



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

CSR REPORT 2015



SUMITOMO MITSUI FINANCIAL GROUP

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● Company profile

(March 31, 2015)

Company Name	Sumitomo Mitsui Financial Group, Inc.
Business Description	Management of banking subsidiaries (under the stipulations of Japan's Banking Act) and of non-bank subsidiaries, as well as the performance of ancillary functions
Establishment	December 2, 2002
Head Office	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Chairman of the Board	Masayuki Oku
President	Koichi Miyata (Concurrent Director at Sumitomo Mitsui Banking Corporation)
Consolidated Total Income	¥4,851.2 billion
Consolidated Net Income	¥753.6 billion
Consolidated Total Assets	¥183,442.6 billion
Consolidated Total Net Assets	¥10,696.3 billion
Capital	¥2,337.8 billion
Stock Exchange Listings	Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section) Note: American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

Editorial policy

SMFG has put in place this CSR report in an effort to convey to its stakeholders the wide range of initiatives undertaken and the role played by the Group to help create a sustainable society.

In order to ensure that readers fully understand that our activities are based on the underlying principle that the fulfillment of CSR is the essence of business itself, and the measures we have taken to realize this conviction, we here report on the full range of CSR initiatives undertaken by the Group.

This CSR report aims to cover characteristic initiatives, with descriptions of our latest measures, and to include broader disclosure categories. We have also provided links to examples of initiatives at individual Group companies, making effective use of disclosure reports on the websites of the companies in question.

Scope of this report

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

Reporting period and other information

● Reporting Period

The fiscal 2014 period, the 12-months from April 1, 2014 to March 31, 2015

Note: The Report contains additional information including certain up-to-date data as well as future prospects where considered October 2015.

● Month of Issue

October 2015

● Contact Information

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

Reference guidelines

We refer to the GRI "Sustainability Reporting Guideline (G4)."

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

CSR communication tools

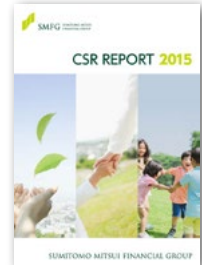
At the SMFG Group we regard communication with our stakeholders as vital to the success of our CSR initiatives, and for this reason we engage in information disclosure targeted at specialists as well as our business partners and customers via the five communication interfaces described below.

CSR Report 2015

(PDF version = the present report)

In addition to explaining our approach to corporate social responsibility and to dialog with our stakeholders, in the CSR Report 2015 we have provided an overview of measures taken in fiscal 2014 in line with our review of priority issues (Materiality).

W Web <http://www.smfg.co.jp/english/responsibility/report/report2015.html>



CSR Report 2015

Performance Data version

This is a numerical data report for analysts and other specialists detailing the results and plans of all the SMFG Group companies in the CSR sphere as well as performance data on the environment and with respect to the companies' workforces.

W Web <http://www.smfg.co.jp/english/responsibility/report/report2015.html>



SMFG CSR website

This is a website for data from each SMFG company. It enables us to ensure the completeness of our information disclosure relating to CSR activities as portal site of the whole SMFG Group.

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



CSR Communication Book

We use this booklet as a tool for communication with our customers, providing them with an easy-to-understand introduction to CSR initiatives undertaken by each SMFG company, with a prime focus on our priority issues (Materiality).

W Web <http://www.smfg.co.jp/responsibility/report/book/> (Japanese only)



"SAFE"

Corporate environmental magazine

This is a magazine on environmental business-related information distributed to our business partners and corporate customers and devoted to the theme of information relating to daily life and the global environment, as well as to the role played in environmental preservation by financial services.

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



Commitment from the Top

Contributing to the sustainable growth of society as a global financial group

The global economy and CSR expected of SMFG Group as a financial group

In fiscal 2014, the Japanese economy continued to recover moderately after a temporary dip in economic activity, centered on industrial production, due to a slump in consumer demand after the rush of purchasing ahead of the consumption tax rate hike in April 2014. Outside Japan, although emerging countries lacked growth momentum, economies continued to recover led by developed countries. The U.S. economy continued to improve, driven by domestic demand, and the European economies moderately recovered despite sovereign debt issues. Further, in February 2014 Japan introduced the Principles for Responsible Institutional Investors (Japan's Stewardship Code), followed in June 2015 by the application of the Corporate Governance Code to listed companies. With these and other measures, companies are now required more than ever to implement effective corporate governance, undertake environmental and social initiatives, and cooperate with stakeholders.

The SMFG Group's management philosophy is as follows:

- We grow and prosper together with our customers, by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly-motivated employees.

And, we believe that the fulfillment of our corporate social responsibilities lies at the very core of how the Group is managed.

In particular, we are contributing to the realization of a sustainable society through the important role that we play in society and business activities as a financial group. We recognize this as a significant role that is required of the Group, and we will continue our efforts to fulfill it.

Fiscal 2014 initiatives

We implemented various initiatives to achieve the management goals of our medium-term management plan for the three years from fiscal 2014 to fiscal 2016 announced in May 2014. Specifically, at our banking unit, Sumitomo Mitsui Banking Corporation (SMBC), we enhanced its business structure to better address our clients' diversifying and developing needs. This included increasing the number of Corporate Banking Departments, establishing a new area marketing structure (Area Main Offices) and intensifying the collaboration with SMBC Nikko Securities.



Koichi Miyata

President
Sumitomo Mitsui Financial Group, Inc.

Overseas, we made steady progress in expanding the SMBC office network into promising markets. We also strengthened our relationship with leading local financial institutions, including investing in ACLEDA Bank in Cambodia and acquiring additional shares of The Bank of East Asia in Hong Kong. Our CSR initiatives have three priority (materiality) issues. They are environment, next generation and community. We are leveraging the business base of our Group companies to address these issues. Details of some of these initiatives are explained in later sections of this CSR Report. Please take a look.

Contributing to the sustainable growth of society as a global financial group

Our basic group policies for fiscal 2015, the second year of the medium-term management plan, are as follows: “accelerate key initiatives in accordance with management goals, produce results, and move reform forward vigorously so that our clients can truly benefit from our business model transformation this fiscal year” and “anticipate changes and be proactive, make a difference with SMFG/SMBC’s *genba-ryoku* (on-the-ground capabilities), and create business opportunities.” We will continue to make every effort to contribute to the Japanese government’s ongoing initiatives to revitalize the economy as a leading financial group in Japan. At the same time, we will move initiatives

forward for our sustainable growth.

SMFG will also sponsor the Tokyo Olympic and Paralympic Games in 2020 as a Gold Partner in the “Banking” category as one of our initiatives to contribute to the economic growth of Japan. In 2015, the Post-2015 Development Agenda was adopted at the United Nations summit in September as a set of goals to succeed the Millennium Development Goals (MDGs) that were agreed in 2000. Further, at the 21st Session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP21), to be held at the end of November 2015, participants are expected to reach an agreement on international efforts on climate change from 2020 onwards.

In light of such international challenges, we further refined our definition of last year’s priority (materiality) issues based on the G4 Sustainability Reporting Guidelines by Global Reporting Initiative (GRI) and international frameworks relating to social responsibility. We then, with active inputs from experts, assessed the issues and challenges taking into account our activities in fiscal 2014. We will reflect the results in our future activities. In this way, we are responding to feedback from all our stakeholders in order to contribute to the sustainable growth of overall society by fulfilling our role as a global financial group. We believe that we can enhance our corporate value by working together with you, and hope that we can continue to count on your understanding and support in the years ahead.

September 2015

CSR at SMFG

Basic views

■ Contributing to the sustainable development of society

Today, modern society faces diverse issues such as global warming, rapid population growth, and declining birthrate and aging of the population in the advanced countries. The SMFG Group believes that it is our Group's social responsibilities, our CSR, to remind us of and practice the roles as the global financial group for resolving issues for the sustainable development of the society.

■ Basic CSR policies

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

● SMFG's definition of CSR

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

● SMFG's Group-wide CSR philosophy: "business ethics"

1. Satisfactory Customer Services

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

2. Sound Management

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

3. Contributing to Social Development

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

4. Proactive and Innovative Corporation Culture

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

5. Compliance

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

Integral development of CSR and business activities

The SMFG Group believes that CSR is the foundation for SMFG Group's business strategies which should be integrally incorporated with business strategies for achieving the management policies and goals. In another words, it is the concept that we consistently verify and confirm according to the basic policy of CSR whether the direction of our business strategies promoted by our Group corresponds with our vision in 10 years of "becoming the highly trusted global financial group which leads Japan and Asia, and grow along with clients"; and then, we reflect the needs of clients and society in our CSR activities. We believe that fulfillment of our CSR lies at the very core of our management task, and seriously committing to the implementation of CSR would be the shortest and quickest way to achieve our management policies and goals.

Support for initiatives in Japan and overseas and CSR guidelines used as references

Support for initiatives in Japan and overseas

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


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

Guidelines used for reference

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

1. ISO26000
2. GRI Guidelines
3. United Nations Global Compact, COP (Communication on Progress), Advanced Level Criteria
4. ETHIBEL

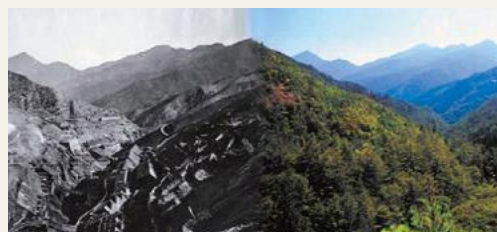
For further details, please see the following website

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

COLUMN

CSR: In our DNA for 400 years

For 400 years, the Sumitomo and Mitsui conglomerates have remained true to their original business spirit. In the past, the Sumitomo Group undertook large-scale afforestation programs to solve the problem of pollution around the Besshi copper mine, the Group's starting venture on Shikoku Island. In order to return devastated mountainsides around the mine complex to their natural state, they invited experts to compile an afforestation plan with annual planting of over one million saplings. Meanwhile, the Mitsui Group established the Mitsui Charity Hospital in Tokyo in the Meiji era (late 1800s) to provide basic medical services for those too poor to be covered by the health insurance system. Since then, the institution has evolved over the generations into today's Mitsui Memorial Hospital. SMFG has carried this DNA down to the present. We believe that we have further roles to play in resolving social issues through our core financial services business.



Besshi copper mine in the Meiji era and today



Mitsui Charity Hospital (today's Mitsui Memorial Hospital) at its establishment

CSR at SMFG

Actions on various principles

Equator Principles

The Equator Principles are a set of guidelines developed by private financial institutions for managing environmental and social risks related to financing large-scale development projects.

The Equator Principles apply to project finance transactions, project-related corporate loans and bridge loans that are intended to be refinanced to project finance or corporate loans, regardless of the country or the sector.

The Equator Principles are based on the environmental and social policies and guidelines of the International Finance Corporation (IFC), the private sector arm of the World Bank. These policies and guidelines cover a variety of issues such as environmental and social impact assessment process, pollution prevention and abatement, considerations to local communities and natural resources.

Financial institutions that adopt the Equator Principles are required to establish their own internal environmental and social guidelines and procedures in accordance with the Equator Principles, and to conduct environmental and social risk assessments.

Among other Equator Principles Working Groups, SMBC is a member of the following Working Groups;

- **Outreach Working Group, which encourages development of the Equator Principles in emerging countries**
- **External Relationship Working Group, which builds relationship with external parties**
- **Consistency Working Group, which works to improve consistency in the Equator Principles implementation**



Performance in Application of the Equator Principles

Category	Number of projects
Category A* ¹	7
Category B* ²	43
Category C* ³	8
Total	58

By Region	Number of projects
Asia & Oceania	14
Europe, Middle East, and Africa	16
Americas	28
Total	58

Sector	Number of projects
Power	24
Infrastructure	14
Oil & Gas	14
Mining	2
Other	4
Total	58

*1 Projects with potential significant adverse environmental and social risk

*2 Projects with potential limited adverse environmental and social risks

*3 Projects with minimal or no adverse environmental and social risks

Signing of the “Principles for Financial Actions (the principles for financial actions for the 21st Century) for Achieving the Sustainable Society”

“Principles for Financial Action towards a Sustainable Society,” which were adopted in October 2011, are signed by SMBC, SMBC Nikko Securities, SMBC Friend Securities, Minato Bank, Kansai Urban Banking Corporation and Japan Net Bank. The principles have been set forth for the purposes of making the environmental financing widely-known and improving the quality of environmental financing. SMBC has participated since 2012 as a steering member for the Steering Committee, which is made up of 193 financial institutions (as of March 31, 2015).

Based on these principles, the Group continues to expand its environmental financing activities in Japan.



CSR management

Management approach for target achievement

We have established the Group CSR Committee, administered by the Group CSR Department, to assess the CSR implementation plans of the whole Group, and manage progress. Specifically, departments are assigned responsibility for each target, and the Group CSR Department and assigned departments jointly conduct annual reviews of progress made in these initiatives. The results of these reviews are reported to the Group CSR Committee. The Group CSR Department and assigned departments also conduct a joint examination of plans for the following financial year, the findings of which are subsequently assessed by the Group CSR Committee. In this way, we use the PDCA cycle in our CSR initiatives. Additionally, there are cases where initiatives are handled by individual CSR category. For example, the customer satisfaction (CS) policies of each SMFG company are pursued jointly, and the successful measures are rolled out horizontally across the Group organization, with the Group CS Committee as the main body engaged in improvement of CS and quality. In measures to reduce environmental impact, the SMFG and six principal SMFG companies have obtained the international environmental management standard

ISO14001, and follow the procedures of Plan, Do, Check, and Act (PDCA) cycle for such environmental activities. To further strengthen promotion of CSR activities across the Group, SMFG established the CSR Liaison Committee in fiscal 2010. This Committee regularly engages in discussion and consultation to encourage Group-wide implementation of policies and successful initiatives of individual Group companies.

For details regarding information on the Group's CSR goals and performance, please refer to SMFG's website

- W CSR Performance and Goals
<http://www.smfg.co.jp/english/responsibility/smfgcsr/goal/>
- W CSR Report 2015 Performance Data
http://www.smfg.co.jp/english/responsibility/report/pdf/2015/SMFG_csr15e14.pdf

Improvement in CSR activities incorporating stakeholder input

The Group enhances CSR activities after incorporating input from third party opinions, questionnaires and other sources inside and outside SMFG about its CSR reports.

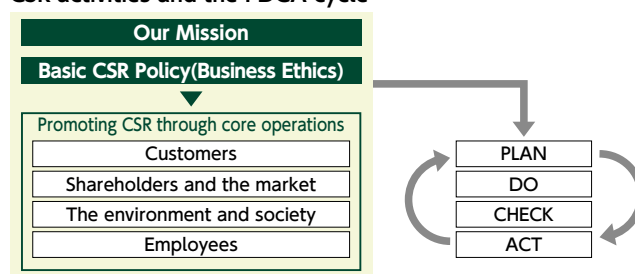
For further details, please see the following website

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

SMFG CSR promotion structure



CSR activities and the PDCA cycle



Groupwide CSR-related organizations

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

CSR training tailored to employee grades

SMBC organizes training courses tailored to employee grade, including new hires and newly appointed management employees. When such training is given, CSR is included to ensure full employee familiarization. In fiscal 2014, a total of 2,043 employees took part in these training programs. In addition, training and other support are also given under the full range of CSR themes, including human rights, putting the customer first, compliance, anti-money laundering, and diversity.

CSR training tailored to employee grades

(Training recipients)

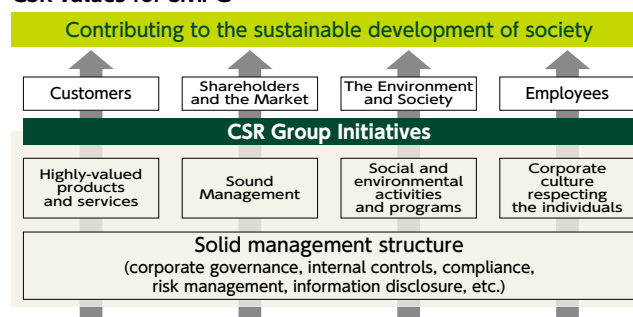
Fiscal year	Training for new hires	Training for newly appointed management employees	Training for newly appointed branch managers	Training for mid-career hires on joining SMFG	Total
2011	709	407	126	0	1,242
2012	833	417	189	8	1,447
2013	1,151	349	170	6	1,676
2014	1,343	424	238	38	2,043

Stakeholder Engagement

The SMFG Group's contribution to the sustainable development of society through its stakeholders

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

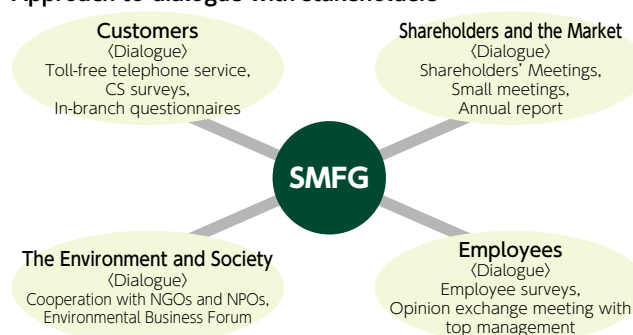
CSR values for SMFG



Relationship with our four major groups of stakeholders

- **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.

Approach to dialogue with stakeholders



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

W Communication with Customers (Customers)
<http://www.smfg.co.jp/english/responsibility/cs/>

W Communication with Shareholders and Investors (Shareholders and the Market)
<http://www.smfg.co.jp/english/responsibility/smfgcsr/disclosure/>

W IR Information (Shareholders and the Market)
<http://www.smfg.co.jp/english/investor/>

W Environmental Preservation Initiatives (The Environment and Society)
<http://www.smfg.co.jp/english/responsibility/environment/>

W Social Contribution Activities (The Environment and Society)
<http://www.smfg.co.jp/english/responsibility/community/>

W Human Resources (Employees)
<http://www.smfg.co.jp/english/responsibility/employee/>

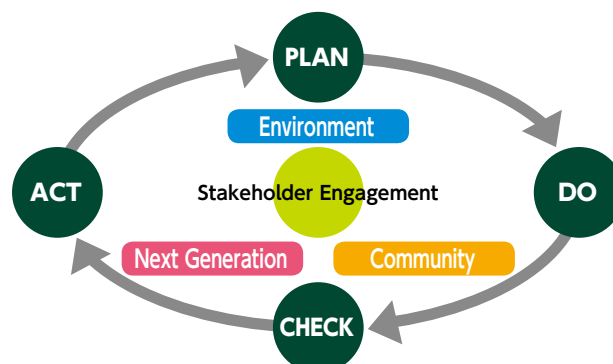
PDCA cycle in a bid to resolve priority issues

The Group has reviewed the previously-raised priority issues according to changes in society throughout fiscal 2014, and newly identified three subject matters of "Environment," "Next Generations" and "Community" as the medium- to long-term priority issues (Materiality). In fiscal 2015, we will take further steps to identify issues requiring action with regard to our priority issues, and incorporate them into specific responses.

For details, please refer to SMFG's website

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

PDCA cycle in a bid to address three priority issues



Priority Issues (Materiality) that SMFG should address

We have reviewed our priority issues and derived three new themes — “Environment,” “Next Generation,” and “Community” — as our medium- to long-term priority issues that form the core of the SMFG Group’s CSR activities. For each themes, we are also focusing on “where we want to be ten years from now” by clarifying matters and issues to be addressed and taking action on them.

[Priority issues that SMFG should address]

As a Financial Group, be a Bridge to the Future



Environment

Toward a sustainable world that all can share



Where we want to be ten years from now

A financial services group that takes the lead in tackling global environmental issues

Issues we should address

- Promotion of environmental management integrated with business
- Reducing environmental impact
- Managing environmental risks
- Promotion of environmental businesses
- Environment-related social contribution activities



Next Generation

Toward a vibrant society that balances maturity and growth



Where we want to be ten years from now

A financial services group that helps create a society where the next generation can also play an active part vigorously

Issues we should address

- Support for next generation asset inheritance and business succession
- Contributing as a financial institution to emerging countries
- Contribution to raising the level of financial literacy
- Global HR development
- Work-life balance and workplace with diversity



Community

Toward a healthy and distinctive community in which everyone can participate



Where we want to be ten years from now

A financial services group that contributes to the creation and further development of safe communities, which are the bedrock of Japanese society as a whole

Issues we should address

- Reconstruction for the Great East Japan Earthquake
- Contribute to achieving and developing safe and secure communities
- Community-based activities led by officers and employees
- Efforts to solve social issues by collaborating with NGOs and NPOs

Key issues to be addressed on a solid management base

Interaction with stakeholders

Customer satisfaction

Pleasant workplace and work environment

Corporate governance

Risk management

Rigorous information management

Fair business practices and competition

Severing any relations with anti-social forces

Priority Issues (Materiality) that SMFG should address

Identifying the issues

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 CSR activities to these developments, in fiscal 2013 we reviewed our priority issues and have derived three new themes — "Environment," "Next Generation," and "Community" — as our medium- to long-term priority issues that form the core of the SMFG Group's CSR 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 a number of experts to assess the relative importance assigned by our stakeholders to the various issues.

Then in fiscal 2014, through engagement with stakeholders in and outside the Group, we worked to strengthen our review of priority issues and associated initiatives.

Step 1

Selection and prioritization of issues

We derived around 150 wide-ranging CSR issues from the GRI Guidelines (G4) and ISO 26000 through the discussions with our 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, next generation, and community)," and "key issues to be addressed on solid management structure."

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 SMFG Group CSR Committee

Importance to SMFG

- Priority issues from 10 Group companies
- Conformity with SMFG'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 system" 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 SMFG 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 SMFG should address through the Group CSR Committee and the CSR Liaison Committee.

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

From July 2014 we have collected opinions from in and outside our Group through employee surveys held during internal training and external surveys in our CSR report, which contains the priority issues (Materiality) that SMFG should address.

In May 2015, we held a dialog with a number of experts to further clarify more specific matters and issues that SMFG should address in the areas of "medium- to long-term priority issues (environment, next generation, and community)" and "key issues to be addressed on a solid management base."



Fiscal 2014 initiatives

Employee survey

In July-August 2014, we conducted a survey of CSR promoting personnel in all domestic branches to ascertain the awareness and importance of CSR among employees. The survey asked employees which of the main CSR activities they considered important to SMFG. In the results, 17% of them indicated environmental impact reduction such as measures to prevent global warming and make effective use of resources; next, 15% indicated solving environmental and social issues through environmentally considerate financing and so forth, and 11% indicated contribution to the realization of a safe and secure society that will form a social infrastructure.

Looking at the results by the three priority issues (Materiality), 40.1% of issues are related to "environment," 28.5% are related to "next generation," and 22.4% are related to "community." This made us clearly realize the importance of the priority issue of "environment." Furthermore, many employees called for fuller dissemination of CSR information in and outside the Group. We therefore discovered that there is a need to come up with ways to bolster recognition of our CSR activities. We will continue to listen to opinions from in and outside the Group as we take steps to enhance the Group's CSR activities.

Clarifying matters and issues that SMFG should address in order to get to "where we want to be ten years from now"

To get to "where we want to be ten years from now" in terms of the priority issues of "environment" "next generation" and "community" that were identified in fiscal 2013, we clarified the matters and issues that SMFG should address to drive a PDCA cycle for determining more concrete action.

In clarifying these matters and issues, we looked not only at the CSR issues that are considered important by Group companies, but also at those* that matter to our stakeholders. Furthermore, we held a dialog with a number of experts to check whether sufficient consideration and recognition has been given to the matters and issues that SMFG should address and ensure that none have slipped through the net.

Moreover, to comply with the GRI G4 Guidelines, we created an association between the matters and issues to be addressed and the specified standard disclosure items, and held a discussion about boundaries.

* Regarding priority issues for stakeholders, we refer to the issues listed in the Sustainability Accounting Standards Board's "Disclosure Topics for Financials Sector" and the issues for the financial sector summarized in the Nippon CSR Consortium held by Caux Round Table Japan.



Dialog with experts

Experts who attended the dialog



One Akiyama
President
Integrex Inc.



Kaori Kuroda
Executive Director
CSO Network Japan

Selection of opinions

- I think SMFG should place even more emphasis on using its financial functions to provide solutions for social problems.
- There is a call for the Group to expand its initiatives on human rights
- The target "Community" should take into account not only domestic and overseas, but also investees' perspectives.
- Employees require education and awareness-raising in order to make an impact with their daily work operations, including on the individual human rights of investees and on the environment.
- The risk perspective is important for the environment business and other overseas business development. SMFG should provide more disclosure on initiatives such as the Equator Principles and the Global Compact.
- SMFG needs to consider coming up with business ideas that originate from social issues based on the concept of working "in collaboration" with NGOs and NPOs rather than merely "supporting" them.

Report about three priority issues



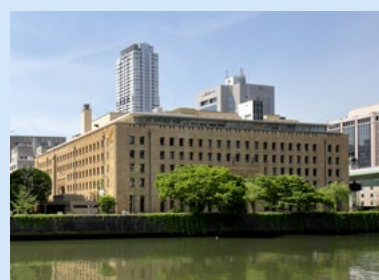
Environment

Toward a sustainable world that all can share



P.16 Promotion of environmental management integrated with business

Based on the international environmental management certification ISO 14001, we are promoting Group-wide environmental activities through a PDCA cycle.



P.17 Reducing environmental impact

We have set Group-wide targets for reducing our environmental impact and we are now working both to save energy by improving the environmental performance of our facilities and also to reduce waste.



Next Generation

Toward a vibrant society that balances maturity and growth




P.23 Support for next generation asset inheritance and business succession

We are helping to prepare for the needs of an aged society by providing financial services to assist the provision of housing and facilities for elderly people as well as medical and other facilities.



P.24 Contributing as a financial institution to emerging countries

We are taking action on social issues in emerging countries and other areas to help achieve our goal of becoming a truly Asia-centric institution, which is part of our vision for the next decade.



Community

Toward a healthy and distinctive community in which everyone can participate



P.28 Reconstruction for the Great East Japan Earthquake

In areas affected by the Great East Japan Earthquake, we are conducting a raft of volunteer activities tailored to each recovery stage to assist the recovery industry, communities, people, and the natural environment.



P.29 Contribute to achieving and developing safe and secure communities

Through initiatives such as the introduction of universal design and universal service and training of supporters for clients suffering from cognitive impairment, we are working to create an environment that all our clients can use safely and securely.

Environment



P.18 Managing environmental risks

We strive to ensure an appropriate environmental and social risk assessment framework, including factoring environmental risks into credit assessments, while raising employees' awareness.



P.18 Promotion of environmental businesses

We work to provide financial services designed to help promote renewable energy and reduce environmental impact, such as SMBC Environmental Assessment Loans.



P.21 Environment-related social contribution activities

We conduct environmental preservation activities, such as clean-up events by Group company employees, and initiatives to promote environmental literacy.

Next Generation



P.25 Contribution to raising the level of financial literacy

Our Group companies conduct lesson visits, seminars, and other activities to promote the spread of essential financial knowledge to all generations from elementary school students, to working-age adults and seniors.



P.26 Global HR development

Through scholarship programs set up by foundations in Japan and overseas, and also by overseas business offices, we are providing support for the next-generation of students all over the world.



P.26 Work-life balance and workplace with diversity

Here we introduce our financial services for supporting companies that promote women's advancement in the workplace and our own initiatives for promoting a good work-life balance.

Community



P.30 Community-based activities led by officers and employees

Employees in Japan and overseas lead efforts to participate in local events and volunteer activities, operating a lunch donation program and other initiatives closely tied to local communities.



P.30 Efforts to solve social issues by collaborating with NGOs and NPOs

Through initiatives such as the introduction of universal design and universal service and training of supporters for clients suffering from cognitive impairment, we are working to create an environment that all our clients can use safely and securely.



Measures to address three priority issues

From the medium- to long-term issues that form the core of the SMFG Group's CSR activities, we have derived three new themes — Environment, Next Generation, and Community. From here onward we plan to report on the significant initiatives taken by the Group's member companies in line with these three themes.



Environment



Toward a sustainable world that all can share

Recognition of Social Issues

Many issues have emerged in the world today, from climate change and biodiversity loss to resource depletion and food shortages caused by population increases. The Intergovernmental Panel on Climate Change holds that resilient societies are formed and sustainable development is promoted when effective measures to address and ameliorate these problems are promoted through reforms to political, social, economic, and technical systems. In the financial services industry, environmental risk assessments must be conducted on financing and investment targets, and emphasis is placed on environmental education for the employees that promote these assessments.

SMFG's Approach

The SMFG Group seeks to reduce the environmental impact of its business activities and contribute to global environmental protection from an economic standpoint by leveraging its financial functions. Our focus with respect to customer environmental measures is on four areas, the environment, renewable energy, water, and natural resources, and by providing financial services along with consulting on carbon credit utilization and environmental management, our aim is to help create more sustainable societies while generating business opportunities.

In order to promote these activities effectively, we have identified the following five key issues.

- Promotion of environmental management integrated with business
- Reducing environmental impact
- Managing environmental risks
- Promotion of environmental businesses
- Environment-related social contribution activities

SMFG's Management

Environmental management at the SMFG Group is based on the Group Environmental Policy and ISO 14001. In financial services, we promote business activities based on the guidelines and principles of initiatives such as the UN Global Compact and Equator Principles.

- W** The Group Environmental Policy / Environmental Management System based on ISO14001 certification
<http://www.smfg.co.jp/english/responsibility/environment/>
- W** Performance Data and Goals of the Six Principal SMFG Companies
<http://www.smfg.co.jp/english/responsibility/environment/achievement/>
- W** CSR Activity Performance and Goals of SMFG Companies
<http://www.smfg.co.jp/english/responsibility/smfgrcsr/goal/group.html>

Overview of fiscal 2014 activities and issues

In fiscal 2014, SMBC worked to offer customers financial services that help them to reduce their environmental impact, such as the SMBC Environmental Assessment Load/Private Placement Bond, the SMBC Solar Loan, and handling of Japan's first mobile hydrogen station lease. The bank also took steps to reduce its own impact on the environment, such as rebuilding and improving bank

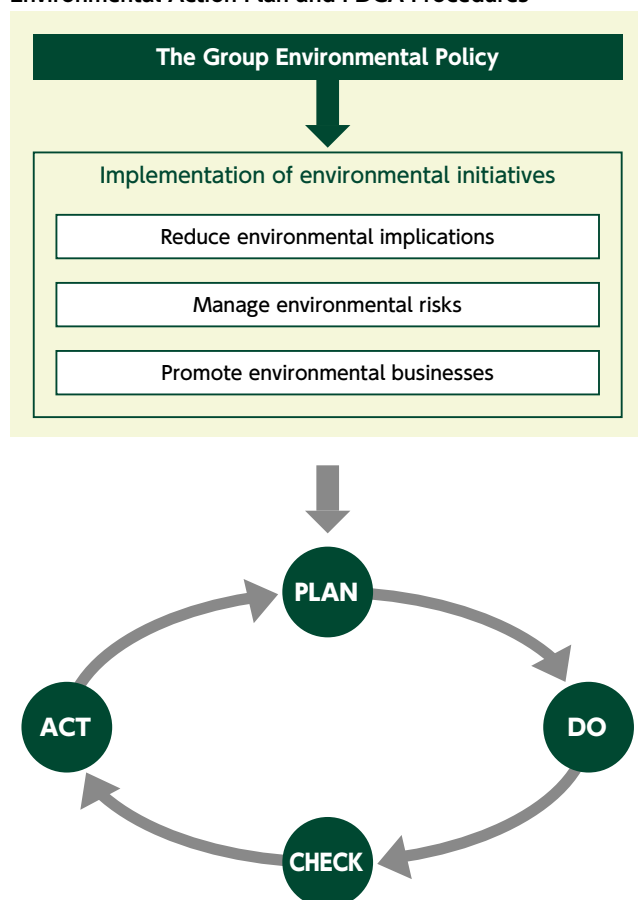
facilities to dramatically improve their environmental performance and promoting energy saving. SMFG Group company employees also engaged in environmental preservation activities such as clean up initiatives and the Group worked to improve their environmental literacy through collaboration with organizations.

Promotion of environmental management integrated with business

Environmental initiatives

The three pillars of our environmental action plan are: 1) "Reduction of impacts on environment," 2) "Management of environmental risks," and 3) "Promotion of environmental businesses." We have set environmental objectives for each environmental activity and follow the procedures of Plan, Do, Check, and Act (PDCA) for such environmental activities.

Environmental Action Plan and PDCA Procedures



Environmental Management System (EMS) Based on ISO 14001 Certification

The environmental management certification of ISO 14001 has been obtained by SMFG and its major companies (SMBC, Sumitomo Mitsui Finance and Leasing ("SMFL,"), SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card and JRI). In 1998, SMBC was the first bank in Japan to obtain this certification.

The Group has developed the structure to promote EMS, which is organized and managed mainly by the Corporate Planning Department and senior environmental officers. Cedyna and SMBC Consumer Finance also plan to obtain certification in fiscal 2015, so all eight of the Group's principal companies will be certified.



ISO 14001 assessment underway

Reducing environmental impact

Initiatives for energy consumption of facilities

SMFG sets environmental objectives for reducing energy consumption such as electricity for each fiscal year, and it strives to implement energy-saving measures to reach the targeted goal.

For the SMBC East Tower, which was completed in the summer of 2015, we have taken into consideration the environmental awareness on the following issues: 1) utilization and preservation of nature; 2) implementation of highly efficient systems; 3) reduction of adverse environmental effects; and 4) creation of a sustainable building. We are expected to incorporate diverse energy-saving technologies to reduce approximately 35% of CO₂ emission*.

As the Osaka Head Office building was built over 80 years ago, the two-year renovation of the building was completed in May 2015. For the renovation, we have installed high performing exterior wall frames, LED lightings and solar panels while retaining the original charm of the historical structure, by substantially improving the environmental performance in addition to appropriately adapting to modern work styles.

*Compared to an average office buildings



SMBC East Tower



Osaka Head Office with renovations completed

Solar panels installed on computer centers

Sumitomo Mitsui Financial Group, Sumitomo Mitsui Banking Corporation and The Japan Research Institute have installed solar power generation equipment on the rooftops of their main computer center and have also conducted energy conservation measures as a part of their environmental initiatives.

Storage batteries have also been installed for power supply stability at times of peak power consumption during the day regardless of the weather.

Contributing to recycling-based society through reuse and recycling of machinery and equipment

SMFL leases a wide range of machinery and equipment to its customers while also assuming responsibility for the equipment's life cycle up through reuse and recycle.

For equipment that is returned when its lease agreement ends, the company promotes its reuse as used equipment. Equipment that cannot be reused is recycled into metal and other materials in order to reduce waste to the maximum extent possible and environmental impact.

On the other hand, when a piece of equipment is not suitable for reuse, it is carefully processed in accordance with applicable laws and regulations. In addition, when waste is discharged, the company ensures appropriate processing through utilization of the electronic manifest system while also focusing on progress management and administrative efficiency. SMFL will continue to do its part in creating a recycling-based society by further promoting the reuse and recycling of machinery and equipment.



Exhibition place of the re-machine sales division



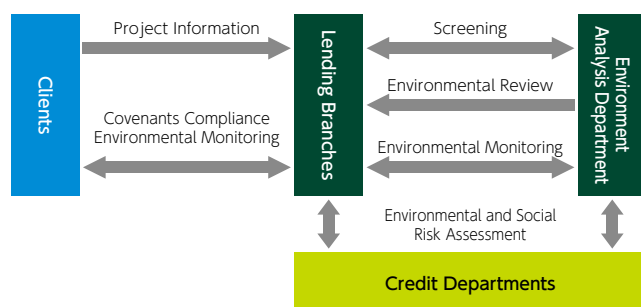
Inside the exhibition place

Managing environmental risks

Environmental risk assessment

SMBC believes it is important to take into account the environmental risks for conducting credit assessment. Factoring environmental risks in the credit assessment (environmental credit risks) is stipulated in SMBC's Credit Policy, which sets forth the universal and basic philosophies, guidelines and rules for credit operations. The policy also declares that the bank will not execute loans to companies and businesses that have an adverse environmental impact.

Environmental social risk assessment flow chart



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

In October 2013, following the third revision of the Equator Principles, SMBC also revised its internal procedures to improve its system for assessing environmental and social risks.

Furthermore, SMBC continues to improve its environmental and social risk assessment systems which received a third-party guarantee made by Ernst & Young Sustainability Co., Ltd. with respect to application status of the Equator Principles.

Raising environmental awareness

At SMBC, the EAD sends out its monthly EAD Newsletter to other departments and employees within the bank, sharing news related to the environment from around the globe as well as articles on specific projects in order to further raise environmental awareness among employees.

Promotion of environmental businesses

Addressing environmental issues through financing

At SMBC, we are developing financial solutions to support to work of a wide range of customers engaged in tackling various social issues such as of environmental problems for resource and energy conservation or, global warming; countermeasures for natural disasters; or ensuring food safety. In 2006 we began offering the SMBC-ECO Loan, a form of financing for small and medium-sized enterprises that have acquired the certification for environment management system. Soon after this the Japan Research Institute, Limited began assigning ratings to the environmental efforts of our corporate customers, allowing SMBC to offer the SMBC Environmental Assessment Loans and Private Placement Bonds, in which the loan terms depend on each customer's rating.

Subsequently, we derived from various similar assessment-linked financing products aimed at assisting client companies attempting to address social issues. In March 2014 the total value of such assessment-linked loans surpassed ¥1 trillion. SMBC has also been expanding its services in this field overseas. In December 2012 it began offering the "SMBC Environmental Assessment Loans and Private Placement Bonds: Malaysian Version" to support companies' environmental-conscious activities in Malaysia, and in November 2013 it similarly launched the "SMBC Environmental Assessment Loans and Private Placement Bonds: Thailand Version" to support companies' environmental-conscious activities in Thailand. From here onward, we will continue to support the further expansion of our customers' activities on a global scale through the development of similar solutions.

Various assessment-type loans

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



Appearance in the Nihon Keizai Shimbun's Morning Edition on December 10, 2014

Japan's first mobile hydrogen station lease initiative

SMFL will begin leasing a total of five mobile hydrogen stations to Nippon Mobile Hydrogen Station Services, a joint venture established through investment by Toyota Tsusho, Iwatani, and Taiyo Nippon Sanso.

The company will lease Japan's first commercial-use mobile hydrogen stations. This will be the first time in Japan that mobile hydrogen stations will be placed under a lease agreement.

With hydrogen making major strides as a viable renewable energy, fuel cell vehicles using hydrogen energy are already on the market, and hydrogen stations are also expected to be increasingly established on a widespread basis. Sumitomo Mitsui Finance and Leasing will continue its engagement in the hydrogen-related business to help realize an environmental society through its leasing operations.



Mobile Hydrogen station

SMBC Solar Loan

Utilizing its financing expertise in the solar power business, SMBC has begun offering the SMBC Solar Loan, a standard loan product for solar power projects of less than 2,000 kilowatts, in order to more promptly and swiftly accommodate the wide-ranging financing needs of customers who are planning power projects.

The product smoothes the financing process for projects that reduce CO₂ emissions through a routine check of project feasibility. SMBC intends to continue providing products that support customers taking on renewable energy projects.

Utilizing Joint Crediting Mechanism

SMBC provides financial support to develop environmentally friendly projects while promoting energy efficient Japanese technology abroad by utilizing government schemes such as Joint Crediting Mechanism (JCM), which aims to reduce greenhouse gas emission. Since fiscal year 2010, SMBC has conducted various feasibility studies and provided financing schemes for over 20 projects, mainly in Asia and Latin America.

In fiscal year 2014, SMBC participated in a feasibility study on the reduction of CO₂ emissions by replacing the mercury process with an ion exchange membrane process in the electrolysis of brine to manufacture caustic soda in Latin America. The ion exchange membrane process is less carbon intensive and more energy efficient than the conventional mercury process.

The Minamata Convention on Mercury was adopted in October 2013 (the convention will enter into force 90 days after 50 countries ratify it), and the use of mercury in producing caustic soda and chlorine manufacturing process is expected to be banned by 2025. Due to this trend, implementation of ion exchange membrane process is highly anticipated.

By utilizing the JCM scheme, SMBC will continue to support environmentally friendly projects by introducing Japanese energy efficient technologies and take on environmental problems such as climate change and reduction of mercury, thereby contributing to a more sustainable world.

Involvement in European renewable energy projects

For many years now, SMBC has been involved in structuring project finance loans for a wide range of renewable energy projects, including wind power and waste-to-energy power generation.

Europe is at the forefront of introducing renewable energy supplies. Between April 2014 and June 2015, SMBC arranged financing for five projects in the United Kingdom (one onshore wind farm project, two offshore transmission projects, and two waste-to-energy projects), and three offshore wind farm projects in Germany, and one offshore wind farm project in the Netherlands.

The "Gemini" offshore wind farm project in the Netherlands will use 150 wind turbines to supply clean electricity to approximately 785,000 Dutch households (total output of 600 MW). SMBC acted as Mandated Lead Arranger for the financing of the project.

The project was awarded the Deal of the Year for 2014 by industry-leading magazine, *Project Finance International*.

Socially contributing credit card: The “Chikyuni Yasashii Card”

Cedyna issues a socially contributing credit card called the “Chikyuni Yasashii Card” to support global environmental preservation efforts. Cardholders simply use the card for everyday shopping or dining, for example, and a portion of the amount spent is donated by Cedyna to organizations involved in global environmental preservation at no cost to the cardholder. The card has been issued since 1991, and donations in fiscal 2014 totaled approximately ¥20.0 million. Cumulatively, approximately ¥680.0 million has been donated.



Cedyna's “Chikyuni Yasashii Card”

Merchant Sales Web Account Statement Service's tree-planting campaign

Sumitomo Mitsui Card conducted a campaign from December 15, 2014 to February 28, 2015 involving planting trees dependent on the number of registrations recorded for the “Merchant Sales Web Account Statement Service,” to lend support to the recovery from the Great East Japan Earthquake and as a part of its environmental activities. SMFG plants a tree for every three member stores registering to change over to the “Merchant Sales Web Account Statement Service.” A total of 78 trees were planted in the municipality of Miyako in Iwate Prefecture through a tree planting project named “PresentTree.” Miyako's fishing industry of the Sanriku coast was severely damaged by the Great East Japan Earthquake. When the trees planted for the campaign grow and mature they will form a fish-breeding forest capable of supporting the rich marine resources of the area and help the city's fishing industry recover.



Icon of “Present Tree in Miyako”



Certification of planting from the NPO

Exhibition at Eco-Products 2014

For three days starting on December 11, 2014, one of Japan's largest environmental exhibitions, Eco-Products 2014, was held at Tokyo Big Sight. The event draws around 170,000 visitors each year. SMFG exhibited a theme zone called “Environmental Business Forum.”

This year was SMFG's seventh presenting a booth at the exhibition. The booth displayed Group companies such as SMBC, as well as 15 of the Group's business partners. In addition to introducing various initiatives related to the environment and finance, SMFG also held a quiz rally relating to each companies exhibition content and broadcast commercials.

The SMFG booth was the only exhibition by a mega bank, and was visited by approximately 4,000 visitors — the largest number yet.



SMFG booth in Eco-Products 2014

Environment-related social contribution activities

■ Participation in environmental preservation initiatives

SMFG organized “SMFG Clean-Up Day,” in fiscal 2014. Approximately 1,100 employees and their family members volunteered to clean up four locations of Tamagawa in Tokyo, the Yodogawa in Osaka, Suma Beach in Hyogo and Fujimae-Higata near Nagoya.

In addition, Kansai Urban Banking Corporation participated in the clean-up activities along the shore of Lake Biwa in Shiga Prefecture, and JRI held the “Osaka Marathon Clean-Up” event concurrently with the Osaka Marathon.

Since fall of 2010, SMBC Nikko Securities designated a “Green Week” as the week for enhancement of environmental preservation and social contribution. In fiscal 2014, the cumulative total of 5,265 employees and their family members participated in the cleanup activities and the collection of plastic bottle caps.

Similarly, Cedyne SMFL, and SMBC Consumer Finance continuously conduct clean-up activities in the vicinity of their offices.



Tamagawa river cleanup day



Suma beach cleanup day

■ Co-sponsorship of “EARTH PHOTO CONTEST” 2015

SMFL helps sponsor the EARTH PHOTO CONTEST sponsored by President Inc. and backed by the Ministry of the Environment.

For the contest, environmental themes were chosen by SMFL and the other 11 co-sponsors, and photos appropriate for each theme were solicited from the general public, with prizes awarded in the name of each of the companies. This long-running contest has been held 21 times, and this was the seventh consecutive year that SMFL has helped sponsor it.

The theme chosen by SMFL was “Bridges Connecting People, Living Organisms, and Nature,” reflecting the importance of the relationships between people and the earth’s environment, which is the relationship that people share with plants, animals and all of nature.

The Sumitomo Mitsui Finance and Leasing Prize was awarded in January 2015 to one of the 642 entries received.



The award-winning photo shows the joy of people from the same small community spending time together on a bridge over a river, evoking the importance of relationships between people and between people and the rich natural environment.

SMFL Award
Title: “While Listening to the Sound of a Mountain Stream”
Photographer: Etsuko Takemura

■ Promoting environmental literacy

Kansai Urban Banking Corporation holds a hands-on environmental learning experience for children accompanied by parents on the theme of Lake Biwa (Japan’s largest lake and known as “Mother Lake Biwa” in the Kansai region).

In fiscal 2014, 39 parents and children participating from Shiga Prefecture and other areas boarded a specially chartered vessel and conducted water-quality surveys and plankton observation on Lake Biwa before taking a tour of the Lake Biwa Museum.



The Lake Biwa hands-on environmental learning experience session



Next Generation



Toward a vibrant society that balances maturity and growth

Recognition of Social Issues

Many issues remain that must be resolved to create a vibrant and sustainable society. In developed countries, these include personnel and successor shortages and economic stagnation caused by low birthrates and aging populations, while emerging countries are facing the widening gap between rich and poor in connection with rapid economic development and urbanization, among other issues. In the financial services field, we are being called upon to promote capacity building and financial inclusion through business activities and conduct social risk assessments that include human rights considerations in connection with financing and investing projects.

SMFG's Approach

Through maximum utilization of its financial functions, the SMFG Group will promote the fostering of industries and human resources for the next generation, improved financial literacy, and market development for sound economic growth in emerging countries. At the same time, the Group seeks to bring about a next-generation society in which everyone inside and outside the organization has a chance to succeed, establishing true diversity as the social norm, in

which there is no discrimination on the grounds of gender or nationality.

In order to effectively promote these activities we have identified the following five issues that SMFG should address.

- Support for next generation asset inheritance and business succession
- Contributing as a financial institution to emerging countries
- Contribution to raising the level of financial literacy
- Global HR development
- Work-life balance and workplace with diversity

SMFG's Management

In financial services, we promote business activities based on guidelines and principles including the UN Global Compact and Equator Principles initiatives. To improve financial literacy, we are promoting initiatives to increase executive and employee participants in financial and economics education programs.

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

Overview of fiscal 2014 activities and issues

In fiscal 2014, as part of our support for inheritance of assets and businesses by the next generation, we established the Healthcare & Medical Investment Corporation with SMBC as the main sponsor to promote the provision of facilities for the elderly and medical facilities.

Moreover, in our contributions to emerging countries, which are an important area, PT Bank Sumitomo Mitsui Indonesia started training equipment support for local maritime vocational school and nursing vocational school, and the New Delhi Branch of SMBC in India started support activities for local elementary schools.

Our Group companies conducted lesson visits, seminars, and other activities to promote improved financial literacy to a wide range of generations from elementary school students, to working-age adults and seniors. We also worked to develop global human resources through foundations in and outside of Japan, and SMBC began handling with "SMBC Nadeshiko Fund and Private Placement Bonds" to support initiatives for promoting more working opportunities for women.

In fiscal 2015, we undertook CSR activities to address local issues in Asia with the goal of being an Asia-centric bank. We also made a Groupwide effort to promote better financial literacy.

Support for next generation asset inheritance and business succession

Healthcare REIT

In March 2015, Healthcare & Medical Investment Corporation (HCM), which was established by three main sponsor companies, SMBC, Ship Healthcare Holdings Co., Ltd. and NEC Capital Solutions Limited, was listed on the First Section of the Tokyo Stock Exchange.

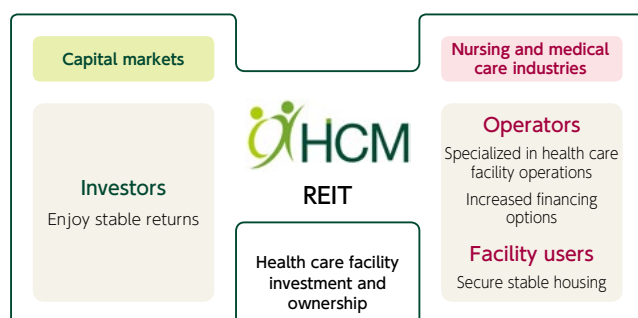
This initiative is the first of its kind by a city bank to promote the supply of facilities and housing for seniors and medical-related and other healthcare facilities, which is an urgent priority in Japan with its rapidly aging population.

● Social Background Rapidly Aging Population and Shortage of Healthcare Facilities

With Japan's population aging rapidly, the shortage of infrastructure that is needed for seniors to live normal lives while receiving the medical and nursing care they require has also been recognized in the government's "Japan Revitalization Strategy—Japan is Back," and addressing this and other issues caused by aging is an urgent priority.

● Role of Healthcare REIT

Healthcare REIT aim to connect capital markets with the nursing and medical care industries, which are expected to expand as societal demand for such services continues to increase, through stable investment and ownership of healthcare facilities.



● Contributing to Customers, Society

Through establishment of this healthcare REIT, SMBC is now able to meet customer needs that it was previously not able to meet. For example, needs relating to the securitization of healthcare facilities owned by customers and with the development of healthcare facilities with a view to ownership by a healthcare REIT.

SMBC will continue its aggressive pursuit of innovative initiatives without being tied to convention, aiming to meet the individual needs of its customers. In doing so, SMBC will actively work to translate its initiatives into solutions to the issues faced by society.

Nursing and Medical Care



- Specialization and networks in nursing and medical care industry
- Extensive experience operating healthcare facilities: 66 facilities nationwide; 4,254 employees (as of September 30, 2014)
- Broad business development based on partnerships with medical institutions
- Dispatch of personnel with expert knowledge of nursing and medical care industry

Fund Management

NEC NEC Capital Solutions Limited

- General financial services company of the NEC Group
- Development of investment and financing through funds, etc. and advisory services centering on subsidiary RISA Partners, Inc.
- Provision of expertise related to fund administration and support related to temporary ownership of properties through funds

Financial



- Top-class domestic track record of financing for J-REITs
- J-REIT credit balance of approx. ¥789.2 billion (as of September 30, 2014)
- Broad customer base as a financial institution with a position as one of Japan's megabanks
- Finance-related advice and referrals of customers with needs related to healthcare facility securitization

United Company Efforts to Promote NISA

SMBC Nikko Securities established the NISA Planning & Promotion in March 2014 with the goal of continuing its efforts to promote the Nippon Individual Savings Account program ("NISA"), a tax exemption system for small sum of investments. The company will promote the spread of NISA among those with limited or no experience of investing. With regard to Junior NISA, which is to be established in 2016, the company is holding information seminars at all of its sales offices throughout Japan to explain how to support asset formation for the next generation, such as client's children and grandchildren. Moreover, the Nikko Contact Center has established a Junior NISA Desk in addition to the dedicated hotline for NISA, to receive requests for consultation. SMBC Nikko Securities will continue to promote understanding of NISA among more people going forward, aiming to increase usage through penetration from a medium- to long-term perspective and promoting activities to help increase financial literacy.

SMBC Friend Securities conducts activities to popularize and promote the Nippon Individual Savings Account ("NISA") program. In fiscal 2014, the company held seminars on weekends and holidays, explained the basics of the NISA program, and met individually with people for consultations at a specially established NISA counter in order to make it

easier for customers in their forties and fifties to participate. In addition, for existing customers, the company follows up with calls from its call center on non-work days or by sending out instructors from its specialized NISA department to give seminars for customers held at branches. All of SMBC Friend Securities is working in this way to promote further utilization of the NISA program.

Based on the Junior NISA program that will be introduced in 2016, the company is planning to hold seminars for customers and will actively work to promote further utilization by existing customers and asset inheritance across generations.



SMBC Nikko Securities
"Junior NISA Guidbook"



Pamphlet on the NISA
program distributed by
SMBC Friend Securities

Contributing as a financial institution to emerging countries

Signing a Memorandum of Understanding on CSR Activities with Indonesian Company

On the March 26, 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia 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, SMBC made contributions first in the field of education, donating training equipment such as marine simulators and ship engines for a maritime vocational school, and nursing simulators for a nursing vocational school.

Going forward, we intend to carry out CSR activities in Indonesia to raise the quality of nursing care education. These will include accepting personnel in coordination with Japanese medical institutions and providing support for Japanese language education.



Signing the memorandum of
understanding



Donated marine simulator

Yangon Branch

SMBC obtained approval to open a branch in Yangon, Myanmar, which commenced operations on April 23, 2015.

This was the first case to receive approval since it became possible for foreign banks to open branches in Myanmar. SMBC also became the first foreign bank to upgrade its representative office in Myanmar to a sub-branch in 2012. The sub-branch had been providing information and conducting sales activities in the country, but with the opening of the Yangon Branch, the bank will now be able to conduct banking operations, including deposit accounts, loans and currency exchange. In Myanmar, where increasing investment is expected especially in the Thilawa Special Economic Zone, SMBC will support customer business activities with a greater range of services, and through its partnership with alliance partner Kanbawza Bank Limited, the country's largest private bank, it will work to further enhance banking services and contribute to the country's development.

Promoting CSR Activities in India

The SMBC New Delhi Branch in India began a partnership with the local NGO Drishtee Foundation for the purpose of promoting CSR activities primarily in rural areas. The organization was chosen as the bank's CSR partner due to its work in Indian rural areas over 15 years, its collaborations with the State Bank of India, which is the country's largest, and its track record of projects with numerous Japan-affiliated corporations. SMBC is actively promoting local initiatives that include local staff members helping to hold field days at elementary schools.



Event with executive and
employee participation

Contribution to raising the level of financial literacy

Initiatives for Financial and Economic Education

The respective branches of SMBC accept, whenever possible, students of elementary school up to high school visiting the branch, in addition to organizing a vocational workshop for elementary school students called "Natsuyasumi Kodomo Ginko Tankentai."

Furthermore, the bank supports diverse financial and economic educational activities, including publishing a book for elementary school students titled "What Does a Bank Do?," co-sponsoring KidZania (a vocational experience theme park for children), and supporting Shinagawa Financial Park (economic training programs for junior high school students).

SMBC Nikko Securities held the "Nikko Family Exciting Experience Day" event during summer holidays, in which 1,685 elementary school students and their families participated in fiscal 2014.

SMBC Consumer Finance offers lectures on economy and finance for various generations.

Kansai Urban Banking Corporation organizes a tour of the bank for elementary school students during the summer holidays, and also offers a work experience program for junior high school students.

In addition, SMBC, SMFL, SMBC Nikko Securities, Sumitomo Mitsui Card, JRI, Minato Bank, and Kansai Urban Banking Corporation send instructors to teach classes at universities.



Natsuyasumi Kodomo Ginko Tankentai: Practicing counting paper money



Natsuyasumi Kodomo Ginko Tankentai: Attending class at a bank branch

Working toward the formation of a sound consumer finance market

SMBC Consumer Finance engages in financial and economic educational activities in order to form sound consumer finance markets so that students, the bearers of the future, and local residents alike obtain accurate knowledge with respect to money in general and learn to make appropriate

decisions.

Led by the 18 nationwide Customer Service Plazas, the company conducts seminars on three themes in particular, life planning and household finances, loans and credit, and financial pitfalls.

A total of 2,893 seminars were held in fiscal 2014 and 156,615 people attended. Since the seminars began in 2011, cumulatively over 360,000 people have participated.



Seminar at the Customer Service Plaza

Establishment of "Rising Square"

At our new SMBC East Tower, which opened in the summer of 2015, we established "Rising Square," a series of spaces that visually present the company's commitment to engaging in global environmental issues through finance.

The "Tangible Earth" on the first floor shows simulations of global warming, typhoons, earthquakes, tsunamis, and migratory birds, and introduces the relationship between the global environment and finance. "The Museum of Finance" on the second floor is an interactive museum that gives visitors the opportunity to learn about the connections between finance and society transcending time and place. The spaces are always open to the public and are also used as well for financial and economics education programs for elementary school students.



Tangible Earth



The Museum of Finance

Global HR development

Human Resource Development by Foundations

SMBC Foundation for International Cooperation provides scholarship every year to 7-8 students coming from Asia to attend graduate schools in Japan for the purpose of developing human resources which may contribute to economic development of developing regions and international exchange activities.

The SMBC Global Foundation, based in the United States, has provided scholarships for more than 6,000 students studying in Asian countries since 1994, and also provides support for educational trips to Japan organized by a high school located in Harlem, New York City, and the participation in school beautification programs by volunteers from SMBC. The foundation also provides matching gifts for donations by SMBC employees. The Hanoi Branch, Ho Chi

Minh Branch, and Bangkok Branch also provided assistance for students attending five universities including Vietnam National University and Hanoi University, and have supported a total of 383 students since 2007.



Japan educational trip for high school students in Harlem (in front of the SMBC Head Office)



International student ceremony at the Hanoi Branch

Work-life balance and workplace with diversity

SMBC Nadeshiko Loan and Private Placement Bonds

SMBC developed "SMBC Nadeshiko Loan and Private Placement Bonds" in January 2015 to support clients who promote initiatives for participation and advancement of women in business.

Along with providing loans, the Japan Research Institute will evaluate the status of initiatives taken by the client for women's participation and advancement in business, and provide information on precedents resolving issues of such initiatives. SMBC continues to financially support clients' initiatives for promoting participation and advancement of women in business.



Appearance in the Nihon Keizai Shimbun's Morning Edition on February 26, 2015

Tokyo 2020 Gold Partner

Sumitomo Mitsui Financial Group has made an agreement to be a Tokyo 2020 Gold Partner (Bank), the highest rank of domestic sponsor for the upcoming 2020 Tokyo Olympic and Paralympic Games.



SMFG's vision for the next decade is "We will become a global financial services group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region."

Going forward, we intend to actively contribute to the stable administration of the Tokyo Olympic and Paralympic Games and to the further strengthening of Japan's national teams.

Initiatives for promoting work-life balance

SMBC is engaged in various events for promoting work-life balance. At the Children's Visitation Day, where employees' children can learn about bank operations, there were 75 groups totaling 194 participants in Tokyo and Osaka. The bank also held the "Go Home Early with Family Event," where employees' families are invited to visit the workplace and leave together at the regular time. There were around 1,400 participants in this event throughout Japan.



Participants in SMBC's "Children's Visitation Day" with President Takeshi Kunibe



SMBC's "Go Home Early with Family Day"



Community



Toward a healthy and distinctive community in which everyone can participate

Recognition of Social Issues

The very survival of local communities in Japan and other countries is under threat due to phenomena such as natural disasters of unprecedented severity and the outflow of young people.

There is a need to build communities that can mitigate the impact of natural disasters and bounce back from such disasters through mutual help and support.

Another urgent priority is the creation of a society where elderly people and people with disabilities can live in safety and security.

The financial services industry is being called to recognize its responsibilities and take action not only in the areas where it has operations, but in wider communities including borrowers and investees.

SMFG's Approach

The Group recognizes that it is important to consider the public nature of the financial institution and contribute to the development of society through business operations. In addition to the contribution to society through daily business operations, we should assist in making the better society in the future by pursuing diverse social contribution activities in order to fulfill responsibilities as a "responsible corporate citizen."

In order to effectively promote these activities we have identified the following three issues that SMFG should address.

- Contribute to achieving and developing safe and secure communities
- Community-based activities led by officers and employees
- Efforts to solve social issues by collaborating with NGOs and NPOs

SMFG's Management

In order to lead the form of social participation by each our officer and employee, we emphasize the leadership role of our officers and employees, aiming to increase the number participating in volunteer activities by engaging in social contribution activities.

W Policy for social contribution activities / The backbone for our social contribution activities

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

W CSR Activity Performance and Goals of SMFG Companies

<http://www.smfg.co.jp/english/responsibility/smfgrcsr/goal/group.html>

Overview of fiscal 2014 activities and issues

In fiscal 2014, we made donations to organizations tackling various social issues and continued to undertake volunteer activities in collaboration with volunteer groups. These activities were conducted under the SMBC Volunteer Fund, which is funded by donations deducted from the monthly salaries of volunteering executives and employees. Furthermore, employees from all Group companies participate in volunteer activities in areas affected by the Great East Japan Earthquake. Activities include visiting temporary housing, supporting the fishing industry, tree-planting, and town creation. In addition, we have launched a new volunteer activity of conducting environmental surveys in tsunami-devastated areas.

To help achieve safe and secure communities, we have been promoting universal design and universal service. At the same time, we have entered full-fledged training of supporters for clients suffering from dementia, and have completed deployment of dementia supporters at all our locations.

In fiscal 2015, we will conduct further activities to address social issues in and outside Japan, and to respond to changing needs in areas affected by the Great East Japan Earthquake. As a financial institution, we also intend to create an environment that all of our customer can use with confidence and continue our efforts to improve services.

Reconstruction for the Great East Japan Earthquake

Support Fund for Great East Japan Earthquake

SMBC established the system solely utilized for the "Great East Japan Earthquake Support Fund" for making donations to the disaster affected areas by deducting ¥400 from employee's monthly salaries.

In fiscal 2014, we made donations collected from our employees and the matching donations made by the bank to an NPO with which executives and employees cooperated for volunteer activities in the disaster-affected areas. Since May 2011, SMBC has been regularly conducting volunteer activities participated by executives and employees of the Group to support disaster affected areas mainly in Ishinomaki, Watari-cho, and Higashi-Matsushima in

Miyagi Prefecture.

Over 700 in total of employees and their family members participated in the activities. Social meetings to interact with the people evacuated to Tokyo from disaster affected areas have been regularly held, with participation by members of SMBC's volunteering society, YUI.

SMBC Friend Securities has been independently conducting the "recovery support volunteer program" since July 2014. The program has been run twice now, with activities primarily held at the city of Ishinomaki, Miyagi Prefecture. A total of 35 staff from branches throughout Japan participated.

The activities include assisting with the fishing industry, which has suffered a shortage of workers since the earthquake, and interacting with residents living in temporary housing.



Contribute to achieving and developing safe and secure communities

Creating branches that people can visit with confidence

SMFG is promoting the creation of branches that the elderly and people with disabilities can visit with confidence. We have approximately 1,800 care service assistants, and in fiscal 2014 we began full-scale training of cognitive impairment supporters to prepare for the aging of society. As of March 31, 2015, there are approximately 5,600 specialized staff members to assist people with cognitive impairment assigned mostly at its branches.



Cognitive Impairment Supporter Seminar



Cognitive Impairment Seminar for newly-hired employees

Introduction of the COMUOON tabletop communication support system

In summer 2015, SMBC introduced the COMUOON tabletop communication support system at 10 branches. The system works by assisting the speaker instead of the hearing-impaired listener.

Considering communication as a primal issue, we will strive to be a kind financial institution for every customer.



COMUOON tabletop communication support system

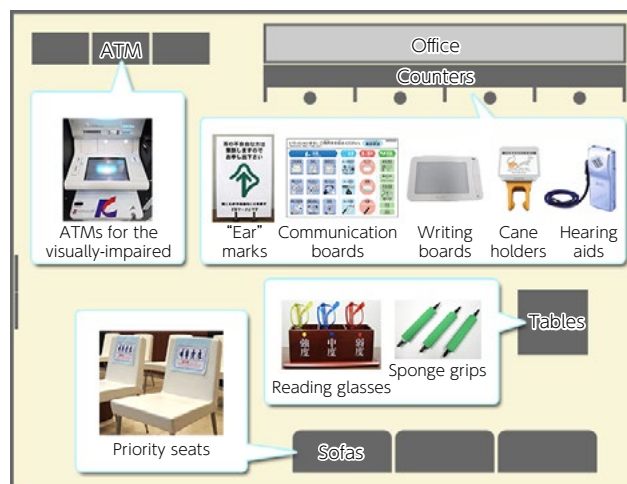
Universal design initiatives

Minato Bank is promoting efforts to create branches that are customer-friendly, such as aiming to provide services from the perspectives of all kinds of customers. These initiatives address both hard and soft aspects.

The bank's efforts in terms of hard aspects include deploying "ATMs equipped for people with visual impairment," which have audio guidance functions provided through a handset. They have also installed "color universal design reception number displays" that are easy for elderly people and people with visual impairments to see. For customer with auditory impairments, the bank has installed hearing aids at the counters.

In terms of soft aspects, the bank has deployed at least one staff member at each branch who has completed practical training on universal service and a course for training supporters for people with cognitive impairment. As the "Service Care Managers" within the bank, these staff play a central role in supporting elderly customers or those with physical disabilities.

Kansai Urban Banking Corporation has also taken action to introduce services and equipment at its counters and in its lobbies to enable customers to visit branches with confidence.



Initiatives at Kansai Urban Banking Corporation

Community-based activities led by officers and employees

Activities for executives and employees in and outside of Japan

SMBC has been promoting its own independent initiatives that are tailored to the issues and culture of each country and region, both in and outside of Japan. In Japan, the bank presented its executives and employees with volunteer activities of NPOs and other organizations that work to resolve social issues, and conducted a program for staff participation to support the activities of these organizations. Overseas, for example, SMBC's Singapore Branch held its first blood donation drives in fiscal 2012, with 10 employees



participating. In fiscal 2013, the branch initiated various donation drives and volunteer activities involving local children and the elderly.

A social event at Singapore Branch

Participation in the "TABLE FOR TWO" Program

SMBC participates in the program which provides donations to the non-profit organization of the "TABLE FOR TWO International" to fund school meals in emerging countries,



A certificate of appreciation for a Gold Supporter

for every meal purchased from the healthy menu for lunch at the company cafeterias nationwide. In fiscal 2014, 98,738 meals were donated through the program. SMFL, SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, and SMBC Consumer Finance are also operating the program at their head office cafeteria and vending machines.

Efforts to solve social issues by collaborating with NGOs and NPOs

SMBC Volunteer Fund

SMBC has a system for volunteering executives and employees to have from ¥100 up to ¥1,000 deducted from their monthly salaries to donate to volunteer organizations. More than 11,000 employees participate in this program, as of March 2015. The organizations are selected based on thorough investigations and discussions by the panel of experts and employees. In fiscal 2014, donations were made to 31 organizations which engage in resolving social issues in Japan and overseas.



A reporting meeting of the SMBC Volunteer Fund

Examples of donation recipients

● Japan

Organizations which provide support for awareness-raising activities for the prevention of child abuse, childcare support activities, food assistance program for people living in poverty, and support people with disabilities to become self-sustained, and other activities.

● Overseas

Organizations which provide support for re-forestation activities in Indonesia and Malaysia, health support programs for schools in East Timor, and agricultural villages in Zambia to become self-sustained, and other activities.

Social contribution through products and services

Through its credit card operations, Sumitomo Mitsui Card provides cardholders with opportunities to make contributions to society without inconvenience. Sumitomo Mitsui Card collected donations from cardholders through the World Gifts Point Service point program for cardholders of VJA group companies to provide to UNICEF, UNESCO, the World Wildlife Fund Japan and the World Food Program. Sumitomo Mitsui Card made some donations to UNICEF as well.

It also accepts online credit card donations, and it issues socially-contributing type credit cards and donates the part of the amount spent by clients using such credit cards. Cedyna is also conducting social contribution activities through its credit card operations together with cardholders. The company has set up a "donation" option for the recipient of points issued based on the usage of the credit cards, thereby providing an opportunity for cardholders to participate in social contribution activities.

Cardholders can support by selecting an option in which the points they accumulate through use of the credit cards are directed into donations for supporting organizations designated by Cedyna that are tackling various social problems.

The total amount of donations made in fiscal 2014 came to roughly ¥8 million.



Key issues to be addressed on a solid management base

Recognizing social issues

With the formulation of the Japan's Stewardship Code and Corporate Governance Code, we need to pursue even higher management transparency and efficiency and to promote activities with a focus on dialog with stakeholders. Due to its highly public nature, the financial services sector is required to implement thorough risk management to underpin its responsibility for business continuity and to ensure highly transparent and fair products and services for customers.

SMFG's approach

The Group is determined to promote initiatives to create value for society under the three key issues, the environment, the next generation, and the community. The company is promoting "key issues to be addressed on a solid management base" as a foundation for all corporate activities. To promote this effectively, we have identified the following eight issues to be addressed.

- Interaction with stakeholders
- Customer satisfaction
- Pleasant workplace and work environment
- Corporate governance
- Risk management
- Rigorous information management
- Fair business practices and competition
- Severing any relations with anti-social forces

SMFG Management

Each responsible business unit has set up a PDCA cycles based on various policies and structures.

- W Solid Management Structure
<http://www.smfg.co.jp/english/responsibility/organization/>
- W Management to Improve CS and Quality
<http://www.smfg.co.jp/english/responsibility/cs/index.html>
- W Five Goals of SMBC's Human Resources Development
<http://www.smfg.co.jp/english/responsibility/employee/index.html>
- W CSR Activity Performance and Goals of SMFG Companies
<http://www.smfg.co.jp/english/responsibility/smfgcdsr/goal/group.html>

Customer satisfaction

Fundamental approach for CS and Quality

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

Management to improve CS and Quality

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

W Communication with Customers (Japanese only)
<http://www.smfg.co.jp/responsibility/cs/activities/>

Improving the convenience of after-hours ATM services

Eliminating transaction fees on after-hours deposits

Previously in SMBC, a transaction fee of ¥108 was charged for deposits at ATMs outside the hours of 08:45-18:00 and on Saturdays, Sundays, and public holidays; however, since November 20, 2014, individual customers and individual business customers have been able to make deposits free of charge.

Start of after-hours deposits by passbook

On December 3, 2014, SMBC introduced 24-hour ATM deposits using a passbook for individual customers and individual business customers. (The service is unavailable from Sunday 21:00 to Monday 07:00 each week due to system maintenance).

Pleasant workplace and work environment

Training employees

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

Joint training courses and get-togethers provided for SMFG employees at each promotional level

To improve understanding of the SMFG Group's overall image and its management policies and to strengthen the sense of unity and togetherness among the Group's staff as a part of "Team SMFG," we conduct joint training programs for employees from the Group's eight major companies*. We conduct joint training seminars and sports events for newly-hired employees, while for our executive officers and management-level employees we also provide the SMFG Joint Training Course.

* The eight major group companies are: SMBC, Sumitomo Mitsui Finance and Leasing, SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card Company, Cedyna Financial Corporation, SMBC Consumer Finance, and the Japan Research Institute.



SMFG Joint Sports day event for New Recruits

Work environment

First introduction of a work assistance robot at a financial institution

In May 2015, SMBC's subsidiary SMBC Delivery Service Co., Ltd. became the first financial institution to introduce the Robot Suit HAL® for Labor Support (Lumbar) developed, manufactured, and sold by CYBERDYNE, Inc.

SMBC Delivery Service is a company that collects and delivers cash. It is mainly involved in allocating cash that is transported to SMBC branches. The transported cash is rather heavy, and this often places a physical strain on employees when they are carrying it, particularly senior employees.

SMBC and SMBC Delivery Service therefore decided to improve the working environment and to make it easy for even senior employees to work by relieving the physical load. To this end, they introduced Robot Suit HAL® for Labor Support (Lumbar) to lighten the load on the lumbar area when working.



Robot Suit HAL® for Labor Support (Lumbar Type)

Initiatives on human rights

SMFG participates in the “United Nations Global Compact,” and also endorses and supports its 10 Principles in the areas of human rights, labor standards, environment, and anticorruption measures.

In addition to the study sessions held by SMBC on themes such as forced labor and child labor, each Group company is also implementing measures to further enhance awareness of individual human rights by organizing human rights awareness study sessions, and inviting employees to reflect and come up with an individual human rights statement.

Achieving healthy and fulfilling lifestyles

SMFG companies pursue numerous initiatives that give rise to safe and pleasant workplace environments, and furthermore help employees achieve healthier and more fulfilling lives.

For instance, SMBC has set up two health support centers, one in Tokyo and the other in Osaka, tasked with overseeing employee health care. The centers are permanently staffed with occupational health physicians, nurses, public health nurses and other healthcare professionals. The centers also have on-site health clinics. SMFG companies also forge sound management-worker relations through efforts that include holding regular discussions with respect to labor conditions and human resource practices.

Corporate governance

SMFG and its Group companies follow the SMFG management philosophy set forth as the universal guide for the Group management and consider this philosophy as the foundation for any corporate activities.

We are working to improve the effectiveness of corporate governance as we consider strengthening and enhancement of corporate governance as one of the top prioritized issues in order to achieve the management philosophy.

Further, SMFG establishes its “SMFG Corporate Governance Guideline” as its principles and guidelines to be referred to for corporate governance, in order to improve sustainable growth and medium- and long-term corporate values by preventing the occurrence of misconduct and unsound corporate situations and through achieving effective corporate governance with these measures.

Our Mission

<http://www.smfg.co.jp/english/aboutus/principles.html>

Corporate Governance (Our Position on Corporate Governance, The SMFG Corporate Governance System)

Annual Report 2015

http://www.smfg.co.jp/english/investor/library/annual/h2703annu_pdf/h2703_e_17.pdf

SMFG Corporate Governance Guideline

http://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

Corporate Governance Report (Japanese only)

http://www.smfg.co.jp/aboutus/pdf/cg_report.pdf

Risk management system

Basic policies for risk management

As risks in the financial services increase in diversity and complexity, risk management — identifying, measuring, and controlling risk — has never been more important in the management of a financial holding company.

SMFG has established the basic principles of Group-wide risk management in the “Regulations on Integrated Risk Management.” In the regulations, we identify the location and the type of risk to be managed in accordance with strategic goals and business structures, and then manage each risk appropriately according to its characteristics.

Risk management system

SMFG has established the “Principal Policy for Group Risk Management,” which is determined by the Management Committee before being authorized by the Board of Directors.

The Management Committee, the designated Board members, and the relevant risk management departments perform risk management according to the basic policies. Risk management systems are in place at individual Group companies in accordance with SMFG’s Groupwide basic policies for risk management. The Corporate Risk Management Department comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department, by monitoring the conduct of risk management at Group companies and providing guidance when necessary.

Risk Management (Basic Approach, Risk Management System)

Annual Report 2015

http://www.smfg.co.jp/english/investor/library/annual/h2703annu_pdf/h2703_e_14.pdf

Rigorous information management

At Sumitomo Mitsui Financial Group and all the companies in the SMFG Group, we practice appropriate safekeeping and utilization of our customers' personal data in accordance with the SMFG Privacy Policy that stipulates our policy to protect and to adequately use personal information.

With regard to system for the management of our customers' personal information, the Board of Directors has made important resolutions regarding the protection of

customer data. The Board regularly monitors the progress being made in measures to ensure such protection, and orders action to be taken when deemed necessary. We also work constantly to keep abreast of developments in the field of informatization through improvements to SMFG's personal information protection management system and measures taken to enhance information protection.

Fair business practices and competition

The Compliance Manual of the Sumitomo Mitsui Financial Group stipulates that the Group must conduct competitive activities in the market in a fair manner.

In addition, each Group company lays down rules to facilitate and encourage the observance of all legislation relating to that company's line of business, including laws relating to the prevention of monopolies, truth-in-advertising, subcontracting, and unfair competition prevention, and the

managements of all the companies work in various ways to ensure that their operations are in accord with the principles of fair trading and fair competition.

For example, SMBC has published an "Antimonopoly Act Manual," and to prevent unfair trade practices, the bank's management takes steps to ensure that all staff are fully informed regarding such matters as cartels and the abuse of dominant bargaining positions.

Severing any relations with anti-social forces

Sumitomo Mitsui Financial Group has set down a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group allows no relationship whatsoever with anti-social forces or related individuals.

Specifically, all companies must prevent damages from anti-social forces, so that no business transactions are made with anti-social forces or individuals. All contractual documents or terms and conditions must include contracts and terms of transactions clauses regarding the exclusion of anti-social forces from any business relationship, and 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 an outside institution specializing in such matters.

Basic Policy for Anti-social Forces

1. Completely sever any connections or relations with anti-social forces.
2. Repudiate any unjustifiable claims, and do not engage in any "backroom" deals whatsoever. Further, promptly take legal actions as necessary.
3. Appropriately respond to any anti-social forces as an organization by cooperating with outside professional agencies.

W Compliance (Basic Approach, Compliance System)

Annual Report 2015

http://www.smfg.co.jp/english/investor/library/annual/h2703annu_pdf/h2703_e_19.pdf

Third party opinion



Kaori Kuroda
Executive Director
CSO Network Japan

In Japan and overseas, there is a drive to build systems and frameworks for creating sustainable societies. Corporate management has a major role to play in this as well. Following the introduction of the Japanese Stewardship Code in February 2014, the Corporate Governance Code that has been applied to listed companies since June 2015 summarizes and clearly sets out initiatives for Environment, Society, and Corporate Governance ("ESG"). Looking at International society, the year 2015 is a key juncture, with the United Nations adopting the 2030 Agenda for Sustainable Development, under which international society will strive to achieve by 2030. Bearing these trends in mind, I would like to make the three following points about the activities described in Sumitomo Mitsui Financial Group's CSR Report 2015.

● Commitment from the top to CSR management

SMFG aims to contribute to the sustainable development of society overall by positioning its contribution to solving serious issues on a global scale as the Group's social responsibility.

Under the leadership of top management, the entire Group is promoting CSR together by strengthening and enhancing its corporate governance, while undertaking CSR that is integrated with its business activities.

It is also excellent to see that the management team is participating in the materiality identification process that started in fiscal 2013.

● Stance on disclosure

With regard to materiality, the Group has done well to comply with the Global Reporting Initiative (GRI) G4 Guidelines by identifying the issues that it should address, and their boundaries, and disclosing the association between them and the specified standard disclosure items on its website.

I look forward to seeing further progress on transparency of CSR management going forward.

Another commendable feature of the 2015 report is that it complies with the Equator Principles by disclosing the number of projects in which environmental and social risk assessments were conducted.

There are a growing number of cases in which loans by financial institutions have become problematic for the lending institution when projects have caused environmental issues or human rights infringements.

I hope to see as much disclosure as possible regarding the standards and procedures and so forth for conducting environmental and social risk assessments.

● Contribution to emerging countries and CSR globalization

Over the past few years, the Group has been expanding its initiatives to help create sustainable societies globally. Examples include the execution of assessment loans and private placement bonds to support environmentally considerate activities by corporations in Malaysia and Thailand, as well as CSR activities designed to address needs and social issues in Indonesia and India.

In April this year, the Group started operations at its branch in Yangon, Myanmar. I hope that when the Group conducts business in emerging or developing countries, it will take a proactive stance on economic and social contributions, and take proper steps to identify, prevent, and alleviate social and environmental risks with a high potential of occurring. Finally, it is said that corporations will play a significant role in achieving the targets of the 2030 Agenda for Sustainable Development.

I look forward to seeing SMFG utilize its financial functions to make even greater strides towards the creation of sustainable societies.

Recognition for SMFG CSR initiatives

■ SRI Indexes SMFG has listed

SMFG's proactive corporate social responsibility activities have won plaudits from the markets. The Group continues to be included in the following major socially responsible investment (SRI) indexes.

SRI Indexes are a standard for investment decisions that are based not only on financial perspectives, but also on important views including environmental considerations and social contributions.

We believe that this is an endorsement by the market of the Group's future corporate social responsibility activities.

SRI Indexes on which SMFG is listed (as of August 31, 2015)

- FTSE4Good Global Index
- FTSE4Good Global 100 Index
- ESI (Ethibel Sustainability Index) Excellence Global




CSR REPORT 2015

SMFG Group policies and framework

Solid Management Structure (Corporate Governance/Internal Audit System/ Compliance/Risk Management)

 **Web** <http://www.smfg.co.jp/english/responsibility/organization/index.html>

Management to Improve CS and Quality

 **Web** <http://www.smfg.co.jp/english/responsibility/cs/index.html>


The Group Environmental Policy/Environmental Management System Based on ISO14001 Certification

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

Policy for Social Contribution Activities/The Backbone for Our Social Contribution Activities


 **Web** <http://www.smfg.co.jp/english/responsibility/community/index.html>

Five Goals of SMBC's Human Resources Development


 **Web** <http://www.smfg.co.jp/english/responsibility/employee/index.html>

SMFG data


CSR Activity Performance and Goals of SMFG Companies

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


Performance Data and Goals of the Six Principal SMFG Companies

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

SMFG Environmental Data

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


Initiatives for Environmental Businesses by Group Companies

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

Employees

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

Main Work-Life Balance Support Systems

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



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