### Initiatives for Elementary School Students

#### Events for Elementary school Students

##### SMBC Group Tankentai

###### SMBC Group

SMBC Group holds the SMBC group Tankentai event in which children and families of employees visit their workplaces and learn about the finance business through experience. The events in fiscal 2019 were held at the Tokyo and Osaka head offices of the SMBC and the head office of SMBC Nikko Securities (Shinmaru Building), with the participation of 215 people from 84 teams in Group companies. During the guided visit at the bank offices, visitors were brought to a bank vault normally unseen by customers and experienced the weight of 100 million yen in real bills, after attending lessons on the finance business and how to count paper money. The guided visit at SMBC Nikko Securities included an encounter with the Paralympic sport of blind soccer and workplace visits. Employees' families were able to better understand what their work entails by actually experiencing the workplace.



##### Natsuyasumi Kodomo Ginko Tankentai

###### SMBC

SMBC has conducted the "Natsuyasumi Kodomo Ginko Tankentai" program since 2006. The program that allows elementary school students to learn about and experience actual banking activities. On a tour of the bank, the students take classes from employees and are provided the opportunity to study the basics of finance and banking by experiencing bank teller operations and visiting the ATM and bank vault areas. In fiscal 2019, the program was conducted at two sites, in Tokyo and Kobe, and a total of 130 students in 59 groups participated.

SMBC: Natsuyasumi Kodomo Ginko Tankentai Bank Tour Program (Japanese only)



## Nikko Family Exciting Experience Day

### SMBC Nikko

SMBC Nikko Securities has held the "Nikko Family Exciting Experience Day," a special hands-on social learning program, during children's summer break at its nationwide branches since 2006.

For the program, elementary school students and their families visit the company's branches and learn about the economy, money flows, the social role of financial institutions and more in a fun and exciting way through quizzes, hands-on experiments using information terminals and talks by employees.

## Visiting Lectures

### SMBC Nikko

SMBC Nikko Securities has sent employees to elementary schools since 2016 to give visiting lectures and get children interested in the economy and finance. Elementary school is considered to be the time when children gradually come to understand the importance and role of money, and through various experiences begin to form a foundation for thriving in society in the future. Employees conduct classes using textbooks and experiential classes using card games for children in fourth through sixth grade.

## Bank Tours and Vocational Workshops at Branches

### SMBC Nikko

SMBC promotes independently planned local community contribution activities by sales branches, and branches around the country hold bank tours, conduct cleanup events around branches and at other outside locations, and participate in community events and other activities.

## Support for Finance Seminars, etc,

### Support for Student City, an Economics Education Program for Elementary School Student

### SMBC Trust

SMBC Trust Bank supports an economics education program called Student City targeted towards elementary school students, with mock bank exhibits featured at institutions and employees dispatched as volunteer staff. Through this initiative, we support finance and economics education, and cultivate human resources who will bear responsibility for the future.



## Support for KidZania Tokyo and KidZania Koshien

### SMBC

As an official sponsor of KidZania Tokyo and KidZania Koshien, SMBC Group offers a vocational experience of banking for children. At KidZania Tokyo (in Koto Ward, Tokyo), SMBC has been a sponsor of the company since the park's completion in October 2006, and operates a bank branch that issues the Kidzania currency, "kidZos." At the KidZania Koshien branch, which opened in March 2008, in addition to issuing the currency, the bank also runs a program that lets children experience the jobs of bank employees in a fun and interesting way.

For further details, please refer to the following link.

[KidZania \(Japanese only\)](#) 



## Parent-Child Financial Seminars at F. League Matches

### SMCC

SMCC has held CSR-related events like financial education seminars at Japan Futsal League (F. League) matches since fiscal 2016. The events are for elementary school children and their parents or guardians, with programs that utilize skits to convey the importance of using money in a balanced manner and using it according to a plan in a way that is easy for children to understand. Futsal events are also held. Going forward, SMCC will continue conducting activities to help raise financial literacy while also enlivening local communities through sport.

## Submitting a Tool Related to Finance and Economics Education

### Hello! Money" Financial Education App

### SMCC

SMCC has released the "Hello! Money" allowance management learning tool, a free app for parents and children for financial education. It helps children to learn the basics of personal finance through the management of their own allowances from an early age. It also provides parents and their children the opportunity to learn together the basics of money-spending, saving and increasing-in a fun way in order to help foster financial literacy in young people.

SMCC: "Hello! Money" allowance management learning app for parents and children for financial education (Japanese only) 





## Publication of "What Does a Bank Do?"

**SMBC**

In May 2007, in cooperation with Gakken Co., Ltd., we published "What Does a Bank Do?" as a part of a series on learning through comic books and donated copies to approximately 23,000 elementary schools and 3,000 public libraries throughout Japan. "What Does a Bank Do?" uses a comic book format to provide basic explanations of the social roles and history of banks, centering on the three main operations of a bank, deposits, loans, and currency exchange.



## For Junior High School and High School Students

### Initiatives for Junior High and High School Students

#### Hosting Seminars

#### Cooperation with Company Tours and Visiting Instructors

**SMBC**

SMBC cooperates with junior high and high schools by providing tours for students and sending employees to serve as visiting instructors. On the tours, students learn about bank operations and the banking vocation through tours of branch operations and the dealing rooms of market sales divisions.

#### Visiting lectures by public offering lecturers

**SMCC**

SMCC invites instructors from among its employees to visit junior and senior high schools and universities to lecture on "Cashless Society and Us" and "credit card literacy".

## Finance and Economics Seminars for Forming a Sound Consumer Finance Market

SMBCCF

SMBC Consumer Finance holds finance and economics education seminars on topics such as managing household finances, loans and credit, and financial pitfalls. This initiative aims to provide students, the bearers of the future, and local residents accurate knowledge about money to enable them to make appropriate decisions. The seminars are provided primarily at 17 Customer Service Plazas nationwide. As the seminars are designed to meet the needs of local communities and educational institutions, they are requested by many organizations every year. Since their start in 2011, the seminars have been held over 16,000 times and over 1,000,000 people have participated (as of March 31, 2020).



## Cooperating with Educational Facilities

### Support for Financial Park

SMBC Group

SMBC

SMBC has supported the activities of Financial Park, which offers economic training programs for junior high school students operated by the economic education organization Junior Achievement Japan. Financial Park is a fictitious town where partner companies in various sectors, such as finance, telecommunications, restaurants, and supermarkets, and use specialized facilities to set up booths that simulate actual offices, branches and stores. Students experience and learn about various economic activities through the booths set up within the park to develop their economic understanding. Following the Shinagawa Financial Park that opened in June 2005, a new Financial Park opened in Iwaki City, Fukushima Prefecture in June 2014, and SMBC has set up a booth there as well. In 2019, SMBC Group organized SMBC Group Financial Park Day for Tokyo public junior high school students, offering experiential learning and group discussions with SMBC Group employees about the meaning of work and what makes their careers worthwhile.



## For College Students

### Initiatives for University Students

#### Internships and Lecturer Dispatch

##### Internships for University Students

SMBC

Since 2006, SMBC has been accepting internships as an opportunity for students to consider options for their future occupations. In fiscal 2019, 81 students from 46 universities participated in internships where they experienced on-the-job training in the investment banking business, individual business planning, and market trading.

##### Visiting Instructors

SMBC

SMBC sends employees to various universities to serve as instructors. They provide lectures based on the needs of each university, ranging from specialized case studies such as environment-related structured finance to topics like women's empowerment. In fiscal 2019, we presented lectures to approximately 3,600 students at 79 universities.

## Collaborating with Educational Institutions

### Creating Newly Added Value by Cultivating Data Scientists and the Use and Application of Data

SMBC Trust

SMBC Trust Bank, along with the Sumitomo Mitsui Financial Group, concluded an agreement with Shiga University in September 2017 for collaboration and cooperation in education and research fields related to data science. SMBC is also cultivating human resources with expertise and skills in data science by jointly establishing Japan's first data science department with Shiga University in April 2017, dispatching lecturers to the university and accepting student internships. The Group is also undertaking initiatives to create newly added value by the use and application of data collected through shared research in business fields.



### Seminar at Kyoto Women's University

SMBC Trust

SMCC

SMBC Trust Bank and SMCC held a "Trusts and the Trust Business", credit cards, and cashless services lecture at Kyoto Women's University as part of an endowed course.

## For Working Adults

### Initiatives for Working Adults

#### Company Tours and Training Sessions

SMBC Nikko

SMBC Nikko Securities provides company tours and training for students and the general public to help them deepen their knowledge of finance and economics. Through program seminars, tours of the company's head office, branches, overseas offices, and other facilities, participants deepen their understanding of lifestyle and money in our society and acquire a variety of knowledge about the role of financial institutions and financial transactions.

# Corporate Governance



## Our Approach

We position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities. We are working toward effective corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our Mission.”

2002	<ul style="list-style-type: none"> <li>● Establishment of Sumitomo Mitsui Financial Group</li> <li>● Voluntary establishment of Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors</li> </ul>
2005	<ul style="list-style-type: none"> <li>● Voluntary establishment of Audit Committee as internal committee of the Board of Directors</li> </ul>
2006	<ul style="list-style-type: none"> <li>● Formulation of “Basic Policy on Internal Control Systems” through internal control resolution made based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuring appropriate operations</li> </ul>
2010	<ul style="list-style-type: none"> <li>● Listing of shares on the New York Stock Exchange in order to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods</li> </ul>
2015	<ul style="list-style-type: none"> <li>● Establishment of the “SMFG Corporate Governance Guideline”</li> <li>● Increase in the number of outside directors to five and in the number of outside corporate auditors to three</li> </ul>
2016	<ul style="list-style-type: none"> <li>● Strengthening of Group governance by appointing the chairman of SMBC Nikko Securities as a director of Sumitomo Mitsui Financial Group along with the president of SMBC</li> <li>● Commencement of evaluations of the effectiveness of the Board of Directors</li> </ul>
2017	<ul style="list-style-type: none"> <li>● Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees</li> <li>● Institution of new Group governance system through introduction of group-wide Business Units and CxO system</li> </ul>

<b>2019</b>	<ul style="list-style-type: none"> <li>● Transition to the Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities</li> <li>● Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>● Appointment of an outside director as the chairman of the Risk Committee</li> </ul>
<b>2021</b>	<ul style="list-style-type: none"> <li>● Appointment of Group CSuO</li> <li>● Voluntary establishment of the Sustainability Committee</li> </ul>

## Sumitomo Mitsui Financial Group's Corporate Governance System

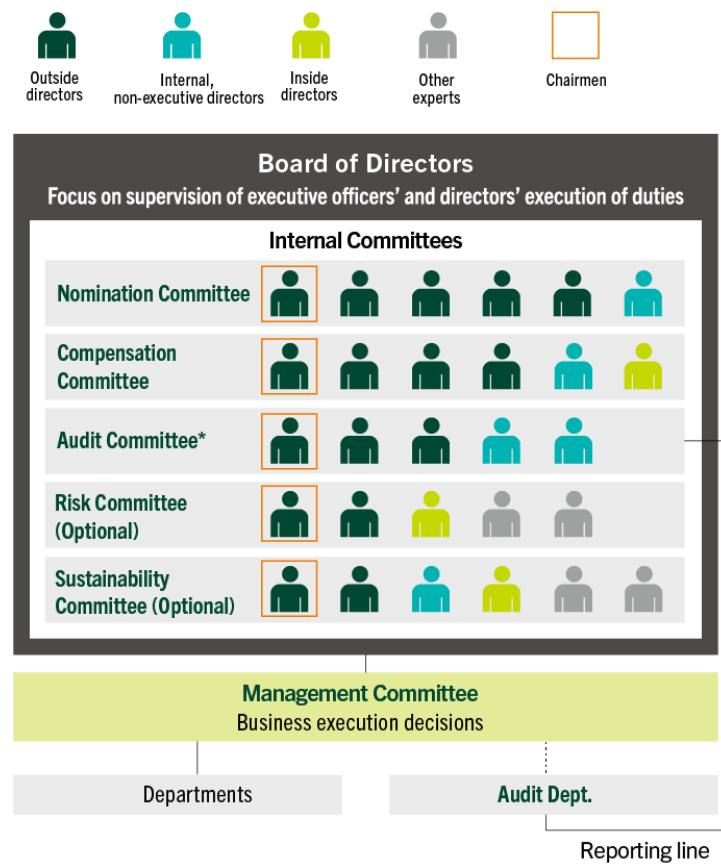
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In addition to fulfilling our responsibilities to stakeholders, which we consider to be "Our Mission," SMBC Group has set forth a Vision for our medium-to long-term goals and Five Values as the core values to be shared by all executives and employees, and will seek to make the Vision and Five Values known as guiding principles for the group by all its directors and employees. Also, the "SMFG Corporate Governance Guideline," a guideline for corporate governance, has been formulated and disclosed. We are promoting awareness and understanding regarding these guidelines among all SMBC Group officers and employees.

SMBC Group employs the Company with Three Committees structure. This structure was adopted in order to establish a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements and achieve enhanced oversight of the exercise of duties by the Board of Directors and expedite this exercise of duties. In addition, core subsidiaries SMBC and SMBC Nikko Securities employ the Company with Audit and Supervisory Committee system described in the Companies Act.

Through the implementation of effective corporate governance systems, we aim to prevent scandals and other forms of corporate misconduct while also achieving ongoing growth and mediumto long-term improvements in corporate value. We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

## Corporate Governance System



\*: The Audit Committee holds the right to consent regarding personal affairs of the Group CAE.

## Board of Directors

### Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on the matters that are within its legally mandated scope of authority, such as basic management policies, as well as for overseeing the exercise of duties of executive officers and directors. Authority for execution decisions other than those legally required to be made by the Board of Directors will, in principle, be delegated to executive officers. The purpose for this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of "Our Mission" and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

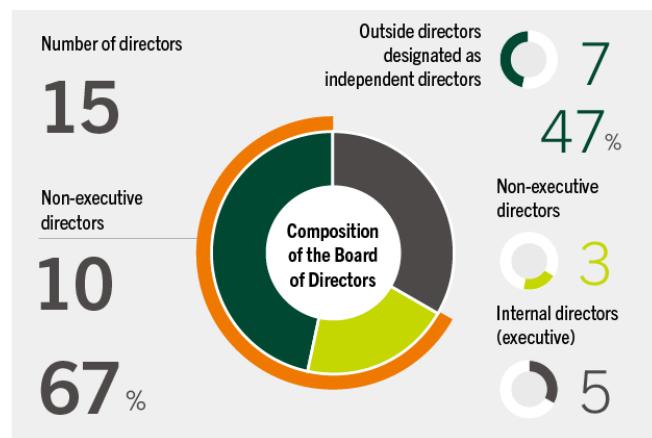
Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group's business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is to exercise highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and reflect these evaluations in its assessment of executive officers.

## Composition of the Board of Directors

The Board of Directors is comprised of directors with various backgrounds and diverse expertise and experience.

As of June 29, 2021, the Board of Directors was comprised of 15 directors. Ten of the 15 directors did not have business execution responsibilities at the Company or its subsidiaries, with seven of these 10 directors being outside directors. The chairman of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, served as the chairman of the Board of Directors. This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company's legally mandated and voluntarily established committees when necessary, outside directors will request reports on compliance, risk management, or other matters from the relevant divisions in order to promote appropriate coordination and supervision.



### List of the Expertise of Outside Directors (Skills Matrix)

		Expected knowledge and experience in particular					
	Appointed	Corporate management	Finance	Global	Law	Financial accounting	
Masayuki Matsumoto	2017	○					
Arthur M. Mitchell	2015	○	○	○	○		
Shozo Yamazaki	2017					○	
Masaharu Kohno	2015			○			
Yoshinobu Tsutsui	2017	○	○				
Katsuyoshi Shinbo	2017				○		
Eriko Sakurai	2015	○		○			

Note: The items listed in "Expected knowledge and experience in particular" are areas particularly expected of the relevant directors and do not represent all of the knowledge and experience possessed by the directors.

# Internal Committees

## Nomination Committee

The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. This committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and the selection of successors to the president of the Company, outside directors, and president of SMBC. The Nomination Committee comprises one internal director and five outside directors. In order to ensure transparency in deliberations on officer personnel decisions, an outside director has been appointed to serve as the chairman of this committee.

## Compensation Committee

The Compensation Committee is responsible for deciding policies for determining the compensation of directors and executive officers of the Company as well as compensation amounts of individual directors and executive officers of the Company based on those policies. In addition, this committee deliberates on the policies for determining the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company. The Compensation Committee is comprised of two internal directors and four outside directors. In order to ensure transparency in deliberations on officer compensation, an outside director has been appointed to serve as the chairman of this committee.

## Audit Committee

The Audit Committee is responsible for the auditing of the execution of duties by the executive officers and directors of the Company, preparation of audit reports, and determination of the content of proposals for election, dismissal, or non-reelection of the accounting auditor to be submitted to the general meeting of shareholders. Committee members are appointed by this committee to perform audits of the operations and assets of the Company and its subsidiaries. The Audit Committee is comprised of two internal directors and three outside directors. An outside director has been appointed to serve as the chairman of this committee in order to guarantee the objectivity of audits and independence from business execution. In principle, at least one member of this committee is to possess specialized expertise in finance.

## Risk Committee

The Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, the operation of the Risk Appetite Framework, and the implementation of risk management systems as well as other important matters pertaining to risk management and reporting to the Board of Directors on these matters. The Risk Committee is comprised of one internal director, two outside directors, and two outside experts.

## Composition of Internal Committees and Meeting Attendance (FY2020)

◎ : Chairman ○ : Member

		Nomination Committee (1 inside director, 5 outside directors)		Compensation Committee (2 inside director, 4 outside directors)		Audit Committee (2 inside director, 3 outside directors)		Risk Committee (1 inside director, 2 outside directors and 2 outside experts)	
Masayuki Matsumoto	Outside director	○	Attendance at 4/4 meetings			◎	Attendance at 15/15 meetings		
Arthur M. Mitchell	Outside director	○	Attendance at 4/4 meetings	○	Attendance at 6/6 meetings				
Shozo Yamazaki	Outside director					○	Attendance at 15/15 meetings	○	Attendance at 4/4 meetings
Masaharu Kohno	Outside director	○	Attendance at 4/4 meetings					○	Attendance at 4/4 meetings
Yoshinobu Tsutsui	Outside director	◎	Attendance at 4/4 meetings	○	Attendance at 6/6 meetings				
Katsuyoshi Shinbo	Outside director			○	Attendance at 6/6 meetings	○	Attendance at 15/15 meetings		
Eriko Sakurai	Outside director	○	Attendance at 4/4 meetings	○	Attendance at 6/6 meetings				
Takeshi Kunibe	Chairman of the Board	○	Attendance at 4/4 meetings	○	Attendance at 6/6 meetings				
Jun Ohta	Director President			○	Attendance at 6/6 meetings				
Toru Nakashima	Director Senior Managing Corporate Executive Officer							○	Attendance at 4/4 meetings
Atsuhiko Inoue	Director					○	Attendance at 15/15 meetings		
Toru Mikami	Director					○	Attendance at 15/15 meetings		
Hirohide Yamaguchi <sup>*1</sup>	Outside expert							○	Attendance at 4/4 meetings
Tatsuo Yamasaki <sup>*2</sup>	Outside expert							○	Attendance at 4/4 meetings

\*1 Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

\*2 Specially appointed professor of International University of Health and Welfare

## Sustainability Committee

The Sustainability Committee was established to deliberate with and advise the Board of Directors on the progress of sustainability initiatives, domestic and overseas sustainability trends, and other matters related to sustainability. This committee is comprised of two internal directors, two outside directors, and two internal and external experts. In addition, the chairman of the Sustainability Committee is an outside director.

## Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group's business operations and business activities. Accordingly, we endeavor to continually supply outside directors with the information and insight on business activities that are necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2020 included those indicated below.

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Informal exchanges of opinion with internal officers by area of responsibility
- Explanatory forums on Board of Directors' meeting agenda items prior to Board meetings to assist in understanding of items
- Study sessions for outside directors led by external lecturers on topics such as U.S.-China conflict and cybersecurity
- Distribution of PCs to outside directors for use in timely and effective provision of information such as details on the proceedings of internal meetings

## Outside Director and Corporate Auditor Independence Standards

In order for an outside director or outside corporate auditor ("Outside Director or Corporate Auditor") of the Company to be classified as independent, they must not fall under, or have recently fallen under, any of the following categories:

1. Major Business Partner	<ul style="list-style-type: none"> <li>● An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> <li>● An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> </ul>
2. Specialist	<ul style="list-style-type: none"> <li>● A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging more than JPY 10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor.</li> <li>● A member of a Juridical Person, etc. or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC.</li> </ul>

3. Donations	A person who has received – or an executive director, officer, or other person engaged in the execution of business of an entity which has received – on average over the last three years, donations or other payments from the Company or SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient's annual revenue.
4. Major Shareholder	A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years).
5. Close Relative	<ul style="list-style-type: none"> <li>● A close relative of any person (excluding non-material personnel) who falls under any of the following:</li> </ul> <p>(1) A person who falls under any of 1 through 4 above; or</p> <p>(2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.</p>

Please see Reference 6 of the “SMFG Corporate Governance Guideline” for more information. [PDF](#)

## Evaluation of the Board of Directors’ Effectiveness

The “SMFG Corporate Governance Guideline” contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, annual analyses and evaluations are conducted by the Board of Directors to determine whether or not it is executing its duties in line with the guideline, and the results of these analyses and evaluations are disclosed.

In FY2020, the evaluation focused on the three areas described below, which are areas for which provisions exist in Japan’s Corporate Governance Code and the “SMFG Corporate Governance Guideline.” All seven outside directors were asked for their opinions regarding these areas at meetings of the Board of Directors held in April and May 2021, and interviews of internal directors were conducted thereafter. The primary subject of interviews with internal directors was their expectations of outside directors. Discussions based on the findings took place at Board of Directors’ meetings in June, after which analyses and evaluations were carried out to determine whether or not the Board of Directors was executing its duties in line with the “SMFG Corporate Governance Guideline.” Moreover, reviews by external specialists with expertise from developed nations are received at each stage of the evaluation process.



# Overview of Results of Evaluation of the Board of Directors' Effectiveness

## 1. Role of the Board of Directors

- Steps are taken to invigorate discussions while taking advantage of the highly specialized expertise of the outside directors. These discussions were geared toward medium- to long-term improvements in corporate value based on the interests of various stakeholders while incorporating important matters related to business strategies to contribute to the fulfillment of "Our Mission." In FY2020, the Board of Directors took part in discussions that carefully incorporated the input of outside directors on inorganic growth strategies and on important themes defined out of consideration for operating environment changes to be seen during and after the COVID-19 pandemic.
- Based on the executive-side discussions of the Management Committee, matters related to business plans and other basic management policies as well as the status of the business execution were presented and reported on several occasions. As a result, effective deliberations on these matters were able to take place and oversight functions were exercised properly.
- It is important for the Board of Directors to fulfill its role based on mutual understanding among inside and outside directors facilitated through discussions about sustainability and other matters prioritized by society and investors.

## 2. Proceedings of the Board of Directors and Support Systems for Outside Directors

- The number and content of agenda items as well as the amount of time dedicated to discussion of agenda items were more or less at the appropriate level. Amid the COVID-19 pandemic, web conference tools were utilized, among other measures, for facilitating the continuation of brisk discussions.
- The Board of Directors continues to make flexible management decisions amid the changing operating environment. Members of the Board of Directors are provided with the information necessary for exercising their oversight function in a timely and appropriate manner.
- The Company continued to provide systems for effectively supporting the Board of Directors in making management decisions through venues such as study sessions for outside directors and forums for discussions between outside directors and internal directors, executive officers, and the accounting auditor. Steps were taken to contribute to livelier discussions at meetings of the Board of Directors, including the arrangement of small discussion forums for fostering mutual understanding between outside directors and internal officers.
- It is desirable for the Company to resume the arrangement of meetings comprised of only outside directors, which were canceled in FY2020 in light of the COVID-19 pandemic, to better utilize the insight of outside directors and contribute to more frank discussions.

## 3. Composition of the Board of Directors

- As of March 31, 2021, the Board of Directors consisted of 15 directors, seven of whom were outside directors. Accordingly, outside directors represented over 40% of all directors. It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors features an atmosphere conducive to outside directors voicing opinions regarding management.

## Compensation Program

To facilitate the fulfillment of Our Mission and the realization of Our Vision, SMBC Group's medium- to long-term vision, we developed a compensation program for Directors, Corporate Executive Officers and Executive Officers (the "Executives") and introduced Stock Compensation Plans as a part of Executives compensation programs, for the purpose of:

1. Providing appropriately functioning incentives for Executives, strengthening linkage with our short-, medium-, and long-term performance, and
2. Further aligning the interests of Executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our Executives.

## — Executives Compensation System

■ Cash compensation ■ Stock compensation ■ Variable compensation

Compensation Components	Payment Standards (Range of Variation) and Target Indices	Payment Method								
Base salary	<b>Fixed compensation</b>	• Cash								
Bonus (cash)	<b>Compensation determined based on SMFG's annual performance (0%–150%)<sup>*2</sup></b> Standard levels × annual performance of SMFG and SMBC as well as on the performance of the executive									
Bonus (Stock Compensation Plan II)	<table border="1"> <thead> <tr> <th>Target Index</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td>SMBC Banking profit<sup>*4</sup></td> <td>Annual growth / Target achievement 50%</td> </tr> <tr> <td>SMBC Net income (pre-tax)</td> <td>Annual growth / Target achievement 25%</td> </tr> <tr> <td>SMFG Net income<sup>*5</sup></td> <td>Annual growth / Target achievement 25%</td> </tr> </tbody> </table>	Target Index	Weight	SMBC Banking profit <sup>*4</sup>	Annual growth / Target achievement 50%	SMBC Net income (pre-tax)	Annual growth / Target achievement 25%	SMFG Net income <sup>*5</sup>	Annual growth / Target achievement 25%	<ul style="list-style-type: none"> <li>• Cash: 70%</li> <li>• Restricted stock: 30%</li> </ul>
Target Index	Weight									
SMBC Banking profit <sup>*4</sup>	Annual growth / Target achievement 50%									
SMBC Net income (pre-tax)	Annual growth / Target achievement 25%									
SMFG Net income <sup>*5</sup>	Annual growth / Target achievement 25%									
Stock Compensation Plan I	<b>Compensation determined based on SMFG's medium-term performance, etc. (0%–150%)<sup>*3</sup></b> Standard levels × SMFG's medium-term performance, etc.	<ul style="list-style-type: none"> <li>• Restricted stock</li> </ul>								
Stock Compensation Plan III	(Promotion reward plan)	• Restricted stock								

■ Foster a prudent risk culture expected of a financial institution

Applicable to malus and claw-back provisions

\*1 Variable compensation capped at a maximum of 100% of total base salary

\*2 Compensation amounts for each fiscal year determined by the Compensation Committee

\*3 Compensation amounts determined by the Compensation Committee at the conclusion of the Medium-Term Management Plan

\*4 Adding collaboration incentives between each company in the Group and Sumitomo Mitsui Banking Corporation to the banking profit of Sumitomo Mitsui Banking Corporation

\*5 The Company's consolidated profit attributable to owners of parent

The Company's executive compensation program is comprised of three components: base salary, cash bonuses, and stock compensation. Annual performance-linked compensation is determined using profit attributable to owners of parent, the indicator of management's end performance. Medium-term performance-linked compensation is calculated based on the target indices of ROCET1 and base expenses as well as qualitative evaluations predicated on customer satisfaction and ESG initiatives, in order to hold executives accountable and provide incentive for improving medium- to long-term performance and shareholder value and contributing to the realization of a sustainable society. Compensation programs and levels are determined by the Compensation Committee, which is comprised of a majority of outside directors, based on third-party surveys of manager compensation, economic and social trends, and the operating environment.

We have also introduced provisions for malus (forfeiture) of restricted stock and the claw-back of vested stock allocated to the Executives under the Stock Compensation Plans. These provisions may be applied based on the judgment of the Compensation Committee regardless of the amount of time that has passed since share allocation in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

SMFG Executive Compensation Policy [PDF](#)

News Release:"Introduction of New Stock Compensation Plans for Executives" [PDF](#)

Securities Report"Yuka Shoken Hokokusho":Status of Corporate Governance P75-P110(Japanese only) [PDF](#)

## Executive Management Systems

### Management Committee

The Management Committee is set up under the Board of Directors to serve as the top decision-making body. The Management Committee is chaired by the President of Sumitomo Mitsui Financial Group with other members including executive officers and other officers designated by the President. The President of Sumitomo Mitsui Financial Group considers important matters relating to the execution of business in accordance with the basic policies set by the Board of Directors and based on discussions held by the committee members.

### Group-Wide Business Units and CxO System

The Company employs group-wide business units and the CxO system. The group-wide business unit structure entailed the creation of the Retail Business Unit, the Wholesale Business Unit, the Global Business Unit, and the Global Markets Business Unit. The goal of this structure is to heighten our ability to address the various needs of customers on a group-wide basis by enabling the business units to formulate and implement business strategies based on their respective customer segments. The CxO system entails the appointment of 10 Group chief officers in charge of specific areas in addition to the Group CEO (President of Sumitomo Mitsui Financial Group). This system is meant to improve Group management capabilities centered on the holding company. The heads of business units as well as the chief officer positions will, in principle, be filled by executive officers of the Company, with the one exception being the Group CSuO. Individuals appointed to these positions are expected to exercise their duties as the person responsible for overseeing their business unit or head office division and report on the execution of their duties to the Board of Directors.

For further details on our corporate governance and our Policy regarding strategic shareholdings, please refer to the following link.

Corporate Governance: SMBC Group Annual Report 2021 (335KB) [PDF](#)

Securities Report"Yuka Shoken Hokokusho":Status of Corporate Governance P75-P110(Japanese only) [PDF](#)

Corporate Governance Guideline (223KB) [PDF](#)

Corporate Governance Report (Japanese only) (225KB) [PDF](#)

Policy regarding strategic shareholdings (239KB) [PDF](#)

For details about SMFG's organization management structure, please see the following link.

Corporate Infrastructure

# Risk Management

## Our Approach

Strengthening of compliance and risk management is positioned as a key issue in SMBC Group's Principles of Action on Compliance and Risk. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Risk Management: SMBC Group Annual Report 2021 (205KB) [PDF](#)

## Risk Culture

In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a "Top Tier Global Financial Group," each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just if they are compliant with laws and regulations.

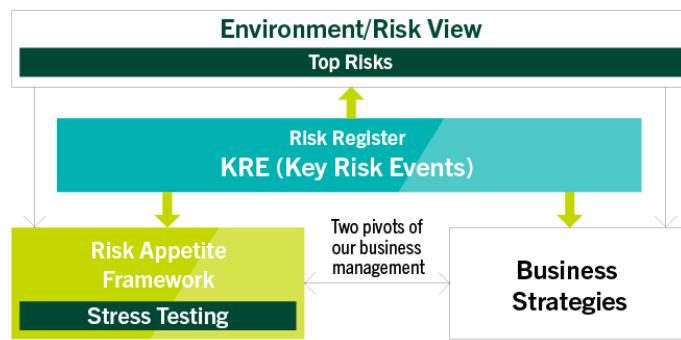
SMBC Group has established "Principles of Action on Compliance and Risk" in order for every colleague to hold onto as a "keystone" of their daily business. The principles include "Business based on the Risk Appetite Framework" and "We will conduct business operations with risk ownership of the risks, such as credit risk, market risk, liquidity risk, operational risk, and conduct risk, that arise in our own business." Concrete measures include internal surveys for monitoring the compliance awareness and risk sensitivity of our colleagues as well as internal training for fostering a sound risk culture.

## Risk Appetite Framework

SMBC Group has introduced a Risk Appetite Framework for controlling group-wide risks that clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (risk appetite).

The Risk Appetite Framework is one of two pivots of our business management alongside business strategies. It functions as a management framework for sharing information on the operating environment and risks facing SMBC Group among management and for facilitating appropriate risk taking based thereon.

## — Risk Appetite Framework Positioning



## — Risk Appetite Composition

Categories			
Soundness	Profitability	Liquidity	Credit
Market	Operational	Conduct <sup>*1</sup>	
Established for each category			
Risk Appetite Statement		Risk Appetite Measures	
A qualitative explanation of our approach to risk taking and risk management for various risk categories		Quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk/return	

\*1 Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

Individual risk appetites have been established by strategies for each business unit as necessary based on the overall risk appetite of SMBC Group. Risk appetites are decided during the process of formulating business strategies and management policies. These risk appetites are set based on Top Risks that threaten to significantly impact management and on risk analyses (stress testing) that illustrate the impact if a risk should materialize.

In addition, risk register and Key Risk Events (KRE) are utilized as part of a system for assessing the risks present in new and existing business activities and for verifying the adequacy of Top Risks, risk appetites, and business strategies.

The outlooks for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary. For example, overall risk capital<sup>\*2</sup> has been selected as an indicator for risk appetite, which displays the soundness of SMBC Group. Overall risk capital is the aggregate of the risk capital amounts for each risk category. Management standards have been set for the upper limit for overall risk capital based on group-wide management constitution. Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.

In addition, specific risk appetite indicators have been set for credit risk, market risk, liquidity risk, and other risk categories to facilitate appropriate management based on a quantitative understanding of risk appetite.

\*2 The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations.

## Top Risks

SMBC Group identifies risks that threaten to significantly impact management as Top Risks.

The selection of Top Risks involves comprehensive screening of risk factors, evaluation of each risk scenario's possibility of occurrence and potential impact on management, and discussion by the Risk Management Committee and the Management Committee. Top Risks are utilized to enhance risk management by being incorporated into discussions of the Risk Appetite Framework and the formulation of business strategies and into the creation of risk scenarios for stress testing.

<b>Top Risks</b>	Volatile financial and economic environment
	Intensified political, ideological and religious conflicts
	Decline in Japan's social vitality
	Disasters such as large-scale earthquakes, and storms and floods
	Pandemics
	Increasing external threats (cyber attacks, financial crimes, etc.)
	Increased awareness regarding environmental issues (climate change, etc.)
	More emphasis on solving social issues (human rights issues, etc.)
	Growing needs for more sophisticated governance system
	Materialization of risks impeding implementation of strategies (lack of human resources, etc.)

## Note:

The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

Please see Appendix for Top Risks.

Risk Management: Appendix SMBC Group Annual Report 2021 (233KB) [PDF](#)

## Stress Testing

At SMBC Group, we use stress testing to analyze and comprehend the impact on SMBC Group's businesses of changes in economic or market conditions, in order to plan and execute forward-looking business strategies.

In our stress testing, we prepare multiple risk scenarios including macroeconomic variables such as GDP, stock prices, interest rates, and foreign exchange rates based on the aforementioned Top Risks, discussions with experts and related departments.

When developing business strategies, we set out scenarios assuming stressed business environments such as serious economic recessions and market disruption for the sake of assessing risk-taking capabilities at SMBC Group and verifying whether adequate soundness can be maintained under stress.

During a fiscal year, we will undertake stress testing on a flexible basis to assess the potential impact on our business and to take the appropriate response in case a serious risk event occurs. For example, stress tests have been conducted with regard to the intensifying struggle for supremacy between the U.S. and China, and the prolonged impacts of the COVID-19 pandemic, to verify the soundness of SMBC Group's capital and confirm the appropriate actions to be taken.

In addition, we conduct detailed stress testing for individual risks such as credit risk, market risk, and liquidity risk, so as to decide and review risk-taking strategies.

We are also in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As part of our efforts in this regard, we have included climaterelated risk\* in our Top Risks, and scenario analyses on physical and transition risks have been conducted to estimate the potential credit-related expenses.

\* Natural disasters resulting from extreme weather (physical risks) and carbon-related stranded assets due to the transition to a carbon-neutral society (transition risks) and so forth.

Please see "Efforts Addressing Climate Change" for information on our approach to climate change

## Risk Register

A risk register is formulated by each business unit for the purpose of realizing more sophisticated risk governance and enhancing business units' risk ownership. In formulating these registers, business units communicate with risk management departments to identify the risks present in their business, and these risks are reflected in business strategies after they have been evaluated and the adequacy of measures for controlling them has been verified.

## Key Risk Events

Key Risk Events (KRE), external events that indicate the increased threat of risks, have been identified to ascertain the symptoms of the potential risks. KRE are utilized to analyze and assess how likely similar cases will occur in SMBC Group and what effects such similar cases will have on SMBC Group, and to enhance our risk management system.

## Risk Management Systems

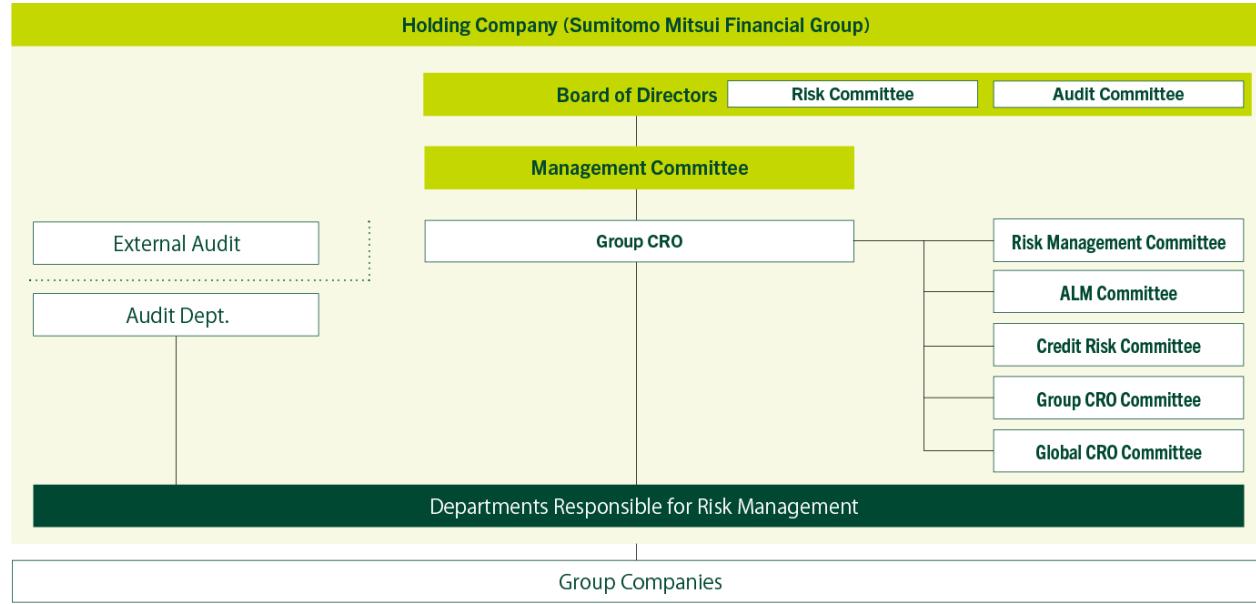
Based on the recognition of the importance of risk management, top management is actively involved in the risk management process, and systems are in place for verifying and monitoring the effectiveness and appropriateness of this process. Specifically, the group-wide basic policies for risk management and the Risk Appetites for entire SMBC Group are determined by the Management Committee and authorized by the Board of Directors. After that, the status of risk management based on these policies and risk appetites is reported to the Board of Directors by the Group CRO four times per year.

If the outlooks for the operating environment and risks change drastically from the assumption in the beginning of the fiscal year, we will review the Risk Appetite for entire group in a timely and appropriate manner with approval by the Board of Directors.

Also, we have defined three lines of defense and clarified related roles and responsibilities of relevant divisions. With these provisions in place, risk management systems have been established based on the characteristics of particular businesses, and measures are being put in place to strengthen and improve the effectiveness of these systems in accordance with these basic policies for risk management.

Furthermore, SMBC Group is strengthening group-wide risk management systems through the Group CRO Committee and the Global CRO Committee.

### SMBC Group's Risk Management System



## Definition of SMBC Group's Three Lines of Defense

The Basel Committee on Banking Supervision's "Corporate governance principles for banks" recommends "three lines of defense" as a framework for risk management and governance. Based on this framework, we have clarified the roles and responsibilities of each unit as indicated below and we are taking steps to achieve more effective and stronger risk management and compliance systems.

Principal Organizations		Roles and Responsibilities
First Line	Business Units	<p><b>The Business Units shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</b></p> <ul style="list-style-type: none"> <li>• Identification and evaluation of risks encountered in the business activities</li> <li>• Implementation of measures for minimizing and controlling risks</li> <li>• Monitoring of risks and reporting within First Line and to Second Line</li> <li>• Creation and fostering of a sound risk culture</li> </ul>
Second Line	Risk Management and Compliance Departments	<p><b>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</b></p> <ul style="list-style-type: none"> <li>• Drafting and development of basic principles and frameworks concerning risk management and compliance</li> <li>• Oversight, monitoring, and development of training programs for First Line</li> </ul>
Third Line	Audit Department	<p>Independent from First Line and Second Line, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by First Line and Second Line, and report these results to the Audit Committee and the Management Committee. The Department shall provide recommendations regarding identified issues / problems.</p>

## Response to the COVID-1 Pandemic

The rapid changes seen around the world in FY2020 in the circumstances surrounding the COVID-19 pandemic made for a consistently opaque global economic outlook. In response to this uncertainty, SMBC Group strove to respond to customer funding demands to the greatest extent possible while using stress tests and up-to-date information to quantitatively assess the adequacy of capital and liquidity whenever deemed necessary.

Furthermore, we reinforced information security and practiced exhaustive information management to combat the cyber attack and financial crime risks arising in response to changes in lifestyles and workstyles.

These verification processes and risk countermeasures will continue to be implemented based on discussion by the Management Committee and the Risk Committee going forward.



Road Map to Risk Management Disclosure

# Compliance

## Our Approach

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

Compliance: Annual Report 2021 (318KB) [PDF](#)

Securities Report "Yuka Shoken Hokokusho": p24-25,82 (Japanese only) (2,488KB) [PDF](#)

## Compliance Management

SMBC Group seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations on a group-wide and global basis. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group formulated Compliance Program to provide a concrete action plan for practicing compliance from the perspective of group-based management. The Board of Directors and the Management Committee annually determines the Group Program and, in principle, semiannually (twice a year) receives its progress updates from the Group CCO to which they give instructions to the entire organization when needed. Group companies develop their own compliance programs based on the Group program and take necessary steps to effectively install compliance frameworks.

The Company receives consultations and reports on compliance-related matters from Group companies, providing suggestions and guidance as necessary to ensure compliance throughout the Group.

From the perspective of global-based management, compliance departments for major overseas offices have been recognized within the Compliance Unit, which facilitated to develop an integrated group-based compliance management framework for overseas offices.

## — Compliance Systems at SMBC Group



## Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

In order for companies to coexist with society and develop sustainable growth, it is crucial to take an appropriate amount of risks and to maintain appropriate risk management, including compliance. In particular, financial institutions should emphasize compliance and risk management, considering its public mission and the heaviness of the social responsibility.

Based on this recognition, management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Specifically, SMBC Group has defined the Principles of Action on Compliance and Risk to serve as guidelines for executives and employees in practicing compliance and risk management. Continuous reviews are carried out to improve compliance with these guidelines and to ensure their effectiveness.

Principles of Action on Compliance and Risk (207KB) [PDF](#)

## Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and therefore, undertakes every effort to prevent ourselves and employees, from engaging in, and/or providing assistance to, the commission of ML/TF.

SMBC Group strictly complies with AML/CFT regulations by establishing a Group Policy and by implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate.

The Group Policy and systems are implemented in accordance with the requirements of the relevant international organizations (e.g. the United Nations, the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the Group has operations (e.g. U.S. "Office of Foreign Assets Control Regulations").

The AML/CFT measures implemented across the Group include, but are not limited to, the following:

- SMBC Group has established an organizational structure and internal processes and controls for AML/CFT framework including Know Your Customer (KYC) and Customer Due Diligence (CDD).
- SMBC Groups' KYC/CDD (including non-face-to-face CDD) are conducted in accordance with applicable laws and regulations, and its procedures include screening against lists of persons designated to be involved in acts of terrorism or other crimes, by the resolutions of the United Nations Security Council and applicable laws and regulations in other jurisdictions where the Group has operations.
- SMBC Group applies appropriate risk mitigation measures to its customers and transactions, according to the level of ML/TF risk. When customers and/or transactions which present a higher risk of ML/TF, such as involvement of foreign politically exposed persons (PEPs), based on the applicable laws and regulations, stricter measures will be taken, which include the approval of senior management.
- SMBC Group keeps relevant documents and records relating to the AML/CFT measures undertaken in accordance with applicable laws and regulations.
- SMBC Group provides appropriate training, on an ongoing basis, to ensure that all employees are familiar with the AML/CFT obligations and requirements.

## Response to Anti-Social Forces

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SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group does not have any connection with anti-social forces or related individuals.

Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. Contractual documents or terms and conditions state the exclusion of antisocial forces from any business relationship. In the event that it is discovered subsequent to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an anti-social force, we undertake appropriate remedial action by contacting outside professionals specializing in such matters.

### — Basic Policy for Anti-Social Forces

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1. Completely sever any connections or relations from antisocial forces.
2. Repudiate any unjustifiable claims, and do not engage in any “backroom” deals.  
Further, promptly take legal action as necessary.
3. Appropriately respond as an organization to any anti-social forces by cooperating with outside professionals.

## Customer Information Management

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Group has established Group policies that set forth guidelines for the entire Group regarding proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

Group companies establish and disclose privacy policies for their measures regarding the proper protection and use of customer information and customer numbers. Appropriate frameworks are established based on these policies.

[Privacy Policy](#)

[Privacy Policy of Group Companies](#)

## **Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities**

SMBC Group has Internal Reporting Systems and whistle-blowing systems designed to promote self-correction through early detection and rectification of actions that may violate laws and regulations\*. All of our stakeholders within and beyond our company can report issues/concerns through the Internal Reporting Systems. Our internal stakeholders that can utilize this mechanism are all the Group employees listed below:

- a. Employees, including contract employees, employees during their trial or probation period, temporary-hired employees and part-time employees.
- b. Part-time employees and employees on temporary contracts that are dispatched by outside service providers who work at SMBC Group and Group Companies, or are employees of other companies seconded to SMBC Group and Group Company offices.
- c. Employees of service providers to which businesses operations have been outsourced, and employees of business agents.

Employees can report issues/concerns anonymously to the lawyer, designated as the external channel within our Internal Reporting System. In response to raised issues/concerns, appropriate steps are taken to maintain the confidentiality and the privacy of the employees who submitted the report. Any form of retaliation against the employees as a result of a report is strictly prohibited. If any form of retaliation is confirmed, strict measures, including disciplinary action, will be taken. Furthermore, overseas branch offices have their own internal reporting systems, which allows local employees to report issues/concerns in their local languages.

Investigation is conducted for all the issues/concerns raised through Internal Reporting Systems. The results of such investigations, progress regarding corrective actions taken in response, as well as regular updates regarding the Internal Reporting Systems are reported to the Compliance committee, the Group Management Committee, and the Audit Committee on a regular basis. In FY2020, throughout all our Group companies, we have received 305 reports through the Internal Reporting Systems from internal and external stakeholders.

- \* Specifically, any violations of the Principles of Action on Compliance and Risk (SMFG), human rights as set out in the International Bill of Human Rights, and the International Labor Organization's (ILO) Declaration on Fundamental Principles at Work can be reported to Internal Reporting Systems.

Sumitomo Mitsui Financial Group Accounting and Auditing Hotline is aimed at strengthening the Group's self-correction function by encouraging early detection and rectification of improper actions relating to accounting, accounting internal controls, and auditing at the Group. The hotline can be used from to report accounting and auditing irregularities. The Hotline receives reports from not only officers and employees of SMBC Group and external contractors, but also from the public

## SMFG Accounting and Auditing Hotline/Designated Dispute Resolution Agencies

### SMFG Accounting and Auditing Hotline

Reports may be submitted by regular mail or e-mail to the following addresses.

#### Mailing address

SMFG Accounting and Auditing Hotline  
Iwata Godo Attorneys and Counselors at Law  
10th floor, Marunouchi Building  
2-4-1, Marunouchi, Chiyoda-ku, Tokyo  
100-6310

#### E-mail address

[smfghotline@iwatagodo.com](mailto:smfghotline@iwatagodo.com)

- The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company or its consolidated subsidiaries.
- Anonymous reports will also be accepted. Since an investigation cannot be conducted without adequate information, please provide as much detail as possible of the circumstance.
- Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.

### Designated Dispute Resolution Agencies

For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of the "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.

#### Japanese Bankers Association

Contact information	Consultation office, Japanese Bankers Association
Telephone numbers	(Japan) <u>0570-017109</u> or <u>03-5252-3772</u>
Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm

#### Trust Companies Association of Japan

Contact information	Consultation office, Trust Companies Association of Japan
Telephone numbers	(Japan) <u>0120-817335</u> or <u>03-6206-3988</u>
Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm

<b>Financial Instruments Mediation Assistance Center</b>	
Contact information	Financial Instruments Mediation Assistance Center
Telephone number	(Japan) <u>0120-64-5005</u>
Fax	(Japan)03-3669-9833
Business hours	Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm

## Anti-Bribery and Corruption

SMBC Group has developed the Anti-Bribery Compliance and Corruption risk control framework.

- Group CEO has presented "Management's Commitment to the Prevention of Bribery and Corruption" and informed Group executives and employees to fully and completely comply with "Policies for Anti-Bribery (the "Policies")", in which the compliance to all applicable laws and regulations, the code of conduct, and the prevention of bribery and corruption are written.
- SMBC Group has "Policies" to prohibit bribery and facilitation payments in any form. We also have other related rules and procedures require that the appropriateness of the circumstances, value and purpose shall be carefully considered prior to the provision or receipt of business entertainment or gifts and that the applicable approval procedures are strictly followed. In the event of a violation, the Policies clearly provide for disciplinary actions including punitive dismissal. The Policies require to document the business entertainment and provision/receipt of anything of value, as well as the implementation of related training, in a prompt and accurate manner.
- SMFG Compliance Department conducts annual risk assessments of bribery and corruption toward main group companies, SMBC subsidiaries and branches including overseas offices. It identifies our risk profile related to our business and its business partners, also evaluates the effectiveness of control measures. All results are reported to the management. In detail, questionnaire is sent to group companies, SMBC subsidiaries and branches, then answers will be analyzed and evaluated by perspective point of bribery and corruption risk. The result is reported to the Compliance Committees, and for the group companies, SMBC subsidiaries and branches, those had high risks will have consultation with SMFG Compliance Department to execute appropriate risk mitigating measures as stipulated.
- The "Policy", other related rules and procedures stipulates the rules of appropriate due diligence from bribery and corruption risk perspective before, and proper management will be conducted afterwards when considering security investment including M&A.
- For bribery and corruption risk of business relationships with third party including intermediary and subcontractor, risk assessment and due diligence are carried out periodically when newly making a contract, or in case that contract is for a long term. In detail, prior check and contract processes when outsourcing business to them are clarified based on the third-party risk management framework.
- Monitoring on compliance with the "Policies" and other related rules and procedures is conducted periodically by the Compliance and other relevant departments.

- The Compliance and other relevant departments run compliance training including anti-bribery and corruption trainings to penetrate proper understanding of the content, purpose and operation of the "Policies" and related rules, starting with anti-bribery and corruption to all employees. To enable reference at all time, the location of policies uploaded on internal intranet is provided in the training material. The attendance rate of training for all SMBC domestic offices was full for FY2021 again. Overseas subsidiaries and branches also complete them periodically according to the risk level. Moreover, group executive and employee from overseas and domestic shall sign the attestations that they will not engage in any bribery, corruption, or fraud in accordance with the policy.
- The Board of Directors is responsible for overseeing the operation of overall compliance framework on a global group basis, including the compliance and the execution of the Policies, other relevant rules and regulations. Group CCO regularly report to the Board about the progress in prevention of bribery and corruption.

In FY 2020, there was no material case found to be in violation of the Policies, nor the cost of fine and reconciliation.

\* Bribery refers to the acts of offering things of value (including, but not limited to, money, goods, services, entertainment, employment of family relatives, other tangible and intangible items having economic value regardless of their nature) with the intent of improperly influencing the recipient and the acts of receiving or demanding things of value with the intent of improperly providing benefits to the offeror.

SMFG Group Policies for Anti-Bribery Compliance and Ethics (152KB) [PDF](#)

## Group Tax Policy

SMBC Group has been committed to fulfilling its obligations for filing tax returns, making tax payments and reporting to the tax authority, whilst ensuring compliance with all tax laws, regulations and treaties across each jurisdiction.

In order to strengthen the tax compliance framework, SMBC Group has established the group tax policy.

Under this policy, SMBC Group will continue to fulfill its obligations for filing tax returns, making tax payments and reporting to the tax authority appropriately.

This policy was established based on a resolution of Group Management Committee and a report to Audit Committee and has been implemented under the co-responsibility of Group CFO and Group CCO.

Group Tax Policy (90KB) [PDF](#)

# Internal Audits

## Our Approach

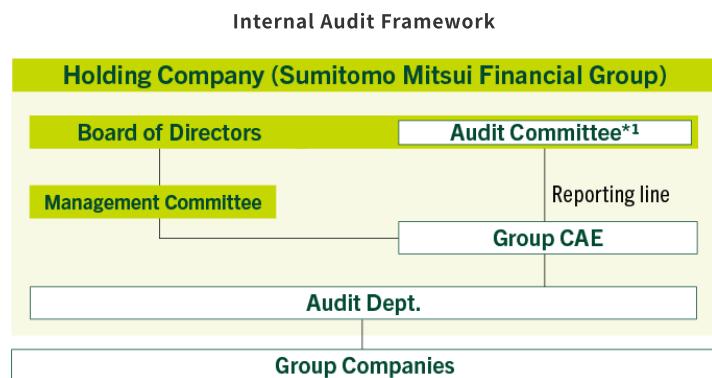
As a part of SMBC Group's internal control framework, the audit department (the Department) verifies the effectiveness of the internal control of each business unit, risk management and compliance departments, and other departments from an independent standpoint and pursues the quality of internal audits in order to contribute to development and the highest trust across the entire SMBC Group.

## Overview of the Group's Internal Audit Framework

The Department has been established under the Audit Committee and is independent from each business unit, risk management and compliance departments, and other departments. Internal audits within our Group companies are structured broadly in line with SMFG. The Group CAE oversees group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control which aims to assure the appropriateness of Group operations and the soundness of assets by conducting internal audits on each department and Group entity as well as conducting on continuous monitoring of Group companies' internal auditing and other activities. The activities are based on the "Group Internal Audit Charter" and the "Basic Audit Policy and Plan" formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant information are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through frequent information exchange with external auditors. As teleworking spreads amid the COVID-19 pandemic, audit activities are performed via online conferences and other means to ensure the effectiveness in audits.



\*1 The Audit Committee holds the right to consent regarding personal affairs of the Group CAE.

## Enhancement and Effectiveness of Internal Audit

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The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards,\*<sup>2</sup> conducts risk-based audits, and expands the same approach to Group companies. To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies.

In addition, the Department seeks to enhance group-wide internal auditors' expertise by gathering up-to-date internal audit practices, providing the practices to Group companies, holding training programs, and encouraging auditors to obtain internal auditors' international certification.

Furthermore, the Department enhances its quality assurance on a group-wide basis by both fully satisfying the IIA standards and referring to G-SIFIs practices.

\*<sup>2</sup> The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to raise the level of specialization and the status of professionalism of internal auditing staff. Its main activity is to study the theory and practice of internal audit and to provide an internationally recognized qualification (Certified Internal Auditor (CIA)).

# Response to climate change (Working on TCFD Recommendations)

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

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

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

- ✓ Working on the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations
- ✓ Governance on Climate Change
- ✓ Impact of Climate-Related Risks and Opportunities on the Organization's Businesses
- ✓ Management of Climate-Related Risks
- ✓ Metrics and Targets
- ✓ Future activities

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

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

For more information please refer to SMBC Group TCFD Report.

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

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

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

## Content and Location of Disclosure Consistent with TCFD Recommendations

We have summarized our thinking on climate change, which has also been categorized into the four thematic areas of disclosure set out by the TCFD (Governance, Strategy, Risk Management, and Metrics and Targets).

Overview of TCFD Recommendations	References (click on link to relevant page)
Disclose the organization's governance regarding climate change-related risks and opportunities.	
Describe the board's oversight of climate change-related risks and opportunities.	<ul style="list-style-type: none"> <li>● <a href="#">Governance on Climate Change</a></li> <li>● <a href="#">Sustainability Management System</a></li> </ul>
Describe management's role in assessing and managing climate change-related risks and opportunities.	<ul style="list-style-type: none"> <li>● <a href="#">Governance on Climate Change</a></li> <li>● <a href="#">Sustainability Management System</a></li> </ul>
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	
Describe the climate-related risks and opportunities that the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> <li>● <a href="#">Promotion of Environmental Businesses</a></li> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> <li>● <a href="#">Promotion of Environmental Businesses</a></li> <li>● <a href="#">SMBC Group Green Bond</a></li> </ul>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> <li>● <a href="#">Impact of Climate-Related Risks and Opportunities on the Organization's Businesses</a></li> </ul>
Disclose how the organization identifies, assesses, and manages climate-related risks.	
Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Environmental Risks</a></li> </ul>
Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Environmental Risks</a></li> </ul>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> <li>● <a href="#">Management of Climate-Related Risks</a></li> </ul>

Overview of TCFD Recommendations	References (click on link to relevant page)
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>
Disclose GHG emissions and the related risks of Scope1, Scope 2, and Scope 3 if appropriate.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>● <a href="#">Metrics and Targets</a></li> <li>● <a href="#">Reduction of Environmental Impacts</a></li> </ul>

## Governance on Climate Change

Concerning the urgency to act on global environmental and social issues, SMBC Group revised its Group Mission in April 2020 to add the following statement: "We contribute to a sustainable society by addressing environmental and social issues". This signals our commitment to making an even greater contribution to the sustainable development of society.

We then established the SMBC Group Statement on Sustainability, which lays out the basic principles of how the Group will drive forward its efforts to actualize sustainability. Within the Statement on Sustainability, we outline our aim to realize the SDGs and to resolve social issues. We also commit to engaging and cooperating with customers and other stakeholders to contribute to the global transformation into a better society. Moreover, the statement clarifies the Group's intent to support the spirit of the Paris Agreement and contribute to resolving environmental issues based on the understanding that innovation is essential to resolve such issues including climate change.

Furthermore, our Group Environmental Policy recognizes the importance of realizing a sustainable society. To this end, we are making continuous efforts to harmonize environmental preservation and pollution prevention with corporate activities.

Our policies on climate change are reflected in our business strategy based on discussions of the Sustainability Committee, an internal committee of the Board of Directors, the Corporate Sustainability Committee in the execution side and the Management Committee, while details of our sustainability initiatives are regularly reported to the board. Under this structure, we capture business opportunities and control the risks presented by climate change.

Please refer to the link below for details about our structure concerning supervision/execution of sustainability.

SMBC Group TCFD Report 2021 : Supervision/Execution of sustainability P11-P17 (3,753KB) [PDF](#)

# Impact of Climate-Related Risks and Opportunities on the Organization's Businesses

## [Physical Risks]

There is a risk that the increase in extreme weather associated with climate change will negatively affect our customers' business. In light of frequent climate change-related natural disasters in Japan in recent years, SMBC performed a climate change scenario analysis for physical risks to assess impacts through 2050.

Our analysis specifies as the risk event water disasters such as storms and flooding, which account for the majority of climate change-related natural disasters. We apply the RCP (\*2) 2.6 (2°C scenario) and RCP8.5 (4°C scenario) scenarios used by the Intergovernmental Panel on Climate Change (IPCC) as GHG concentration pathways used as the basis for research. Also, we are conducting scenario analyses through the collaboration with MS&AD InterRisk Research & Consulting, while applying AI technology developed by a US start-up, Jupiter Intelligence (\*3). We quantitatively measured risk in the event of a water disaster, by analyzing various climate related data and satellite images of landforms, etc., while the AI technology conduct machine learning.

SMBC uses this analysis to calculate the estimated increase in credit-related costs for its corporate customers associated with water disasters in Japan through 2050, taking into consideration the effects on collateral held by SMBC and customers' financial condition as well as the probability of a water disaster occurring (\*4) in each climate change scenario. Based on our analysis, the estimated increase in credit-related costs through 2050 was 55-60 billion yen, or a simple annual average of approximately 2.0 billion yen. We thus conclude that at this stage, climate change-related water disasters will have a limited impact on SMBC's financial condition in a particular year.

The results of the above calculations are tentative, based on certain assumptions for natural disasters and analysis targets. Going forward we will analyze risk volume in greater detail while expanding the scope of analysis.

(\*2) Representative Concentration Pathways Scenario

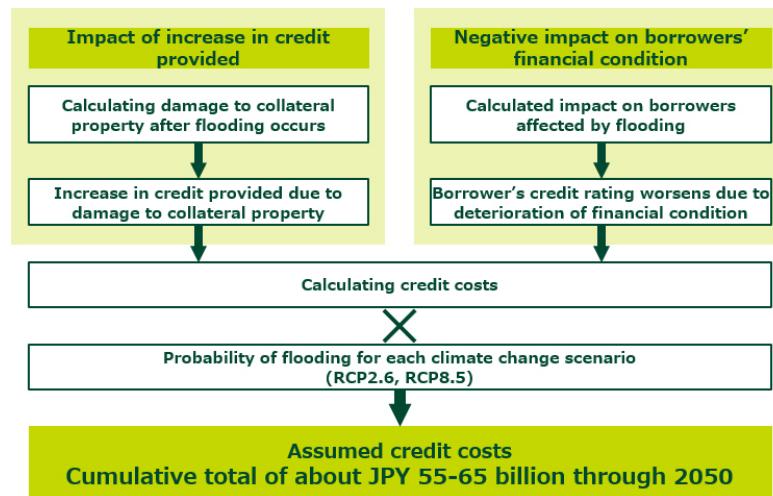
For example, RCP2.6 assumes radioactive forcing (the difference between energy absorbed by the earth and radiated back into space, which influences changes to the earth's climate system) is 2.6w/m<sup>2</sup>.

(\*3) A US startup specialized in climate change risk analysis, which enables prediction on occurrence of natural disasters, through gathering diverse data (including satellite data) as well as through using AI analysis. Its employees include a researcher of IPCC, a Nobel Prize winning entity, and the concept creator of the "Princeton Ocean Model" which is a world-famous oceanic circulation model used in 70 countries, etc.

(\*4) Based on data from the paper below

"Hirabayashi Y, Mahendran R, Koirala S, Konoshima L, Yamazaki D, Watanabe S, Kim H and Kanae S (2013) Global flood risk under climate change. Nat Clim Chang., 3(9), 816-821. doi:10.1038/nclimate1911.

### < Process of Analyzing Physical Risks >



SMBC Group TCFD Report 2021 : Physical risks P46-P49 (3,753KB) [PDF](#)

## [Transition Risks]

In the process of transitioning to a decarbonized society, we anticipate risks of a decline in the value of affected assets (asset stranding). SMBC conducted a climate change scenario analysis for transition risks based on our Carbon-related assets (\*4), which account for 6.5% (\*5) of all loans by SMBC in FY2020.

In this analysis, we apply the NGFS's Current Policies scenario (\*6, 3°C scenario) and Net Zero 2050 scenario (\*7, 1.5°C scenario) on the premise that carbon neutrality will be realized by 2050; and IEA's Net-Zero Emissions scenario (\*7, 1.5°C scenario). By estimating the impact on credit risk of each sector from the expected changes in resource prices and demands including crude oil and natural gas, and power generation costs (\*7) in each scenario, we estimate the total credit costs expected by 2050. Under the 2°C scenario, estimated credit costs are expected to increase approximately 2~24bln yen per fiscal year on or before 2050, compared to the Current Policies scenario. Going forward, we will strive to enhance our scenario analysis methods as well as to reduce relevant risks by supporting our customers in their efforts toward the transition to a decarbonized society.

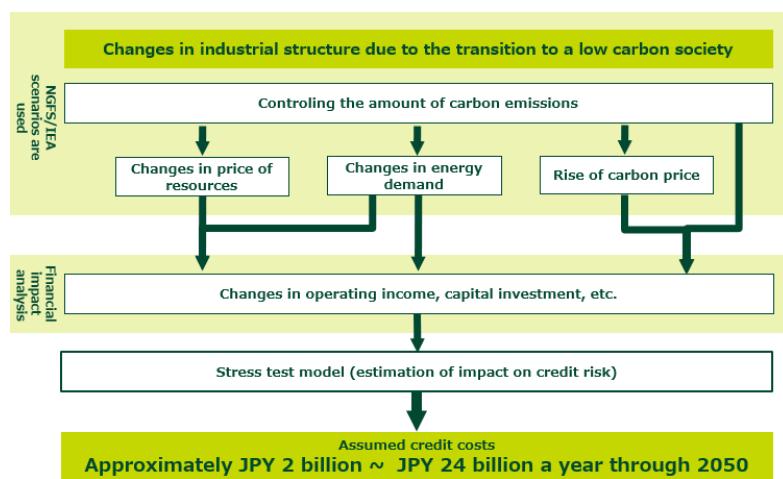
(\*5) TCFD: The Task Force on Climate-related Financial Disclosures defines carbon-related assets as those of the energy and utilities industries (excluding water companies, independent power producers, and renewable energy companies) in the Global Industry Classification Standard (GICS). The FY2020 loan balance tied to carbon-related assets represents 4.4% of Sumitomo Mitsui Banking Corporation's (including consolidated subsidiaries) total assets (total on-balance sheet assets + off-balance sheet assets, etc.)

(\*6) A scenario where the current climate change measures implemented by each government will be maintained but the measures will not be strengthened further.

(\*7) A scenario compatible with the Paris Agreement which expects less than 1.5°C temperature increase in 2100 relative to pre-industrial level through strict policies for climate change and tech innovation.

(\*8) In Japan, the restarting of nuclear power plant is considered in align with the IEA scenario.

### < Process of Analyzing Transition Risks >



SMBC Group TCFD Report 2021 : Transition risks P50-P52 (3,753KB) [PDF](#)

## [Opportunities of climate change]

The roles of financial institutions are to provide financial support for technological innovation and equipment investment toward the realization of a decarbonized society. With the transition to a decarbonized society, various opportunities will arise such as follows: expansion of finance needs and business reorganization; needs for new financial products and services; needs for leasing of decarbonation-related facilities, etc. Thus, we recognize there would be increasingly more opportunities to provide finance-related services for financial institutions.

Under the "SMBC Group GREEN×GLOBE 2030" announced in 2020, the Group established initiatives for achieving sustainability based on the concept to "create the future of the earth and humanity with our customers." As a part of this plan, the Group sets a target to execute green finance and finance that contributes to realizing sustainability equivalent to JPY 30 trillion between FY2020 to FY2029. In order to achieve this target, will work with customers to tackle climate change.

Furthermore, SMBC Group holds the Sustainable Business Promotion Department within the Wholesale Business Unit. The department is in charge of gathering up-to-date sustainability knowledge and network on a global scale, and it serves as a hub where we present proposals on our customers' management issues related to the transition to a decarbonized society on the global/groupwide basis. To realize a decarbonized society, we will help our customers resolve their management issues related to sustainability through supporting projects that contribute to the mitigation of climate change, such as renewable energy and green buildings, for example, as well as provision of multi-layered solutions (including consulting).

Please refer to the link below for details about our promotion of businesses for decarbonization.

SMBC Group TCFD Report 2021 : Promotion of businesses for decarbonization P29-P33 (3,753KB) [PDF](#)

## Management of Climate-Related Risks

As a framework for risk management, SMBC Group follows the PDCA (Plan, Do, Check, Act) procedure to identify external environmental and risk events, analyze their impact, and establish a system to undertake necessary management.

Recently, events related to climate change, such as the occurrence of large-scale disasters due to extreme weather and the deterioration of carbon-related assets in accordance with transition to a decarbonized society, have been newly selected as top risks. Under this framework, efforts to strengthen scenario analysis and consider countermeasures at the management level have begun. These measures are reported to the Management Committee and the Risk Committee and reviewed by external directors at Board of Directors meetings.

Going forward we remain aware of the increasing emergence of the effects of climate change, strive to understand the external environment and the risks on our business, and take action as appropriate.

SMBC Group TCFD Report 2021 : Process of risk management P41-P44 (3,753KB) [PDF](#)

## Metrics and Targets

SMBC Group is applying a variety of metrics regarding GHG emissions, exposure, etc. for the purposes of measuring/controlling climate change risk/opportunities, to comply with the Paris Agreement, and to establish a path to achieve the net zero target. These metrics are regularly reported to the Management Committee, the Corporate Sustainability Committee and the Board of Directors, and are reflected in SMBC Group's oversight and business strategies.

Strategy	Metrics (KPI)	FY2019 result	FY2020 result	Targets
Reduce Operational GHG Emissions	GHG emission volume of SMBC Group*1	140k tons	140k tons	Net zero in 2030
Enhance Risk Management	Carbon-related asset ratio*2	6.9%	6.5%	-
	Loan balance for coal-fired power generation (project finance) *3	-	JPY 300 billion	2030: ▲50% 2040: Zero balance
Reduce Financed Emissions	GHG emissions per sector*4	-	382g-CO2/kWh (Power sector)	Net zero by 2050 (currently setting mid-term target)
Promote Business addressing Decarbonization	Green finance and financing which contributes to sustainability (executed amount)*5	-	2.7 trillion	Total of JPY 30 trillion by 2030 (of which JPY 20 trillion is green finance)

\*1 Metrics and targets have been revised on May 12, 2021.

Previously: Sumitomo Mitsui Banking Corporation would reduce its CO2 emissions by 30% from FY2018 to FY2029.

Revised: SMBC Group will become net zero in its groupwide operations by 2030.

\*2 Excludes loans to renewable energy projects in order to more accurately reflect exposure on transition risks.

\*3 Mid-term target (halve our loan balance by FY2030) were added in 2021.

Excludes projects that contribute to the realization of a carbon neutral society.

\*4 FY2020 result is the trial calculation based on the current loan balance of Sumitomo Mitsui Banking Corporation (including consolidated subsidiaries).

(369g/kWh if calculated based on the credit amount)

We will continue to measure financed emissions on other sectors.

(Metrics will be absolute emission or carbon intensity.)

\*5 Metrics and targets have been revised on May 12, 2021.

Previous: Execute green finance equivalent to JPY 10 trillion between FY2020 to FY2029

New: Execute green finance and finance that contribute to realizing sustainability equivalent to JPY 30 trillion between FY2020 to FY2029 (of which JPY 20 trillion is green finance).

FY2020 result only account for execution amount of green (due to the revision on metrics and targets).

SMBC Group TCFD Report 2021 : Metrics and Targets P57-P67 (3,753KB) [PDF](#)

## Future activities

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In responding to the TCFD recommendations, SMBC Group has strengthened the management of climate-related risks by including the matter to our Top Risks, quantitatively assessing anticipated future risks by scenario analyses and discussing countermeasures at the management level.

Going forward, we will formulate and execute business strategies in a forward looking way by constantly refining scenario analyses and grasping potential risks. We will lead the resolution of climate change issues in a global level by deepening our engagements with customers based on our calculation of financed emissions and actively promoting green finance both domestically and internationally.

Additionally, we will encourage in constructive engagements with stakeholders including customers and strive to create mutual understanding on the approaches we are taking on climate change, how customers contribute to achieving the goals of the Paris Agreement and their efforts to reduce their own GHG emissions.

Based on these engagements, we will demonstrate leadership in addressing climate change issues by supporting our customers' efforts to transition to a decarbonized society. Going forward, we will continue to provide consistent and transparent disclosures to our stakeholders in line with the TCFD Recommendations.

# ESG Data Book

This data book lists the SMBC Group's policies and quantitative data regarding ESG.

ESG Data Book(1,383KB) [PDF](#)

# List of Company Data

## Main initiatives

- ▼ 1. Environmental Impact Data of SMBC Group Companies
- ▼ 2. SMBC Group Company Employee Data
- ▼ 3. Main systems for achieving a work-life balance at SMFG Group companies
- ▼ 4. Environmental accounting at SMBC

## 1. Environmental Impact Data of SMBC Group Companies

The figures of direct and indirect energy CO<sub>2</sub> emissions are calculated by each group companies, based on the method of amended energy saving act.

Figures of other energy consumption are based on respective group company's methodology.

Please refer to the link below for environmental performance data and goals of SMBC Group companies.

### Performance Data and Goals of SMBC Group Companies

- |   |  |                                       |
|---|--|---------------------------------------|
| ▼ Sumitomo Mitsui Financial Group (SMFG)              | ▼ Sumitomo Mitsui Banking Corporation (SMBC) | ▼ SMBC Trust Bank ( SMBCTB)           |
| ▼ Sumitomo Mitsui Finance and Leasing (SMFL)          | ▼ SMBC Nikko Securities (SMBC Nikko)         | ▼ Sumitomo Mitsui Card Company (SMCC) |
| ▼ SMBC Finance Service (SMBCFS) (*)                   | ▼ SMBC Consumer Finance (SMBCCF)             | ▼ The Japan Research Institute (JRI)  |
| ▼ Sumitomo Mitsui DS Asset Management Company (SMDAM) |  |                                       |

(\*)In July 2020, Cedyna Financial Corporation and SMBC Finance Service merged.

## Sumitomo Mitsui Financial Group (SMFG)

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	0	0
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	0	0
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	185	830
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	185	830
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	185	830

# Sumitomo Mitsui Banking Corporation (SMBC)

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	8,455	7,337	6,086
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	73,389	63,994	62,356
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	9,325	22,577	10,519
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	91,168	93,907	78,961
Direct energy consumption	City gas	Thousand m <sup>3</sup>	1,719	1,499	1,575
		t-CO <sub>2</sub>	3,858	3,363	3,533
	Liquefied petroleum gas (LPG)	t	10	9	9
		t-CO <sub>2</sub>	29	27	27
	Heavy fuel oil	kl	5	5	3
		t-CO <sub>2</sub>	13	14	8
	Light oil	kl	1	1	1
		t-CO <sub>2</sub>	1	3	3
	Kerosene	kl	7	7	5
		t-CO <sub>2</sub>	16	17	12
	Gasoline (automobile)	kl	1,954	1,685	1,078
		t-CO <sub>2</sub>	4,537	3,913	2,503
Indirect energy Consumption	Electricity	Thousand kWh	154,612	145,851	143,556
		t-CO <sub>2</sub> (emission coefficient)	71,494	62,171	59,448
	Electricity (renewable energy)	Thousand kWh	-	-	2,308
		t-CO <sub>2</sub> (emission coefficient)	-	-	997
	Steam	GJ	20,180	19,370	20,971
		t-CO <sub>2</sub>	1,150	1,104	1,195
	Hot water	GJ	1,861	2,130	2,866
		t-CO <sub>2</sub>	106	121	163
	Cold water	GJ	11,207	10,475	9,714
		t-CO <sub>2</sub>	639	597	554
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	8,186	21,602	1,571
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	-	8,011
	Total water and sewage	Thousand m <sup>3</sup>	2,532	2,167	2,084
		t-CO <sub>2</sub>	1,139	975	938

## SMBCTB Trust Bank (SMBCTB)

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	159	144	143
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,985	2,967	2,775
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	521	747	1,052
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	4,665	3,858	3,970
Direct energy consumption	City gas	Thousand m <sup>3</sup>	65	61	61
		t-CO <sub>2</sub>	149	136	136
	Gasoline (automobile)	kl	5	4	3
		t-CO <sub>2</sub>	10	8	7
Indirect energy Consumption	Electricity	Thousand kWh	7,290	6,100	5,860
		t-CO <sub>2</sub> (emission coefficient)	3,820	2,855	2,664
	Steam	GJ	176	111	133
		t-CO <sub>2</sub>	10	6	8
	Hot water	GJ	137	136	209
		t-CO <sub>2</sub>	8	8	12
	Cold water	GJ	2,586	1,726	1,600
		t-CO <sub>2</sub>	147	98	91

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	517	744
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	725
	Water supply	Thousand m <sup>3</sup>	6	4
	Sewage	Thousand m <sup>3</sup>	6	4
	Total water and sewage	Thousand m <sup>3</sup>	12	9
		t-CO <sub>2</sub>	4	3

# Sumitomo Mitsui Finance and Leasing (SMFL)

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	742	1,149
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	1,037	1,186
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,424	3,906
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,203	6,241
Direct energy consumption	City gas	Thousand m <sup>3</sup>	19	28
		t-CO <sub>2</sub>	42	61
	Light oil	kl	2	2
		t-CO <sub>2</sub>	5	6
	Gasoline (automobile)	kl	368	466
		t-CO <sub>2</sub>	854	1,082
Indirect energy Consumption	Electricity	Thousand kWh	2,038	2,535
		t-CO <sub>2</sub> (emission coefficient)	1,037	1,186

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	1,424	3,903	598
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	-	678
	Water supply	Thousand m <sup>3</sup>	-	4	4
	Sewage	Thousand m <sup>3</sup>	-	4	4
	Total water and sewage	Thousand m <sup>3</sup>	-	8	8
		t-CO <sub>2</sub>	-	3	3

## SMBC Nikko Securities (SMBC Nikko)

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	3,492	3,199	2,594
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	17,491	15,373	23,485
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	4,191	3,604	3,065
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	25,174	27,738	29,144
Direct energy consumption	City gas	Thousand m <sup>3</sup>	120	103	300
		t-CO <sub>2</sub>	268	229	670
	Heavy fuel oil	kl	2	2	2
		t-CO <sub>2</sub>	6	6	6
	Gasoline (automobile)	kl	1,387	1,278	827
		t-CO <sub>2</sub>	3,219	2,964	1,918
Indirect energy Consumption	Electricity	Thousand kWh	32,778	29,887	47,563
		t-CO <sub>2</sub> (emission coefficient)	15,723	13,627	21,736
	Steam	GJ	6,310	6,597	7,125
		t-CO <sub>2</sub>	360	376	406
	Hot water	GJ	919	3,816	3,704
		t-CO <sub>2</sub>	52	218	211
	Cold water	GJ	23,772	20,219	19,846
		t-CO <sub>2</sub>	1,355	1,152	1,131

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	4,165	3,579	522
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	-	2,526
	Water supply	Thousand m <sup>3</sup>	29	28	20
	Sewage	Thousand m <sup>3</sup>	29	28	20
	Total water and sewage	Thousand m <sup>3</sup>	58	56	40
		t-CO <sub>2</sub>	26	25	18

# Sumitomo Mitsui Card Company (SMCC)

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	485	342
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,690	3,092
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	802	1,295
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	4,977	4,728
Direct energy consumption	City gas	Thousand m <sup>3</sup>	173	111
		t-CO <sub>2</sub>	389	249
	Gasoline (automobile)	kl	41	40
		t-CO <sub>2</sub>	96	93
Indirect energy Consumption	Electricity	Thousand kWh	8,107	7,560
		t-CO <sub>2</sub> (emission coefficient)	3,690	3,092
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	776	1,269
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	919
	Total water and sewage	Thousand m <sup>3</sup>	58	58
		t-CO <sub>2</sub>	26	25

## SMB Finance Service (SMBCFS)

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	707	663
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	3,994	3,391
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	828	1,109
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	5,529	5,163
Direct energy consumption	Gasoline (automobile)	kl	305	286
		t-CO <sub>2</sub>	707	663
Indirect energy Consumption	Electricity	Thousand kWh	8,135	7,681
		t-CO <sub>2</sub> (emission coefficient)	3,994	3,391
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	828	1,109
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	1,007

## SMB Consumer Finance (SMBCCF)

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	0	0	0
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	1,710	1,647	1,461
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	790	2,044	1,404
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	2,500	3,691	2,865
Indirect energy Consumption	Electricity	Thousand kWh	2,173	2,158	2,110
		t-CO <sub>2</sub> (emission coefficient)	1,032	1,025	1,002
	Hot water	GJ	480	525	575
		t-CO <sub>2</sub>	27	30	32
	Cold water	GJ	11,421	10,378	7,508
		t-CO <sub>2</sub>	651	592	427
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	789	2,042	703
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	-	699
	Water supply	Thousand m <sup>3</sup>	1	2	2
	Sewage	Thousand m <sup>3</sup>	1	2	2
	Total water and sewage	Thousand m <sup>3</sup>	2	5	4
		t-CO <sub>2</sub>	1	2	2

## The Japan Research Institute (JRI)

Measurement Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	477	506
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	34,815	33,957
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,128	2,596
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	36,419	37,059
Direct energy consumption	City gas	Thousand m <sup>3</sup>	48	49
		t-CO <sub>2</sub>	107	110
	Heavy fuel oil	kl	87	105
		t-CO <sub>2</sub>	237	284
	Kerosene	kl	37	31
		t-CO <sub>2</sub>	93	76
	Gasoline (automobile)	kl	18	15
		t-CO <sub>2</sub>	41	36
Indirect energy Consumption	Electricity	Thousand kWh	74,926	73,107
		t-CO <sub>2</sub> (emission coefficient)	34,815	33,957
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	1,128	2,596
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	644

# Sumitomo Mitsui DS Asset Management Company (SMDAM)

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total CO <sub>2</sub> emissions	Direct energy CO <sub>2</sub> emissions	t-CO <sub>2</sub>	186	186	348
	Indirect energy CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	476	481	808
	Other CO <sub>2</sub> emissions	t-CO <sub>2</sub>	434	1,345	355
	CO <sub>2</sub> emissions	t-CO <sub>2</sub> (emission coefficient)	1,096	2,012	1,510
Direct energy consumption	City gas	Thousand m <sup>3</sup>	80	81	149
		t-CO <sub>2</sub>	180	181	335
	Gasoline (automobile)	kl	2	2	5
		t-CO <sub>2</sub>	6	5	12
Indirect energy Consumption	Electricity	Thousand kWh	979	990	1,410
		t-CO <sub>2</sub> (emission coefficient)	476	481	685
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	434	1,345	67
	CO <sub>2</sub> emissions from commuting	t-CO <sub>2</sub>	-	-	287

## 2. SMBC Group Company Employee Data

\* Sumitomo Mitsui Asset Management changed the name in April 2019 to Sumitomo Mitsui DS Asset Management Company after merger with Daiwa SB Investments

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

▼ Data for Employees

▼ Data for Executives/Managers

▼ Data for Recruitment

▼ Data for HR systems and leave

## Status of employees

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui Banking Corporation	Number of employees (*1)	Persons	27,154	26,457	26,229
		Male	Persons	12,471	12,021
		Ratio	%	45.93	45.44
		Female	Persons	14,683	14,436
		Ratio	%	54.07	54.56
	Number of employees by age group	Under 30 (Female)	Persons	7,833 (2,771)	7,445 (4,730)
		Age 30 to 39 (Female)	Persons	9,827 (3,514)	9,896 (6,304)
		Age 40 to 49 (Female)	Persons	4,899 (2,882)	4,512 (1,991)
		50 or older (Female)	Persons	4,595 (3,304)	4,604 (1,411)
	Average age		Years	37.4	37.8
		Male	Years	40.4	40.3
		Female	Years	34.9	35.7
	Average years of service		Years	13.5	13.9
		Male	Years	16.0	16.1
		Female	Years	11.4	12.2
	Voluntary separation rate		%	3	3
	Ratio of employees with disabilities (As of March 1 of each year)		%	2.47	2.65
	Total training hours/year(*2)		Hours	560,253	515,637
			Average training per person (hours)	20.6	19.5
	Annual training expenses(*2)		Millions of yen	2,295	2,321
			Average training per person (hours)	84,506	87,726
					74,749

		Unit	March 31,2019	March 31,2020	March 31,2021
SMBC Trust Bank	Number of employees (*1)	Persons	1,985	2,084	2,072
		Male	Persons	948	987
		Ratio	%	47.76	47.36
		Female	Persons	1,037	1,097
		Ratio	%	52.24	52.64
	Average age	Years	44.5	44.3	43.9
		Male	Years	46.9	46.3
		Female	Years	41.3	42.5
	Average years of service	Years	7.3	9.0	9.9
		Male	Years	6.3	7.8
		Female	Years	8.2	10.1
	Ratio of employees with disabilities (As of March 1 of each year)		%	2.51	2.31
Sumitomo Mitsui Finance and Leasing	Number of employees (*1)	Persons	2,434	2,448	2,460
		Male	Persons	1,581	1,590
		Ratio	%	64.95	64.95
		Female	Persons	853	858
		Ratio	%	35.05	35.05
	Average age	Years	40.1	42.0	42.1
		Male	Years	42.1	43.1
		Female	Years	37.0	39.0
	Average years of service	Years	15.0	15.0	15.02
		Male	Years	16.9	16.3
		Female	Years	11.8	12.6
	Voluntary separation rate		%	2	3
	Ratio of employees with disabilities (As of March 1 of each year)		%	2.05	1.8
					2.3

		Unit	March 31,2019	March 31,2020	March 31,2021
SMBC Nikko Securities	Number of employees (*1)	Persons	10,394	10,187	9,794
		Male	Persons	6,411	6,330
		Ratio	%	61.68	62.14
		Female	Persons	3,983	3,857
		Ratio	%	38.32	37.86
	Average age		Years	40.6	41.4
		Male	Years	41.8	42.4
		Female	Years	38.7	39.6
	Average years of service		Years	12.5	13.3
		Male	Years	12.7	13.3
		Female	Years	12.2	13.2
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.38	2.49
Sumitomo Mitsui Card Company	Number of employees (*1)	Persons	2,495	2,533	2,584
		Male	Persons	1,141	1,159
		Ratio	%	45.73	45.76
		Female	Persons	1,354	1,374
		Ratio	%	54.27	54.24
	Average age		Years	39.5	39.9
		Male	Years	41.4	41.8
		Female	Years	37.8	38.3
	Average years of service		Years	15.0	15.3
		Male	Years	16.2	16.2
		Female	Years	14.0	14.4
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.45	2.68

		Unit	March 31,2019	March 31,2020	March 31,2021
SMBC Finance Service (*3)	Number of employees (*1)	Persons	3,349	3,252	3,500
		Male	Persons	1,897	1,820
		Ratio	%	56.64	55.97
		Female	Persons	1,452	1,432
		Ratio	%	43.36	44.03
	Average age	Years	43.0	43.5	43.7
		Male	Years	45.2	45.5
		Female	Years	40.2	40.9
	Average years of service	Years	18.5	19.0	18.5
		Male	Years	20.8	21.2
		Female	Years	15.6	16.3
	Voluntary separation rate		%	2	2
	Ratio of employees with disabilities (As of March 1 of each year)		%	2.32	2.32
SMBC Consumer Finance	Number of employees (*1)	Persons	2,263	2,475	2,551
		Male	Persons	1,425	1,454
		Ratio	%	62.97	58.75
		Female	Persons	838	1,021
		Ratio	%	37.03	41.25
	Average age	Years	41.3	41.7	41.9
		Male	Years	42.7	43.1
		Female	Years	38.7	39.6
	Average years of service	Years	16.3	16.1	16.2
		Male	Years	18.1	18.1
		Female	Years	13.5	13.2
	Voluntary separation rate		%	2	3
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.43	3
					2.75

		Unit	March 31,2019	March 31,2020	March 31,2021
The Japan Research Institute	Number of employees (*1)	Persons	2,427	2,510	2,571
		Male	Persons	1,773	1,841
		Ratio	%	73.05	73.35
		Female	Persons	654	669
		Ratio	%	26.95	26.65
	Average age		Years	40.8	41.0
		Male	Years	41.5	41.7
		Female	Years	38.9	39.3
	Average years of service		Years	12.7	12.8
		Male	Years	13.1	13.3
		Female	Years	11.8	11.6
	Ratio of employees with disabilities (As of March 31 of each year)		%	2.27	2.23
Sumitomo Mitsui DS Asset Management Company(*4)	Number of employees (*1)	Persons	552	845	824
		Male	Persons	386	614
		Ratio	%	69.93	72.66
		Female	Persons	166	231
		Ratio	%	30.07	27.34
	Average age		Years	44.6	45.9
		Male	Years	46.3	47.4
		Female	Years	40.6	42.0
	Average years of service		Years	9.3	15.2
		Male	Years	9.8	16.5
		Female	Years	8.2	11.7

\*1 The number of full-time employees. The following list of employees is deducted from the total number of employees: executive officers, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

\*2 Retroactive revisions have been made to previous fiscal years due to change in definition.

\*3 Cedyna Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service.

\*4 Figures for March 31, 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

## Data for Executives/Managers

			Unit	June 31,2019	June 31,2020	June 31,2021
Sumitomo Mitsui Financial Group (SMFG)(*1)	Directors/executives	Total (of whom are female)	Persons	23 (1)	25 (1)	26 (2)
		Outside directors (of whom are female)	Persons	7 (1)	7 (1)	7 (1)
	Executive officers	Total (of whom are female)	Persons	52 (2)	62 (3)	67 (3)
Sumitomo Mitsui Banking Corporation(*2)	Directors	Total (of whom are female)	Persons	18 (1)	18 (1)	18 (2)
		Outside directors (of whom are female)	Persons	5 (1)	5 (1)	6 (1)
	Executive officers	Total (of whom are female)	Persons	85 (3)	86 (3)	92 (3)
	Corporate auditors	Total (of whom are female)	Persons	-	-	-
		Outside corporate auditors (of whom are female)	Persons	-	-	-

\*1 New holding company-based management structure adopted in April 2017; governance shifted to Company with Committees model in June 2017.

\*2 Transitioned to the Company with Audit and Supervisory Committee in June 2019.

			Unit	2019 March 31	2020 March 31	2021 March 31
Sumitomo Mitsui Banking Corporation	No. of managers	Dept. head level	Persons	1,163	1,104	1,116
		Female	Persons	82	96	105
		Ratio	%	7.1	8.7	9.4
		Section chief level	Persons	3,309	3,206	3,076
		Female	Persons	722	728	732
		Ratio	%	21.8	22.7	23.8
		Total no. of managers	Persons	4,472	4,310	4,192
		Female	Persons	804	824	837
		Ratio	%	18	19.1	20
		Newly appointed managers	Total	470	382	445
			Female	136	93	119
			Ratio	28.9	24.3	26.7
SMBC Trust Bank	No. of female managers	Female	Persons	95	84	76
		Ratio	%	28.1	27.6	24.2
Sumitomo Mitsui Finance and Leasing(*1)	No. of managers		Persons	598	667	659
		Female	Persons	36	38	38
		Ratio	%	6	5.7	5.8
SMBC Nikko Securities	No. of female managers		Persons	171	178	184
Sumitomo Mitsui Card Company	No. of female managers	Female	Persons	17	23	29
		Ratio	%	4.9	6.2	8.1
SMBC Finance Service(*1)	Total no. of managers		Persons	863	855	956
		Female	Persons	88	94	102
		Ratio	%	10.2	11	10.7
SMBC Consumer Finance	Total no. of managers		Persons	900	906	926
		Female	Persons	118	126	137
		Ratio	%	13.1	13.9	14.8
The Japan Research Institute	Ratio of female manager		%	12	11.7	11.5
Sumitomo Mitsui DS Asset Management Company(*2)	No. of female managers	Female	Persons	9	11	9
		Ratio	%	8	10.5	11.3

\*1 Cedyna Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service.

\*2 Figures for March 31, 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

## Recruitment Status

		Unit	April,2019	April,2020	April,2021
Sumitomo Mitsui Banking Corporation	New graduate recruits	Persons	667	622	542
	Management track	Persons	574	622	542
	Number of newly employed female graduates	Persons	269	201	197
		Management track	176	201	197
	Ratio of newly employed female graduates	%	40.3	32.3	36.3
	Ratio of newly employed female graduates in managerial positions	%	30.7	32.3	36.3
	Number of career hires	Persons	16 (Fiscal 2018)	25 (Fiscal 2019)	49 (Fiscal 2020)
SMBC Trust Bank	Ratio of career hires (*1)	%	2	4	8
	New graduate recruits	Persons	44	52	24
	Newly employed female graduates	Persons	18	16	8
	Ratio of newly employed female graduates	%	40.9	30.8	33.3
Sumitomo Mitsui Finance and Leasing	Number of career hires	Persons	28 (Fiscal 2018)	25 (Fiscal 2019)	22 (Fiscal 2020)
	New graduate recruits	Persons	76	81	62
	Number of newly employed female graduates	Persons	43	33	26
	Ratio of newly employed female graduates	%	56.6	40.7	41.9
SMBC Nikko Securities	Number of career hires	Persons	16 (Fiscal 2018)	18 (Fiscal 2019)	15 (Fiscal 2020)
	New graduate recruits	Persons	325	341	229
	Number of newly employed female graduates	Persons	114	118	83
	Ratio of newly employed female graduates	%	35.1	34.6	36.2
Sumitomo Mitsui Card Company	Number of career hires	Persons	59 (Fiscal 2018)	56 (Fiscal 2019)	72 (Fiscal 2020)
	New graduate recruits	Persons	54	78	81
	Number of newly employed female graduates	Persons	28	36	34
	Ratio of newly employed female graduates	%	51.9	46.2	42
	Number of career hires	Persons	16 (Fiscal 2018)	48 (Fiscal 2019)	30 (Fiscal 2020)

		Unit	April,2019	April,2020	April,2021
SMBC Finance Service (*2)	New graduate recruits	Persons	51	53	34
	Number of newly employed female graduates	Persons	25	32	13
	Ratio of newly employed female graduates	%	49	60.4	38.2
	Number of career hires	Persons	0 (Fiscal 2018)	0 (Fiscal 2019)	0 (Fiscal 2020)
SMBC Consumer Finance	New graduate recruits	Persons	48	57	46
	Number of newly employed female graduates	Persons	24	37	24
	Ratio of newly employed female graduates	%	50	64.9	52.2
	Number of career hires	Persons	1 (Fiscal 2018)	0 (Fiscal 2019)	1 (Fiscal 2020)
The Japan Research Institute	New graduate recruits	Persons	110	119	127
	Number of newly employed female graduates (General hires)	Persons	30	35	39
	Ratio of newly employed female graduates	%	27.3	29.4	30.7
	Number of career hires	Persons	46 (Fiscal 2018)	60 (Fiscal 2019)	52 (Fiscal 2020)
	Ratio of career hires (*1)	%	30	34	29
Sumitomo Mitsui DS Asset Management Company(*3)	New graduate recruits	Persons	15	12	8
	Number of newly employed female graduates	Persons	6	6	4
	Ratio of newly employed female graduates	%	40	50	50
	Number of career hires	Persons	15 (Fiscal 2018)	2 (Fiscal 2019)	5 (Fiscal 2020)

\*1 Release date: July 30, 2021.

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

\*3 Figures for March 31, 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

## Data for HR Systems and Leave Acquisition

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui Banking Corporation	Number of people taking childcare leave (*1)	Persons	2,370	2,948	3,205
	Number of male employees	Persons	316	838	978
	Number of male employees taking childcare leave	%	53.7	100	100
	Paid leave acquisition rate	%	69.8	74.5	81.2
	Average paid leave taken (days)	Days	14	14.9	16.2
	Overtime (average hours/month)	Hours	17.3	16.5	15.8
	Proportion of employees working over 60 hours of overtime per month (*2)	%	0	0	0
SMBC Trust Bank	Number of people taking childcare leave	Persons	95	117	123
	Number of male employees	Persons	33	25	36
	Number of male employees taking childcare leave	%	91.7	100	100
	Paid leave acquisition rate	%	85.7	90.9	78.6
	Overtime (average hours/month)	Hours	11.2	9.2	8

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui Finance and Leasing	Number of people taking childcare leave (*1)	Persons	44	48	44
		Number of male employees	Persons	17	9
		Number of male employees taking childcare leave	%	48.6	16.7
	Paid leave acquisition rate	%	80.7	82.2	84.4
	Overtime (average hours/month)	Hours	13.8	8.2	9.1
SMBC Nikko Securities	Number of people taking childcare leave (*1)	Persons	409	446	439
		Number of male employees	Persons	64	101
		Number of male employees taking childcare leave	%	24.6	37.0
	Paid leave acquisition rate	%	61.7	67.2	65.1
	Overtime (average hours/month)	Hours	21.3	19.6	17.3
Sumitomo Mitsui Card Company	Number of people taking childcare leave (*1)	Persons	202	218	203
		Number of male employees	Persons	33	36
		Number of male employees taking childcare leave	%	70.2	60
	Paid leave acquisition rate	%	81.9	81.9	89.2
	Overtime (average hours/month)	Hours	14	15.8	17.1

		Unit	March 31,2019	March 31,2020	March 31,2021
SMBC Finance Service(*3)	Number of people taking childcare leave (*1)	Persons	180	135	163
	Number of male employees	Persons	32	35	29
	Number of male employees taking childcare leave	%	74.4	100	80.6
	Paid leave acquisition rate	%	78.2	78.7	81.2
	Overtime (average hours/month)	Hours	5.6	5.9	5.7
SMBC Consumer Finance	Number of people taking childcare leave	Persons	58	85	83
	Number of male employees	Persons	3	7	11
	Number of male employees taking childcare leave	%	6.4	21.9	37.9
	Paid leave acquisition rate	%	77.5	79.1	70.9
	Overtime (average hours/month)	Hours	23.5	21.4	19.9
The Japan Research Institute	Number of people taking childcare leave	Persons	75	84	79
	Number of male employees	Persons	30	35	26
	Number of male employees taking childcare leave	%	46.9	58.3	53.1
	Paid leave acquisition rate	%	78.6	77.5	68.5
	Overtime (average hours/month)	Hours	14.4	12.9	20.7

		Unit	March 31,2019	March 31,2020	March 31,2021
Sumitomo Mitsui DS Asset Management Company(*4)	Number of people taking childcare leave	Persons	10	19	25
	Number of male employees	Persons	0	8	14
	Number of male employees taking childcare leave	%	100	40	100
	Paid leave acquisition rate	%	64.9	68	59.3
	Overtime (average hours/month)	Hours	17	18.6	21.5

\*1 Including short-term childcare leave

\*2 Excluding management supervisors and discretionary laborers

\*3 Cedyna Financial Corporation changed the name in July 2020 to SMBC Finance Service after merger with SMBC Finance Service.

\*4 Figures for March 31, 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

### 3. Main systems for achieving a work-life balance at SMFG Group companies

✓ Sumitomo Mitsui Banking Corporation (SMBC)	✓ SMBC Trust Bank (SMBCTB)	✓ Sumitomo Mitsui Finance and Leasing (SMFL)
✓ SMBC Nikko Securities (SMBC Nikko)	✓ Sumitomo Mitsui Card Company (SMCC)	✓ SMBC Finance Service
✓ SMBC Consumer Finance (SMBCCF)	✓ The Japan Research Institute (JRI)	✓ Sumitomo Mitsui DS Asset Management Company (SMDAM)

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

## Sumitomo Mitsui Banking Corporation

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (10 days per annum per child, 20 days for two or more children) * Applicable for caring for sick children as well as for school events and other reasons
<b>Shorter working hours</b>	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade
<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Short-term childcare leave</li> <li>● Work relocations</li> <li>● Primary Work Location Registration system</li> <li>● Work Location of Choice system</li> <li>● Childcare subsidies</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Nursing care leave system (by the hour)</li> <li>● Career design leave system</li> <li>● System for rehiring former employees</li> <li>● Special leave for childbirth</li> <li>● Carryover leave (infertility treatment)</li> <li>● Half day paid leave</li> <li>● Teleworking system</li> <li>● Staggered working hours</li> <li>● Dual-Career Support system for side work</li> </ul>

## SMBC Trust Bank

<b>Parental leave</b>	1 year or maximum of 18 months in case of inability to place in daycare center Up to 26 months if other conditions are met
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis
<b>Shorter working hours</b>	Employees can work shortened hours equivalent to working a minimum of 6 hours per day until March 31 of the 6th grade
<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Flextime system</li> <li>● Flexibility in the work place</li> <li>● Paternity leave (3 days)</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Family care time off (by the hour)</li> <li>● Family support leave</li> <li>● Short-term childcare leave</li> <li>● Annual leave in hour increments</li> </ul>

## Sumitomo Mitsui Finance and Leasing

<b>Parental leave</b>	1 year or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until entry into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 3rd grade Shortened working hour flextime system available allowing for 6.5- and 7-hour workdays
<b>Restrictions on overtime</b>	Until entry into elementary school
<b>Exemption from late-night work</b>	Until entry into elementary school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Work relocation</li> <li>● System for rehiring former employees</li> <li>● Short-term childcare leave</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Nursing care leave (by the hour)</li> <li>● Half day paid leave</li> <li>● Staggered start times</li> <li>● Flextime system</li> <li>● Teleworking system</li> <li>● Life support leave system</li> </ul>

## SMBC Nikko Securities

<b>Parental leave</b>	Until 3 years of age
<b>Leave for taking care of sick children</b>	Until the entry into junior high school (5 days per annum per child, 10 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis
<b>Shorter working hours</b>	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade
<b>Restrictions on overtime</b>	Until March 31 of the 6th grade
<b>Exemption from late-night work</b>	Until March 31 of the 6th grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Short-term childcare leave</li> <li>● Discounted rates for daycare center</li> <li>● Nursing care leave</li> <li>● Special days off for nursing care (by the hour)</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Short-term leave for nursing care</li> <li>● Staggered working hours (working in shifts)</li> <li>● Rehiring former employees</li> <li>● Childcare subsidies</li> <li>● Teleworking system</li> <li>● Half-day paid leave</li> <li>● Hourly paid leave</li> <li>● Amortized Holiday Reserving Policy</li> <li>● Side business</li> <li>● Long-Term Self Development Leave Policy a.k.a. "Challenge Leave"</li> <li>● Three-day and four-day workweeks</li> </ul>

## Sumitomo Mitsui Card Company

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (40 hours per annum per child; 80 hours for two or more children)
<b>Shorter working hours</b>	Employees can choose to reduce daily working hours by 30, 60, 90, 120, or 150 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year
<b>Restrictions on overtime</b>	Until March 31 of the 3rd grade
<b>Exemption from late-night work</b>	Until March 31 of the 3rd grade
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Work relocation</li> <li>● Staggered start times</li> <li>● Half-day paid leave</li> <li>● Special leave for childbirth</li> <li>● Childcare subsidies</li> <li>● Nursing care leave system(by the hour)</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Rehiring former employees</li> <li>● Teleworking system</li> <li>● Flextime system</li> <li>● Health-purpose or anniversary leave</li> </ul>

## SMBC Finance Service

<b>Parental leave</b>	Until 3 years of age
<b>Leave for taking care of sick children</b>	Until completion of the 6th grade (40 hours per annum per child; 80 hours for two or more children)
<b>Shorter working hours</b>	Employees can choose to reduce daily working hours by 30, 60, 90, 120, or 150 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year
<b>Restrictions on overtime</b>	Until entry into elementary school
<b>Exemption from late-night work</b>	Until entry into elementary school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Work relocations</li> <li>● Staggered working hours</li> <li>● Half-day paid leave</li> <li>● Special leave for childbirth</li> <li>● Maternity leave</li> <li>● Maternity work system</li> <li>● Childcare subsidies</li> <li>● Carryover leave (infertility treatment)</li> <li>● Short-term childcare leave</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Nursing care and sick child care leave system</li> <li>● System for rehiring former employees</li> <li>● Teleworking system</li> <li>● Flextime system</li> </ul>

## SMBC Consumer Finance

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until entry into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Employees can choose to work 5, 5.5, 6, 6.5, or 7 hours a day until March 31 of 6th grade
<b>Restrictions on overtime</b>	Until the entry into junior high school
<b>Exemption from late-night work</b>	Until the entry into junior high school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Area-limited employment system</li> <li>● Rehiring retirees</li> <li>● A grace period for job rotation</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Paid leave by the hour</li> <li>● Half-day paid leave</li> <li>● Leave for supporting return-to-work after childcare leave</li> <li>● Childcare leave (2 days)</li> <li>● School-visiting day (2 days a year)</li> <li>● Rehiring of former employees who quit for childcare or care-giving reasons</li> <li>● Paternity leave (3 days)</li> <li>● Rollover of unused paid vacation</li> <li>● Nursing care leave (by the hour)</li> <li>● Adjustment of work start and end times</li> </ul>

## The Japan Research Institute

<b>Parental leave</b>	18 months or maximum of 2 years in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)
<b>Shorter working hours</b>	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime)
<b>Restrictions on overtime</b>	Until entry into elementary school
<b>Exemption from late-night work</b>	For employees who are pregnant or have given birth within previous 12 months
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Childcare subsidies</li> <li>● Teleworking system</li> <li>● Flextime system</li> <li>● Nursing care leave</li> <li>● Shorter working hours (for nursing care, etc.)</li> <li>● Time off and shorter working hours</li> <li>● Days off for nursing care (by the hour)</li> <li>● Special leave for childbirth</li> <li>● Paid leave for initial 15 days of childcare</li> <li>● Half day leave</li> <li>● Leave system for receiving treatment while working</li> <li>● Career design leave system</li> </ul>

## Sumitomo Mitsui DS Asset Management Campany

<b>Parental leave</b>	1 year or maximum of 36 months in case of inability to place in daycare center
<b>Leave for taking care of sick children</b>	Until the entry of child into elementary school (5 days per annum per child, 10 days for two or more children)
<b>Shorter working hours</b>	Until March 31 of the 6th grade (Employees can choose to work 5, 6, 6.5, or 7 hours a day)
<b>Restrictions on overtime</b>	Until child completes 6th grade of elementary school
<b>Exemption from late-night work</b>	Until child completes 3rd grade of elementary school
<b>Other principal systems</b>	<ul style="list-style-type: none"> <li>● Leave for childbirth by spouse</li> <li>● Nursing care leave system (by the hour)</li> <li>● Annual leave in half-day increments</li> <li>● Teleworking system</li> <li>● Leave for nursing care</li> <li>● Shorter working hours allowed for nursing care</li> <li>● Lifestyle enriching leave</li> <li>● Paid leave for initial 15 days of childcare</li> <li>● Annual leave in hour increments</li> <li>● Flextime system</li> <li>● Daycare subsidies</li> <li>● Celebratory gifts for birth of 3rd child</li> <li>● Leave for accompanying spouse undergoing job relocation</li> <li>● Job return system</li> </ul>

## 4. Environmental accounting at SMBC

SMBC tracks environmental protection costs, notably the costs of installing more energy-efficient lighting and air-conditioning equipment, as well as the environmental benefits accrued due to reduced energy consumption.

### 1. Environmental Conservation Costs

Figures here reflect initiatives at four head office buildings (Tokyo, East Tower, Osaka and Kobe head offices).

Cost Category	Description of Key Actions Taken	Fiscal 2018	Fiscal 2019	Fiscal 2020	YoY change (*1)	
(1)Business area costs	-	2,178	841	1,182	341	
Breakdown	(1)-1 Pollution prevention	• Asbestos inspection and removal • PCB storage, removal and disposal	310	234	417	183
	(1)-2 Global environmental conservation	• Replacement of obsolete air-conditioners • Replacement of obsolete lighting	1,841	581	739	158
	(1)-3 Resource re-use/recycling	• Treatment of general and industrial waste	27	26	26	0
(2)Upstream and downstream	-	-	-	-	-	
(3)Administrative costs	Development and operation of environmental management framework, disclosure of environmental information, etc.	16	0	0	0	
(4)Research and development costs	-	-	-	-	-	
(5)Social activity costs	Donations related to environmental protection, etc.	50	51	25	-26	
(6)Environmental damage repair costs	-	-	-	-	-	
Total		2,244	892	1,207	315	

\*1 Year-on-year change = FY2020 - FY2019. A negative figure indicates a cost decrease.

## 2. Environmental Conservation Benefits

Figures here reflect initiatives at our 507 domestic branches.

Measurement Items		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	YoY change (*2)
Direct energy consumption	City gas	Thousand m <sup>3</sup>	1,719	1,499	1,575	76
	Liquefied petroleum gas (LPG)	t	10	9	9	-0
	Heavy fuel oil	kl	5	5	3	-2
	Light oil	kl	1	1	1	-0
	Kerosene	kl	7	7	5	-2
	Gasoline (commercial vehicle, etc.)	kl	1,954	1,685	1,078	-607
Indirect energy consumption	Electricity	Thousand kWh	154,612	145,851	143,368	2,483
	Steam	GJ	20,180	19,370	20,971	1,601
	Hot water	GJ	1,861	2,130	2,866	736
	Cold water	GJ	11,207	10,475	9,714	-761
Other energy consumption	CO <sub>2</sub> emissions from business trips	t-CO <sub>2</sub>	8,186	21,602	1,555	-20,047
	Total water and sewage	Thousand m <sup>3</sup>	2,532	2,167	2,084	-83

\*2 Year-on-year change = FY2020 - FY2019. A negative figure indicates a decrease in consumption. Both cost and consumption decreases show data by SMBC.

# Recognition and Accreditation

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

## SMFG's Inclusion in ESG Indices

SMBC Group's proactive sustainable activities have been well-received by the markets. SMFG is included in the world's major ESG indices as shown below.

Index	Details
<b>FTSE4Good Global 100 Index</b>  FTSE4Good	<p>The FTSE 4 Good Global Index Series was created by FTSE International Limited, a joint venture set up by the Financial Times newspaper of the United Kingdom and the London Stock Exchange</p> <p><a href="#">FTSE4Good Global 100 Index</a></p>
<b>FTSE Blossom Japan Index</b>  FTSE Blossom Japan	<p>This index comprises Japanese stocks with relatively high ESG ratings from among the 500 top ranking Japanese companies in terms of market capitalization. The Government Pension Investment Fund (GPIF) of Japan has selected the index as a core ESG benchmark</p> <p><a href="#">FTSE Blossom Japan Index</a></p>
<b>Detail:</b>	
<p>This verifies that FTSE Russel has included SMFG Group in the FTSE Blossom Japan Index, having met the conditions for inclusion based on an independent survey. The FTSE Blossom Japan Index is created by the global index provider FTSE Russel. It is designed to measure the performance of Japanese companies that have made an outstanding response to environment, social, and governance (ESG) issues. FTSE Blossom Japan Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.</p>	

Index	Details
<p>■ <b>MSCI Japan ESG Select Leaders Index</b></p>  MSCI Japan ESG Select Leaders Index	<p>An index created by US company MSCI (Morgan Stanley Capital International), comprising stocks of companies that are highly evaluated from an ESG perspective.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <a href="#">MSCI Japan ESG Select Leaders Index</a> </div> <div style="background-color: #e0f2e0; padding: 5px; margin-top: 10px;"> <p><b>Disclaimer</b></p> <p>THE INCLUSION OF SUMITOMO MITSUI FINANCIAL GROUP IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SUMITOMO MITSUI FINANCIAL GROUP BY MSCI OR ANY OF ITS AFFILIATES.</p> <p>THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.</p> </div>
<p>■ <b>SOMPO Sustainability Index</b></p> 	<p>An ESG asset management index created by Sompo Japan Nipponkoa Asset Management</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <a href="#">SOMPO Sustainability Index(Japanese only)</a> </div>
<p>■ <b>Bloomberg Gender-Equality Index</b></p> 	<p>An index developed in 2017 by Bloomberg that assesses initiatives, attitude to information disclosure, results, etc., of companies regarding gender equality</p>

## Awards and Certifications (SMBC Group)

### Cs and Quality

#### Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Banking Corporation	COPC® CSP Standard Release 5.2	Obtained certification for two call centers in Japan (Kobe, Fukuoka) for the international quality assurance standard "COPC® Standard Release 5.2" as the first Japanese bank to acquire the standards
SMBC Trust Bank	COPC® CX Standard CSP 6.1 version	The company obtained the certification of the "COPC® CX Standard CSP 6.1 version," which is an international quality-assurance standard concerning contact center operation.

Recipient company	Certification	Details
SMBC Nikko Securities	COPC® Customer Service Provider (CSP) Standard	The company obtained certification in terms of suitability with the “COPC® CSP Standard,” which is an international quality-assurance standard concerning contact center operation.
SMBC Nikko Securities	Obtained certification as 5-Star Recognized Center under the HDI Five-Star Certification Program provided by HDI-Japan.  	In the HDI Five-Star Certification Program provided by HDI-Japan, the Japanese affiliate of the Help-Desk Institute, an international organization in the support-service industry, the company was the first in Japan to obtain certification in two divisions: the inquiry-desk segment, which evaluates call-center in-call telephone reception, and the Web-support portal segment, which evaluates Web support.
SMBC Nikko Securities	Self-suitability Declaration and Consumer-oriented Declaration (as per ISO10002)	In accordance with the international standard “ISO10002/JIS Q 10002 (Quality management --- Customer satisfaction --- Guidelines for complaints-handling in an organization)” compiled by ISO concerning the organizational handling of customer complaints, an adequate organizational system was established, responding to the voices of customers, and the “Self-suitability Declaration (as per ISO10002)” was formulated. At the same time, a “Consumer-oriented Declaration” (to reflect the corporate thoughts and handling policy of the company towards realization of consumer-oriented management that is being promoted by the Consumer Affairs Agency, whereby all enterprises should prioritize the benefits of consumers) was made. This was the first case in which a securities company implemented both declarations.
SMBC Consumer Finance	COPC® CX Standard for Customer Service Providers (CSPs), Release 6.0a	For three of their domestic client service centers (Tokyo, Osaka, and Fukuoka), the company obtained the certification of “COPC® CX Standard CSP version Release 6.0a,” an international quality-assurance standard for contact center operation. This was the first case of such certification in the domestic nonbank sector (including sales on credit and credit cards). For assurance centers in the two domestic offices (Tokyo and Fukuoka) as well, the company obtained the certification of “COPC®CX Standard CSP version Release 6.0a” (international quality-assurance standard for the contact center and BPO(※) operations). This was the first case of COPC certification concerning BPO operation as a domestic company. ※Operation for business process outsourcing

## — Awards and Certification Received

<b>Year received</b>	<b>Recipient company</b>	<b>Name of award /commendation</b>	<b>Details of award /commendation</b>
2020	SMBC Trust bank	Obtained certification as 3-Star Recognized Center (top ranking in Japan) under the HDI-Japan Certification Program in the inquiry desk and Monitoring category.	Quality of call center operator response
2019	Sumitomo Mitsui Card Company	Awarded a three-star rating in Japan for two consecutive years since 2018 in the Quality Monitoring category of the HDI-Japan Monitoring-Desk Ratings	Quality of call center operator response
2018	Sumitomo Mitsui Card Company	Won silver award in Best Customer Service category of Contact Center World Awards competition (sponsored by Contact Center World.com)	Call center operation reform measures centered on strengthening and improving customer experience (CX)
2018	Sumitomo Mitsui Banking Corporation	Awarded grand prize in Japan Institute of Information Technology's Service Hospitality Awards 2018	Initiatives to improve hospitality by using the latest digital technologies to provide paperless stores
2018	Sumitomo Mitsui Banking Corporation	Recognized as a "Tokyo Barrier-free Mindsets Support Corporation" by the Tokyo Metropolitan Government	Initiatives to promote barrier-free mindset among employees
2018	Sumitomo Mitsui Banking Corporation	Ranked first three years running in J.D. Power Japan's Retail Banking Customer Satisfaction Study (Japanese bank sector)	Customer satisfaction rating among asset management customers
2017	Sumitomo Mitsui Banking Corporation	Received Universal Manners Award 2017 (Sustainability division)	Initiatives such as hardware that incorporates universal design and promoting employment of disabled people by the SMBC Group
2017	Sumitomo Mitsui Banking Corporation	Awarded "highly commended" prize in Japan Institute of Information Technology's Service Hospitality Awards 2017	Initiatives to improve hospitality by using the latest digital technologies to provide paperless stores

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2017	Sumitomo Mitsui Banking Corporation	Received gold awards at the Contact Center World Awards in Technology Innovation and Outbound Campaign categories at the Global Conference sponsored by ContactCenterWorld.com	Technology Innovation: Initiatives to streamline operations and improve customer satisfaction and employee satisfaction by the use of AI in contact centers Outbound Campaign: Initiatives involving strategy, planning, and human resources to ensure the success of outbound operations
2017	Sumitomo Mitsui Banking Corporation	Obtained "highly commended" prize in Best Customer Support of the Year held by the Japan Institute of Information Technology	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2017	Sumitomo Mitsui Banking Corporation	Awarded Technology category prize in the Call Center Awards 2017 run by RIC Telecom Co., Ltd.'s Computer Telephony Editing Department, publisher of "Computer Telephony" magazine	Initiatives to streamline contact centers and improve customer satisfaction by the use of technology
2017	Sumitomo Mitsui Banking Corporation	Obtained certification as 3-Star Recognized Center (top ranking in Japan) under the HDI-Japan Certification Program in the inquiry desk and Web support portal divisions.	Inquiry desk: Survey of inquiry desk quality and performance Web support portal: Survey of Web support features and performance
2017	Sumitomo Mitsui Banking Corporation	J.D. Power Asia Pacific's Call Center Satisfaction Study 2017 Ranked first among national banks in Japan	Customer satisfaction, including call center response to customers
2015	Sumitomo Mitsui Banking Corporation	Received a gold award at the Contact Center World Awards, Asia-Pacific Conference, and a silver award at the Global Conference sponsored by ContactCenterWorld.com	Initiatives to link branches and contribute to sales activities using remote channels
2015	Sumitomo Mitsui Banking Corporation	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan for the second consecutive year since 2014.	Initiatives to link branches and contribute to sales activities using remote channels
2015	Sumitomo Mitsui Banking Corporation	Awarded judges' special prizes in the "Call Center Awards 2015" held by RIC Telecom Co., Ltd.'s Computer Telephony Editing Department, publisher of Computer Telephony magazine.	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels
2015	Sumitomo Mitsui Banking Corporation	Obtained recommendation prize under the Best Customer Support of The Year held by the Japan Institute of Information Technology for the second consecutive year since 2014.	Initiatives to improve customer satisfaction, contribute to sales activities, and streamline operations using remote channels.

<b>Year received</b>	<b>Recipient company</b>	<b>Name of award /commendation</b>	<b>Details of award /commendation</b>
2014	SMBC Nikko Securities	Received a silver award at the Contact Center World Awards, Asia-Pacific Conference sponsored by ContactCenterWorld.com, for the fourth successive year since 2011.	For operating methods at contact centers and contributions to increasing customer satisfaction and management
2013	SMBC Nikko Securities	Certified as a Gold Rank Company designated by the Japan Telegraph and Telephone Users Association	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an Award for Excellence, the highest honor, in the Best Contact Center of the Year Awards sponsored by the Japan Institute of Information Technology, for the fourth successive year since 2010.	Operating method of contact centers, enhanced customer satisfaction, and contribution to management
2013	SMBC Nikko Securities	Received an award in the CRM Best Practice Award sponsored by CRM Association Japan, for the sixth successive year since 2008.	Sales business model using contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the ninth successive year since 2005.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received an award in the Nationwide Corporate Telephone Service Contest sponsored by the Japan Telegraph and Telephone Users Association, for the fifth successive year since 2009.	Quality of telephone service at contact centers
2013	SMBC Nikko Securities	Received a Three-Star Prize, the highest evaluation in Japan, in the HDI-Japan Inquiry-Desk Ratings, for the eighth successive year since 2006.	Quality of telephone service at contact centers
2012	Sumitomo Mitsui Banking Corporation	In the 2012 Japan Investor Satisfaction Study conducted by J.D.POWER SMBC ranked highest in customer satisfaction in the full-service bank segment.	Levels of customer satisfaction for account offerings, customer interaction, etc.
2010	SMBC Nikko Securities	Judge's special prize in the 2010 Contact Center Awards sponsored by the monthly Computer Telephony	Operating methods at contact centers and contributions to increasing customer satisfaction and management
2010	SMBC Nikko Securities	Okinawa Prefecture IT Business Award sponsored by Okinawa Prefecture	Contribution to the development of information and communications industries in Okinawa Prefecture

## The Environment

### Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2020	Sumitomo Mitsui Financial Group	Received the Excellence Award for Environmental Reporting at the 23rd Environmental Communication Awards co-organized by the Ministry of the Environment and the Global Environmental Forum  	SMBC Group Report 2019 and Sustainability Report
2020	SMBC Nikko Securities	Environment Minister Award (Silver Medal) was given in the category of financial service of the "ESG Finance Award" hosted by the Environment Ministry.  	Support system for green bond issuance
2020	Sumitomo Mitsui Banking Corporation	Received the Bronze Prize in the financial service Category of "ESG Finance Awards" sponsored by the Ministry of the Environment.  	Green loan
2018	Sumitomo Mitsui Financial Group	Won Principles for Financial Action for the 21st Century* Special Award *Financial action initiatives that aim to create a sustainable society devised by the Ministry of the Environment and over 250 financial institutions and other organizations  	Environmental magazine JUNIOR SAFE
2016	Sumitomo Mitsui Financial Group	Received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award  	Environmental magazine JUNIOR SAFE
2013	Sumitomo Mitsui Banking Corporation	Pronounced regional winner Asia/Pacific category of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards 2013 sponsored by the Financial Times (FT) in conjunction with the IFC  	Contributions, through corporate activity and business, to sustainability in the three fields of the environment, society, and governance

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2012	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Asia/Pacific segment of the Sustainable Bank of the Year category of the Sustainable Finance Conference & Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the three fields of the environment, society, and governance
2011	Sumitomo Mitsui Finance and Leasing Company	Received the highest-rank rating in the DBJ Environmental Ratings, for which the Development Bank of Japan undertakes environmentally responsible management evaluation and provides financing at preferential interest rates in accordance with the resultant credit ratings.	Environmental management
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist in the Cross-Regional segment of the Sustainable Bank of the Year category of the Sustainable Finance Awards sponsored by the Financial Times (FT) in conjunction with the International Finance Corporation (IFC).	All initiatives to achieve sustainability in the fields of environment, society, governance
2011	Sumitomo Mitsui Banking Corporation	Green IT Promotion Council Chairman Award at the 2011 METI Green IT Awards (Commends services/systems with excellent energy-conservation impact)	ATM Journal electronic storage system (Reduces paper use by 28 million A4 sheets per year)
2010	Sumitomo Mitsui Banking Corporation	7th Eco Products Awards Eco-service Environment Minister's Prize (eco-products grand prize)	SMBC Environmental Assessment Loan/Private Placement Bond
2010	Sumitomo Mitsui Banking Corporation	The IT General Award, one of the IT Awards sponsored by the IT Institute (Japan Institute of Information Technology)	"CUTE" next-generation branch system
2009	Sumitomo Mitsui Banking Corporation	Nikkei Veritas Superiority Award (Nikkei Superior Products and Services Awards)	SMBC Environmental Assessment Loan/Private Placement Bond
2009	Sumitomo Mitsui Banking Corporation	Review Board Special Award at the 2009 METI Green IT Awards (jointly with NEC and Oki)	"CUTE" next-generation branch system (Reducing paper use by 3 million A4 sheets per year)
2009	Sumitomo Mitsui Banking Corporation	At the 18th Global Environmental Awards, sponsored by the Fuji Sankei Group, the Fuji Sankei Communications Group Prize for excellence	Emission-rights business and all other environment-related initiatives

## Security Compliance

### — Certification Received

Recipient company	Certification	Details
Sumitomo Mitsui Card Company	Privacy Mark 	Acquisition of authorization for the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) Privacy Mark granted to enterprises that have systems for devising appropriate measures to protect personal information
SMBC Finance Service		
Japan Research Institute		
SMBC Consumer Finance		
SMBC Finance Service	Certification for the whistleblowing system (WCMS certification)	The company was registered in the certification system for the whistleblowing system (i.e. WCMS certification), which was introduced by the Consumer Affairs Agency in order to promote adequate establishment and operation of the whistleblowing system, an important element of internal control and corporate governance.

### — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	SMBC Consumer Finance	Award for companies that contribute to the PrivacyMark system	Recognized for many years of maintaining and improving measures to protect personal information as an enterprise granted use of the PrivacyMark and efforts to promote the PrivacyMark system
2011	Sumitomo Mitsui Banking Corporation	Nominated for shortlist for 2011 Compliance Innovator of the Year in the 7th Annual Compliance Awards sponsored by Thomson Reuters.	Initiatives to strengthen stances with regard to money laundering and the severing of relations with anti-social forces

## Social Contribution Activities

### — Awards and Certification Received

Year received	Recipient company Name of award /commendation	Name of award /commendation	Details of award /commendation
2019	SMBC Nikko Securities	Excellent Company Award for Employment of Persons with Disabilities (Director-General of the Industrial Labor Bureau Award)	Evaluate unique initiatives to create an environment where people with disabilities can work actively in the workplace
2017	Sumitomo Mitsui Banking Corporation	SMBC received a letter of appreciation from the Tokyo Metropolitan Board of Education as a "Fiscal Year 2017 Company contributing to the Tokyo Teaching Committee"	Achievement in after school activity such as support in Tokyo Metropolitan Special Support School District
2009	Sumitomo Mitsui Banking Corporation	Received certificate of commendation from the governor of Tokyo for contributions to a Tokyo metropolitan social welfare initiative.	Meritorious service to enhance the welfare of the Tokyo metropolis

## Employees

### — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2020	Sumitomo Mitsui Financial Group	Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.  	Creating a workplace where the people of LGBT can work comfortably

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2020	Sumitomo Mitsui Financial Group	<p>Acquired 4stars at "2nd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p>  <p>* "Smart Work Management" refers to maximizing the potential of workers through varied and flexible work styles, and developing strategies to maximize productivity and the broader performance of the organization using positive feedback loops, thereby fostering innovation and new market development.</p>	Implementation of Smart Work management
2020	Sumitomo Mitsui Financial Group	<p>Selected as a "Nadeshiko Brand" in the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) Nadeshiko Brand Initiative for the purpose of selecting and publicizing enterprises that encourage women's success in the workplace</p> 	Initiatives to encourage women's success in the workplace
2020	Sumitomo Mitsui Financial Group(Sumitomo Mitsui Banking Corporation)	<p>Recognized as a 2020 Certified Health and Productivity Management Organization (large enterprise category)</p> 	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it
	SMBC Consumer Finance		
	Japan Research Institute		
	Sumitomo Mitsui DS Asset Management Company		
	SMBC Nikko Securities	<p>2020 Certified Health and Productivity Management Organizations (Large Enterprise Category (White 500)) (Top 500 enterprises of the recognized enterprises)</p> 	
SMBC Finance Service			

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2019	Sumitomo Mitsui Financial Group	<p>Acquired 4.5stars (Top 50 Companies) at "3rd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p>  <p>* "Smart Work Management" refers to maximizing the potential of workers through varied and flexible work styles, and developing strategies to maximize productivity and the broader performance of the organization using positive feedback loops, thereby fostering innovation and new market development.</p>	Implementation of Smart Work management
2019	Sumitomo Mitsui Financial Group	<p>Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.</p> 	Creating a workplace where the people of LGBT can work comfortably
2019	Sumitomo Mitsui Financial Group	<p>Selected as a "Nadeshiko Brand" in the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) Nadeshiko Brand Initiative for the purpose of selecting and publicizing enterprises that encourage women's success in the workplace</p> 	Initiatives to encourage women's success in the workplace
2019	Sumitomo Mitsui Financial Group, Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities, SMBC Finance Service, Japan Research Institute	<p>Recognized as a 2019 Certified Health and Productivity Management Organization (large enterprise category)</p>	Recognized for adopting business management approach to employees' health management and taking strategic measures to address it

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	Sumitomo Mitsui Financial Group	<p>Acquired 4stars at "2nd Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p> 	Implementation of Smart Work management
2018	Sumitomo Mitsui Banking Corporation	<p>Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.</p> 	Creating a workplace where the people of LGBT can work comfortably
2018	Sumitomo Mitsui Financial Group	<p>Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category)</p>	Acquired Recognized as 2018 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices
2018	Sumitomo Mitsui Financial Group	<p>Acquired 4.5 stars (Top 40 Companies) at "1st Nikkei Smart Work Management Survey" that Nihon Keizai Shimbunsha evaluates companies' initiatives for Smart Work management</p> 	Implementation of Smart Work management
2017	Sumitomo Mitsui Banking Corporation	<p>Acquired the highest "Gold" rank in 'PRIDE index' where the arbitrary organization "work with Pride" evaluates initiatives related to sexual minority issues.</p> 	Creating a workplace where the people of LGBT can work comfortably

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2017	Sumitomo Mitsui Banking Corporation	<p>Received the Catalyst Special Award hosted by Catalyst, a non-profit organization established in the United States to globally support efforts to promote women's participation</p> 	<p>Strong commitment from top management to promoting participation by women, development of measures suited to each operating unit, and initiatives focused on improving flexibility of work styles</p>
2017	Sumitomo Mitsui Financial Group	<p>Selected as a "Nadeshiko Brand," which are listed companies jointly selected by the Ministry of Enterprise, Trade and Industry and Tokyo Stock Exchange for excellence in promoting active participation by women</p> 	<p>Initiatives to promote active participation by women</p>
2017	Sumitomo Mitsui Financial Group	<p>Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category)</p>	<p>Acquired Recognized as 2017 Certified Health and Productivity Management Organization (large enterprise category) from the Ministry of Economy, Trade and Industry to companies with particularly outstanding health management practices</p>
2015	Sumitomo Mitsui Banking Corporation	<p>Received the "Diversity Management Selection 100" from the Ministry of Economy, Trade and Industry to companies with particularly outstanding diversity management practices</p> 	<p>Appraised that SMBC is promoting and considering diversity as a part of important corporate management.</p>
2015	Sumitomo Mitsui Financial Group	<p>SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace</p> 	<p>Initiatives for promoting women's roles in the workplace</p>
2013	Sumitomo Mitsui Financial Group	<p>SMFG was designated a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an excellent listed company encouraging women to play active roles in the workplace.</p> 	<p>Initiatives for promoting women's roles in the workplace</p>

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2012	Sumitomo Mitsui Banking Corporation	Named one of the best 25 companies to work for in Japan in the "Great Place to Work" ranking conducted by the Great Place to Work® Institute Japan.  	Internal systems and corporate culture

## Development of the Next Generation

### Certification Received

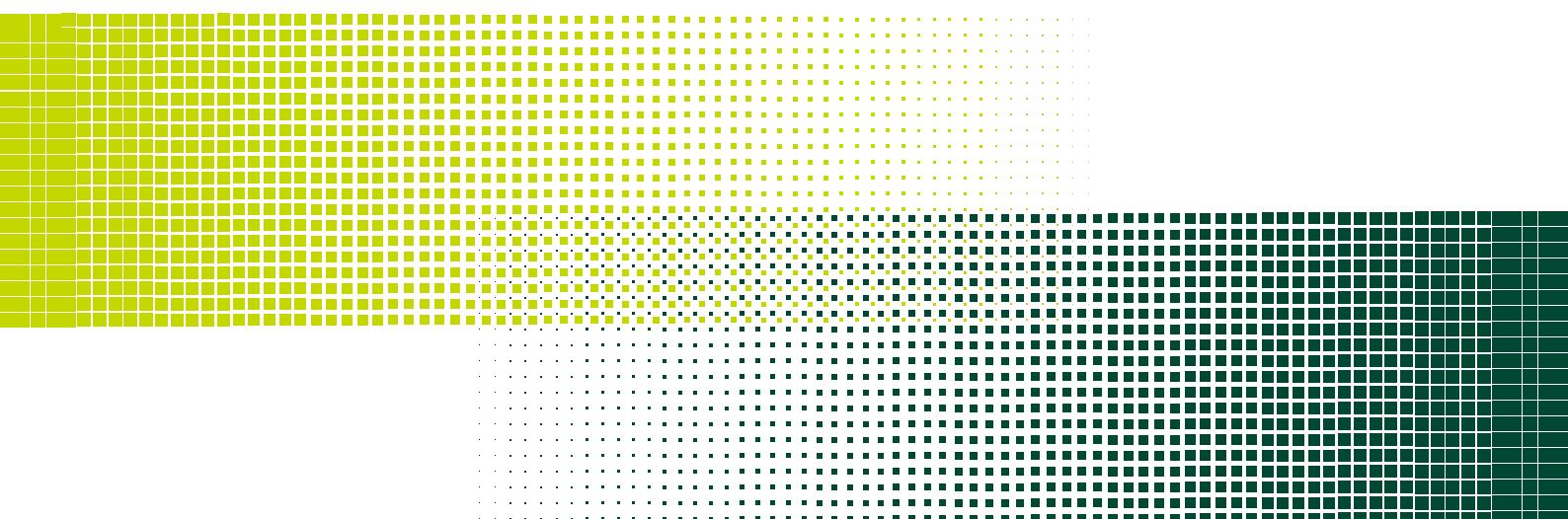
Recipient company	Certification	Details
Sumitomo Mitsui Banking Corporation	"Kurumin" certification for the next generation 	Received "Kurumin" certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.
Sumitomo Mitsui Finance and Leasing Company		
SMBC Nikko Securities		
Sumitomo Mitsui Card Company		
SMBC Finance Service		
SMBC Consumer Finance		
Japan Research Institute		
Sumitomo Mitsui Banking Corporation	"Platinum Kurumin Certification" platinum kurumin mark 	In addition to the previous "Kurumin Certification," SMBC and JRI acquired the "Platinum Kurumin Certification" for companies certified by the Minister of Health, Labour and Welfare as taking the lead in supporting the nurturing of the next generation at an even higher level, including numbers of men using children raising leave systems. (The color differs by company. Light Green: SMBC; Light Blue: JRI; Yellow : SMCC)
Sumitomo Mitsui Card Company		
Japan Research Institute		

Recipient company	Certification	Details
Sumitomo Mitsui Banking Corporation	Eruboshi (second rank) certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace	Acquired "Eruboshi" for companies certified by the Minister of Health, Labour and Welfare as having excellent initiatives in place to promote active participation by women (*Second rank: SMBC, SMBC Finance Service; third rank: JRI,SMBC TB)
SMBC Finance Service		
Japan Research Institute	Eruboshi (third rank)	
SMBC Trust bank		

### — Awards and Certification Received

Year received	Recipient company	Name of award /commendation	Details of award /commendation
2018	SMBC Nikko Securities	12th Kids Design Award	Received the 12th Kids Design Award for finance and economic education in the category of designs that develop children's creativity and shape their future, a first for a securities company

\* Commendation titles and the like are those used at the time they were bestowed.



<https://www.smfg.co.jp/english/sustainability/>