

Sustainability at SMBC Group

SMBC Group Statement on Sustainability

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

Definition of Sustainability

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

Understanding of the Present Situation and Our Role

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



SMBC Group Statement on Sustainability(16KB)



FY2019 Dialogue (1)

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

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



SMBC Group GREEN×GLOBE 2030



FY2019 Dialogue (2)

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

Issues that SMBC Group focuses on

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

Make sustainability a reality



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



Priority Issues (Materiality) that SMBC Group Should Address

400 years of sustainability practice

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

The predecessor to Mitsui



Uki-e Suruga-chô gofukuya zu
Mitsui Bunko Collection

As a kimono merchant, Mitsui's predecessors brought innovation to the conventional business practices of the time and established a new business model.

In the Edo period, it became a currency exchanger, and since the Meiji era, as a bank, it has become an important player in the financial infrastructure that underpins economic activities in Japan and the world.

The predecessor to Sumitomo



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



Besshi Copper Mine in 1881
Sumitomo Historical Archives Collection

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

SMBC Group GREEN×GLOBE 2030

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

Basic concept

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

Thoughts in the name

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

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

Key pillars of the plan

Key pillars of the plan

- 1 Sustainability initiatives that are directed towards our customers/society.
- 2 Internal initiatives that contribute to Sustainability management.
- 3 Enhance engagement with investors.


Main measures and long-term goals
(Progress is announced every year)



Outcome
(Effects of society expected from the results of efforts)

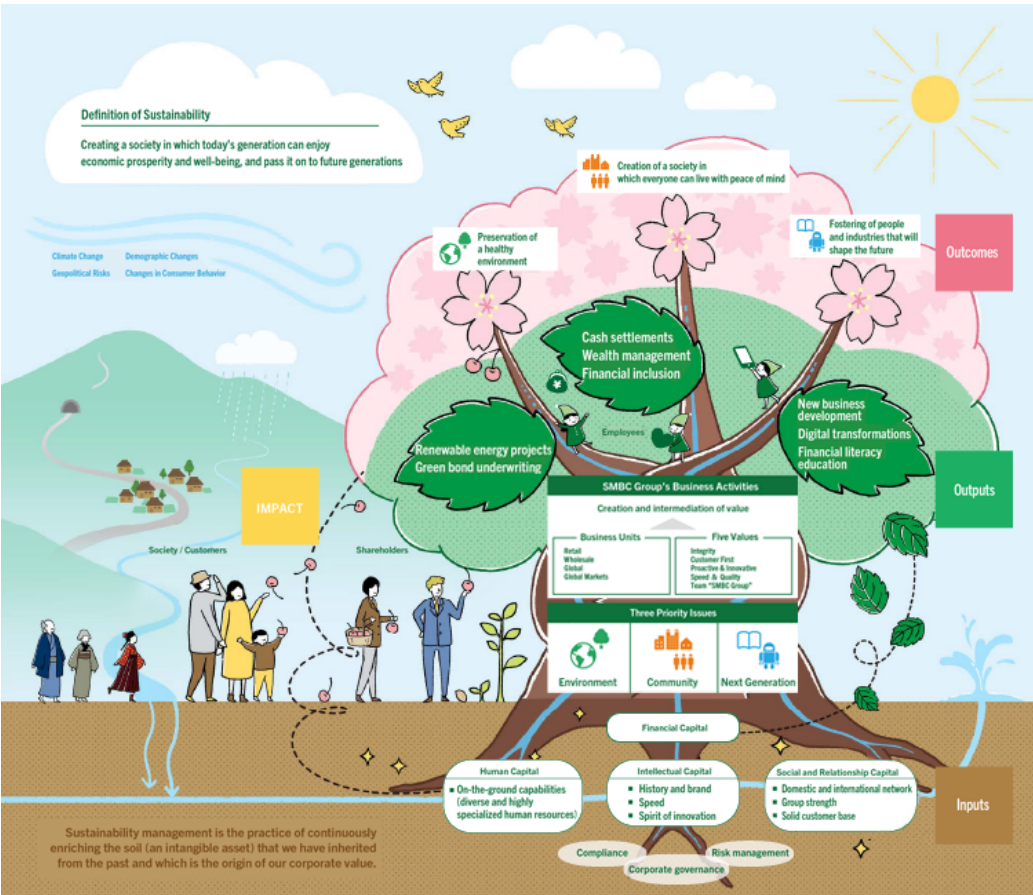


Make sustainability a reality

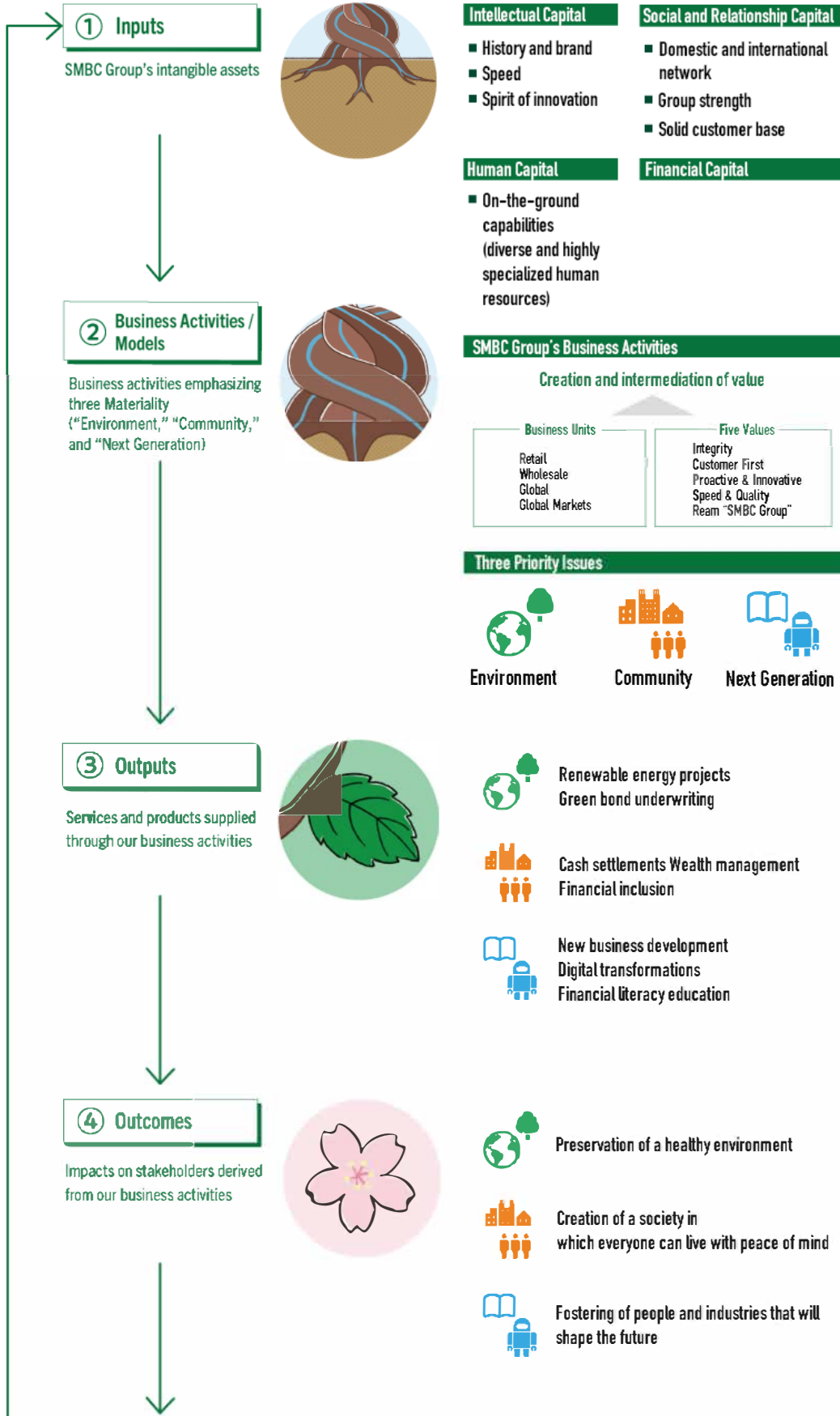
 Long-term goals within “SMBC Group GREEN×GLOBE 2030” (352KB)

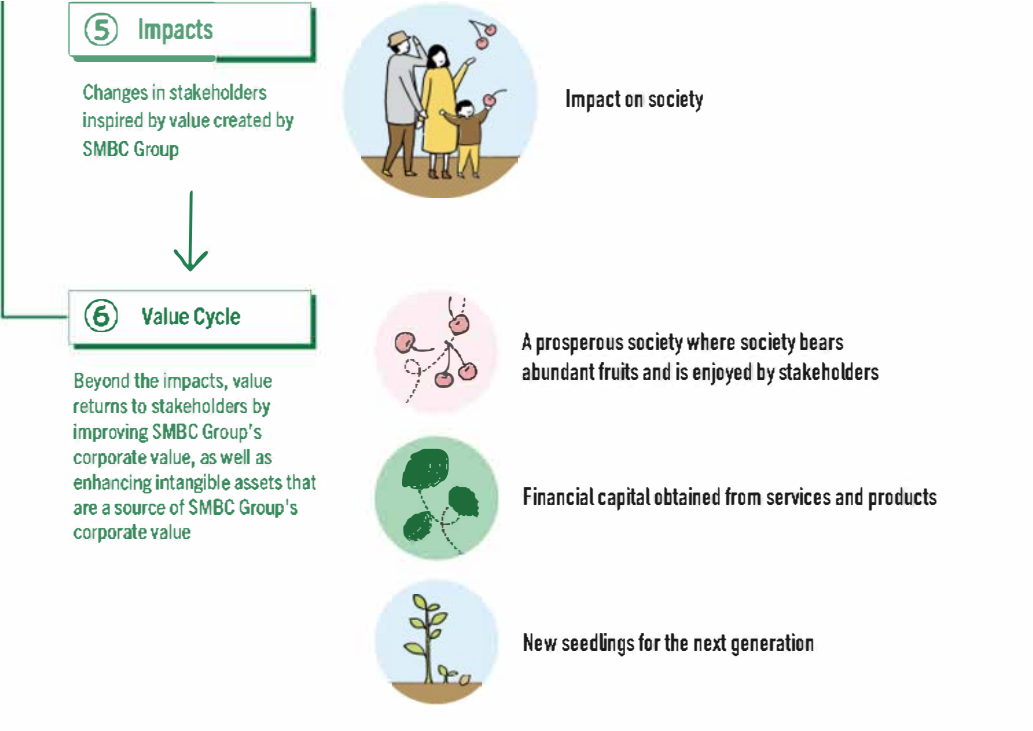
SMBC Group's Value Creation Process

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



SMBC Group's Value Creation Process





Sustainability Management System

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

We take sustainability into account in our "Sustainability management"

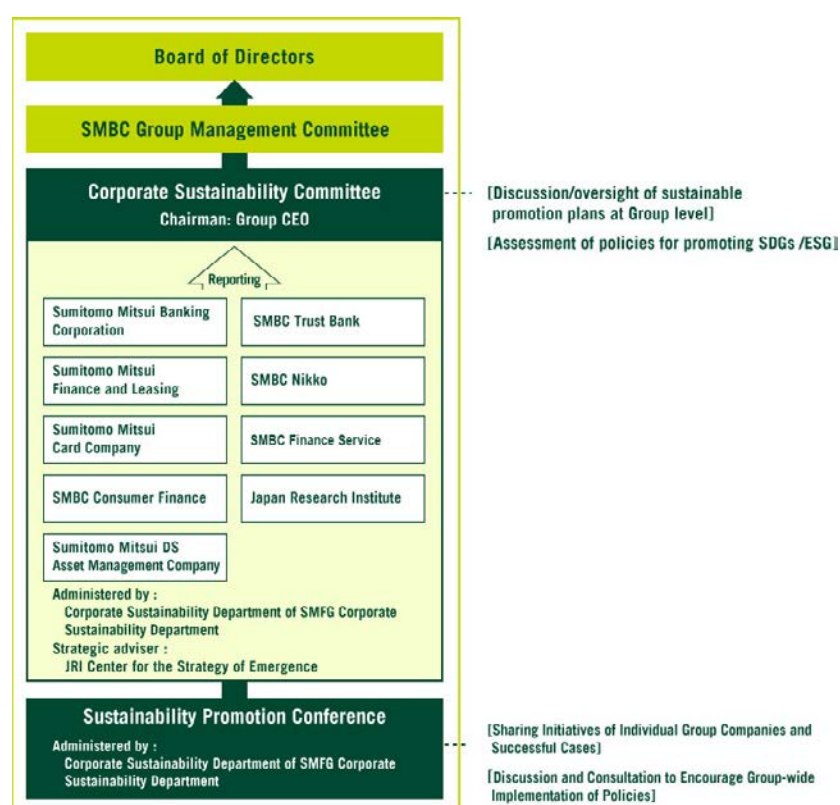
SMBC Group sustainability management system

SMBC Group

In the SMBC Group, SMFG Corporate Sustainability Dept. undertakes the planning execution of activities to promote SDGs and ESG for the entire Group, including measures to deal with climate change, under the supervision of [the Group CSO](#), who is a board member.

In addition, the promotion of plans and the important plans are discussed and decided in the "Corporate Sustainability Committees" headed by chairperson, the Group CEO.

Discussions regarding promotion and planning for sustainability and progress management systems



[Click to enlarge](#)

➤ Stakeholder Engagement

Priority Issues (Materiality)

Priority Issues (Materiality) that SMBC Group Should Address

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

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



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

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

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Initiatives for Priority Issues

➤ For Environment

➤ For Community

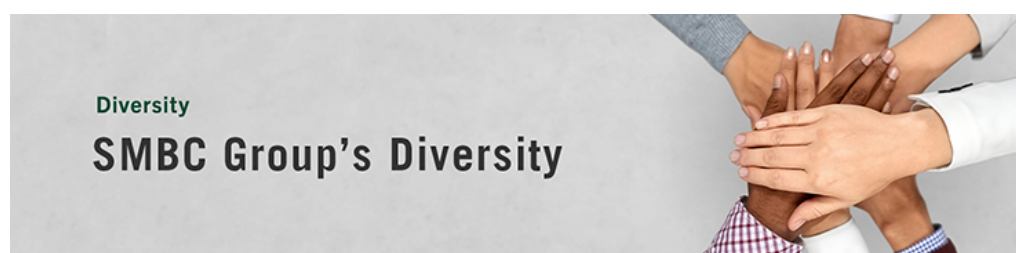
➤ For Next
 Generation

Review of Priority Issues (Materiality)

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



Management Base



➤ Corporate Governance

➤ Risk Management

➤ Compliance

➤ Internal Audits

➤ Customer-Oriented Initiatives

➤ Human Resource Strategy

Process to Identify Key Priority Issues

Process

SMBC Group

In light of constantly changing social trends and in consideration of stakeholder viewpoints, SMBC Group reviewed our existing priority issues in fiscal 2013 and have derived three new themes – "Environment," "Community," and "Next Generation" – as our medium- to long-term priority issues.

Specifically, the Group identifies and prioritizes issues and decides which ones are key priority issues by consulting with experts. The issues thus identified were reported to, and approved by the SMBC Group Management Committee. Thereafter, the Group continues to review the issues by consulting with experts and through internal and external questionnaire surveys to gather opinions on the issues.

✓ **Step 1**
Selection
and
prioritization
of issues

✓ **Step 2**
Reexamination
and
identification
through dialog
with experts

✓ **Step 3**
Reporting to
Group top
management,
and receiving
approval

✓ **Step 4**
Review
through
engagement

Step 1 Selection and prioritization of issues

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

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

Standards used for reference in prioritization	
Importance to Stakeholders <ul style="list-style-type: none"> • International frameworks such as the GRI Guidelines • Items to be researched or pointed by the Socially Responsible Investing (SRI)-related institutions • Suggestions from the strategy advisor to the SMBC Group CSR Committee 	Importance to SMBC Group <ul style="list-style-type: none"> • Priority issues from 10 Group companies • Conformity with SMBC Group's Business Mission, business ethics, and medium-term management plan • Assessment of risks and possible business opportunities (potential for enhancing enterprise value) in line with pursuit of sustainability

Step 2

Reexamination and identification through dialog with experts

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

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

Step 3

Reporting to Group top management, and receiving approval

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

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

Step 4

Review through engagement

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

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

Fiscal 2015: [Realizing the "Ten-Year Vision"](#)

Fiscal 2016: [Verifying Validity of Issues to Be Addressed within Priority Issues \(Materiality\)](#)

Fiscal 2017: [Roles and Expectations for Financial Institutions in Terms of the SDGs and ESG Investments](#)

Fiscal 2019: [The content of the "SMBC Group Statement on Sustainability" and its penetration throughout the company \(September 5, 2019\)](#)
[Social impacts required for mega bank group required to solve social issues. \(November 27, 2019\)](#)

Refer to the following for details on the stakeholder dialogue.

➤ **Stakeholder Engagement**

➤ **Priority Issues (Materiality)**

Respect for Human Rights

Approach to Respecting Human Rights (SMBC Group)

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

Policy on Human Rights (SMBC Group)

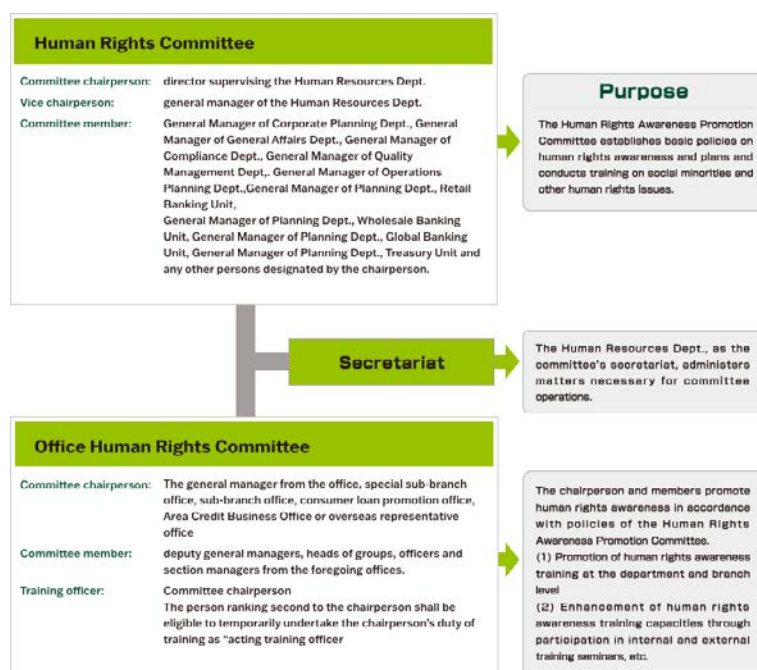
SMBC Group has formulated "Statement on Human Rights" as its basic policy on Human Rights.



Statement on Human Rights (107KB)

System for Promoting Human Rights Awareness (SMBC)

SMBC has implemented in its corporate principles of action the statements that "we will respect the individual human dignity of our clients and employees" and "we will not allow any discrimination." Led by the Human Rights Awareness Promotion Committee, the bank conducts initiatives to raise awareness of human rights among all employees.



[Click to enlarge](#)

Enhancing Awareness for Human Rights (SMBC Group)

The SMBC Group is a signatory to the United Nations Global Compact and the ten principles related to human rights, labor, the environment, and anti-corruption. We are also actively raising internal awareness on human rights, with a range of activities across each Group company, such as human rights training and collecting ideas for a promotional slogan.

As a Group, we participate in the "Industrial Federation for Human Rights, Tokyo" which aims to establish respect for human rights as part of core corporate culture through awareness raising and initiatives. By participating in these activities the SMBC Group will continue to engage with stakeholders to seek to identify salient human rights issues.

Human Rights Awareness Seminars (SMBC)

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

(1) Human rights awareness training through group training

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

(Person)

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

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

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

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

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

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

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

(4) Human Rights Slogan Contest for Employ

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

Initiatives for Improving Workplace Environment (SMBC)

To ensure we maintain a healthy and comfortable work environment, each Group company develops a manual on measure to prevent sexual and power harassment, as well as provides compliance training for all employees. Additionally, in manager training sessions we include practical approaches to identifying and preventing harassment, including specific case studies.

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

Participating "Human Rights Due Diligence Workshop" (SMBC)

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

Modern Slavery Act 2015 (SMBC)

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



Slavery and Human Trafficking Statement 2019 (312KB)