

Environmental businesses

The Group considers that environmental businesses are part of its core business operations, through which it contributes to the continued well-being and improvement of the global environment. In fiscal 2005, SMBC started its cross-organizational Eco-Biz Promotion Council, for periodical discussion of the development of sophisticated and efficient products and services for environmental maintenance and improvement. Other SMFG Group companies have become members of this Council, meeting on a regular basis.

Environmental Initiatives by Group Companies

Company	Clients	Program/Product	Description
SMFG	Corporate	SAFE environmental magazine	Started in 1996, this bimonthly magazine contains interviews with top management of environmentally advanced companies, analyses of business and the latest regulatory trends, and other useful information for corporate environmental activities. It can be viewed online at SMFG's website (in Japanese). http://www.smfg.co.jp/responsibility/csinfo/safe.html
		SMFG Environmental Business Forum	SMBC holds multifunctional programs, including environmental seminars and business matching opportunities at the Eco-Products event, one of Japan's largest environmental exhibitions.
SMBC*1/ JRI*2		SMBC Environmental Assessment Loan/ Private Placement Bond	Terms and conditions of this loan/bond depend on the results of an assessment of a company's environmental friendliness using standards established by SMBC and JRI. Clients can choose the fund procurement method — loans or private placement bonds.
SMBC		SMBC-ECO Loan	This loan offers reductions on interest rates of up to 0.25% for SMEs with environmental management systems certified by any of more than 20 organizations, including NPOs and local governments.
		Ministry of Environment's interest-subsidized financing program	Under this program, companies may receive loans from financial institutions, with interest subsidized by the government to finance global warming-related capital investment, provided that they set and achieve CO ₂ emission reduction targets during a specified period. As one of the financial institutions authorized to provide loans under this program, the bank supports companies taking environmental initiatives.
		Carbon-credit related business activities (matching, advisory, trust and consultation activities)	SMBC serves clients with needs associated with carbon credits by using overseas offices for their trust operations and other resources to offer products and services such as introducing sellers in developing countries, providing advisory services to support transactions, offering trust products and financing. SMBC established a consultation company in Brazil to assist in development of Clean Development Mechanism (CDM) projects.
		Carbon credit trading	In June 2009, SMBC became a carbon credit trader, the first Japanese bank to trade carbon credits directly with clients.
		Strengthening alliances with international and financial institutions	In April 2010, the bank executed a Memorandum of Understanding with the Federation of Malaysian Manufacturers and Green Purchasing Network Association Malaysia for the promotion of environmental businesses in Malaysia. In efforts to further establish a more solid global network, SMBC has formed business alliances with local financial institutions and economic organizations in the Philippines, Brazil and other countries for the promotion of financing for renewable energy projects and carbon-credit trading.
		"Climate & Children Supporters"	An original program of SMBC which supports measures to prevent global warming through the trading of carbon credits while helping children affected by drastic climate changes through UNICEF. When participating companies trade carbon credits to prevent global warming, they automatically support elementary schools in Mozambique which is known for its frequent droughts and natural disasters, having built 17 wells and 44 toilets under the UNICEF water management and public hygiene project. (as of June 30, 2010)
		Environmental campaign using JGBs for individuals	We have been contributing to global environmental protection by 1) trading the equivalent of 100kg of carbon credits and 2) planting trees equivalent to the number of trees planted in 1m ² for the number of individuals who purchased JGBs. Concurrently, we have been supporting the recovery and reconstruction of areas struck by the Great East Japan Earthquake by trading carbon credits generated in northeastern Japan.
Nikko*3		Nikko World Trust — Nikko Green New Deal Fund (JPY Non-hedged Class)/ (JPY Hedged Class)	The Green New Deal is an economic recovery policy based on global environmental initiatives. This fund invests by purchasing stocks of companies in countries where high growth in green businesses is anticipated.
		Green Bonds	"Green Bonds", the purpose of which is to promote environmental preservation, is the generic name given to the various bonds offered by SMBC Nikko Securities starting in 2010. Funds raised from these bonds must be used for environmental protection measures.
SMBC/ Nikko		SMBC Nikko World Bank Bond Fund	This is the first fund in the world to invest in the green bonds issued by the World Bank (data provided by Nikko Asset Management Co., Ltd.) The funds raised by the issuances of these bonds should essentially be used only for loans for projects to prevent global warming in emerging countries. Furthermore, a portion of earnings from the fund will be donated to the Japan Committee for UNICEF and the Japanese Red Cross Society for the resolution of social conflicts around the world.
SMBC / SMFL*4	Individuals Corporate	eco japan cup	This is a contest for selecting companies which have practical environmental technologies and ideas. SMBC also arranges for venture companies to conduct R&D jointly with Japanese universities and the funding of their R&D activities. http://www.eco-japan-cup.com/ (in Japanese only)
SMFL	Corporate	Carbon-neutral leases	The first new service in the leasing industry started in August 2007, which renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. The goal is to provide further support to companies that protect the environment through their own activities.
		Trading of used machinery and equipment	Machinery and facilities with expired leases or bought back from the client are sold by SMFL to clients needing such items. Through the purchase and sale of used machinery, SMFL aims to become an environment-friendly leaser committed to the recycling and reuse of products.

*1 Sumitomo Mitsui Banking Corporation *2 The Japan Research Institute Limited *3 SMBC Nikko Securities Inc. *4 Sumitomo Mitsui Finance and Leasing Co., Ltd.

*5 Sumitomo Mitsui Banking Corporation (China) Limited *6 The Japan Research Institute (Shanghai) Consulting Co., Ltd. *7 Sumitomo Mitsui Card Company, Limited

*8 SMBC Friend Securities Co., Ltd. *9 THE MINATO BANK, LTD. *10 Kansai Urban Banking Corporation