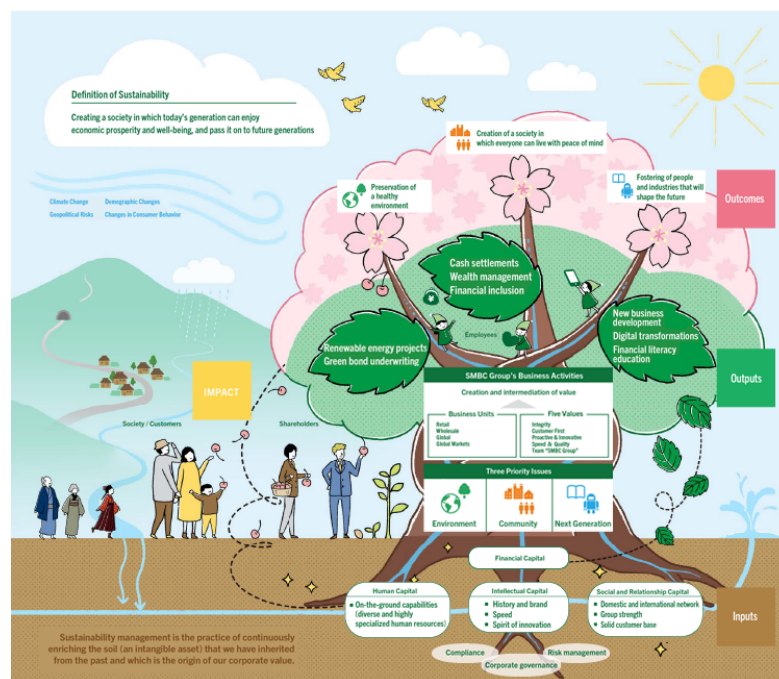
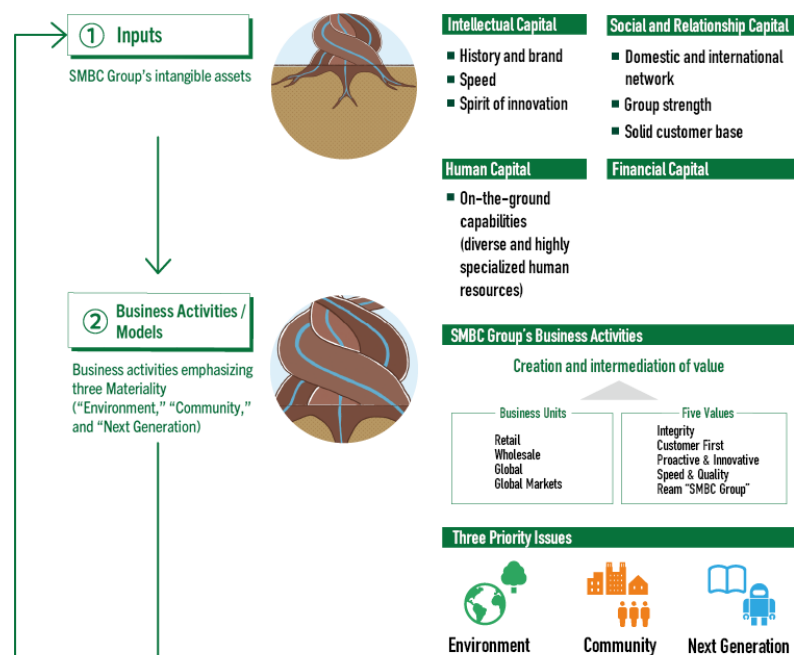


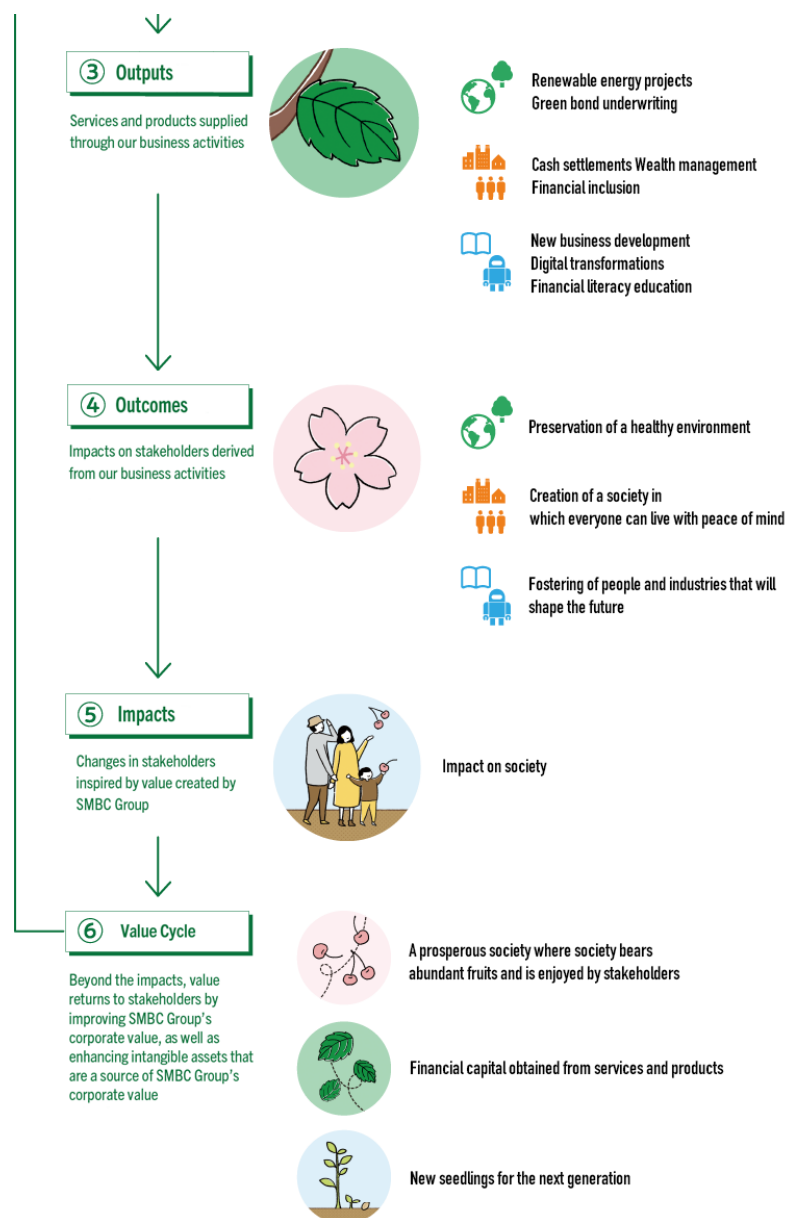
# SMBC Group's Value Creation Process

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





# 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.



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.

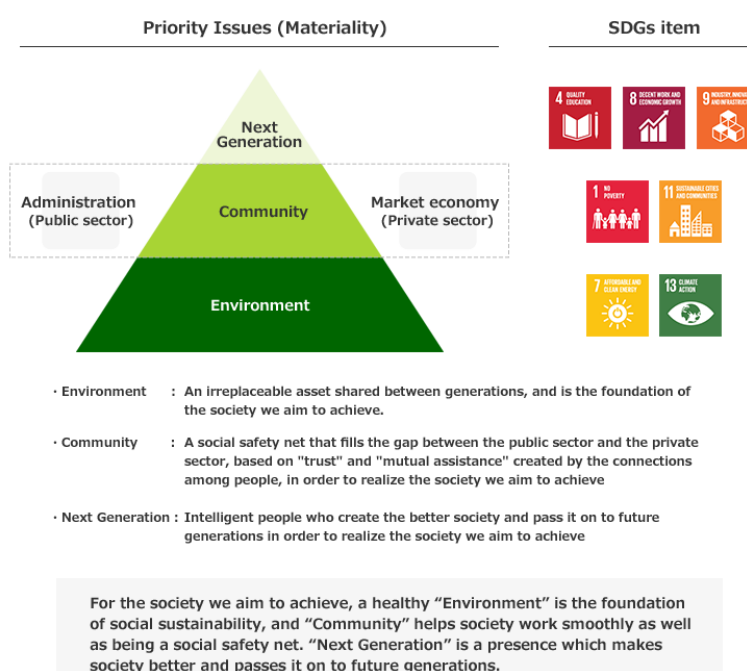


# Priority Issues (Materiality)

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

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

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



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

The predecessor to Mitsui



Uki-e Suruga-chō gofukuya zu  
Mitsui Bunko Collection

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## For Environment

### SMBC Group's Approach

#### SMBC Group



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



Roadmap Addressing Climate Change/Action Plan

Response to climate change (Working on TCFD Recommendations)

Promotion of Environmental Business

Management of Environmental Risks

Reduction of Environmental Impacts

SMBC Group Green Bond

## For Community

### SMBC Group's Commitment

SMBC Group



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



Contribution to Achieving and Developing Safe and Secure Communities

Promotion of Social Inclusion in Collaboration

## For Next Generation

### SMBC Group's Approach

SMBC Group



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



Support for Growth Industries

Promotion of Financial Literacy Education

## Process to Identify Priority Issues (Materiality)

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



### Step 1 Selection and prioritization of issues

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

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

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

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

Refer to the following for details on the stakeholder dialogue.

Stakeholder Engagement

# SMBC Group GREEN x GLOBE 2030

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

## Basic concept

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

## Thoughts in the name

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

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

## Key Pillars of the plan and 10 years KPIs

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

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

### Key pillars of the plan

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



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

\*1 "Finance that contributes to sustainability" includes financing for the purposes of supporting corporates transition to environmentally conscious businesses models and their social programs.  
\*2 Scope1 and Scope2  
\*3 The basic concept is to directly reduce GHG emissions by switching electricity to renewable sources making use of non-fossil fuel energy certificates, etc. For unavoidable emissions, carbon offsets such as purchasing credits will be considered to achieve net zero.

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

## Progress Reports

### FY2020

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

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

FY2020 Social Impact Assessment Report

# FY2020 Social Impact Assessment Report

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

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

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

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

▼ 1.Assessment summary

▼ 2.Overview of the subject project

▼ 3.Overview of the Social Impact Assessment

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

▼ 5.Considerations

## 1. Assessment summary

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

## 2. Overview of the subject project

### Project name

Promise Financial and Economic Education Seminar

### Project developer

SMBC CONSUMER FINANCE CO., LTD.

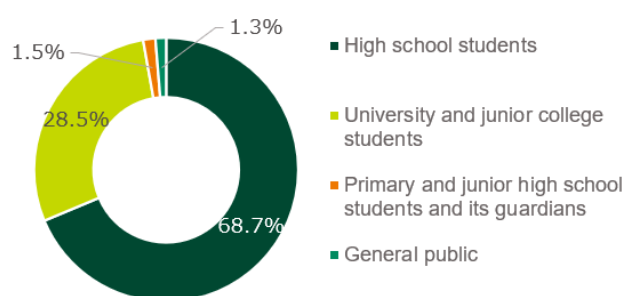
### Project contents

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

### Achievements

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

### [Demographics of participants]



SMBCCF : Initiatives for Financial and Economic Education (Japanese only) 🇯🇵

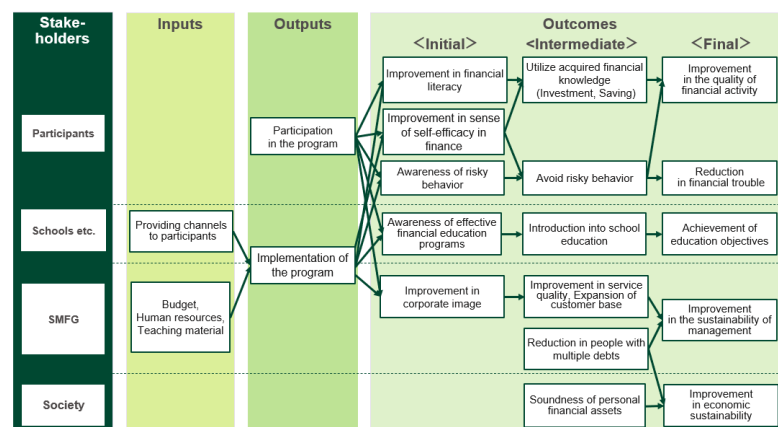
## 3. Overview of the Social Impact Assessment

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

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

## Anticipated logic models

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



## Overview of implementation

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

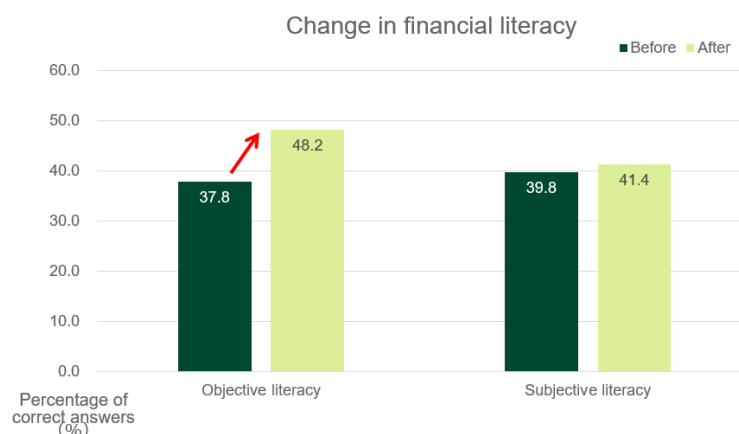
Item	Overview
Assessment name	Social impact assessment of financial and economic education seminars for high school students
Subject	<ul style="list-style-type: none"> <li>First- to third-year students of a high school</li> <li>First-year students (participated in a "Life Planning and Family Budget Management"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

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

### • Changes in financial literacy that occur as a result of take the seminar

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

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



### • Comparison to the national financial literacy survey

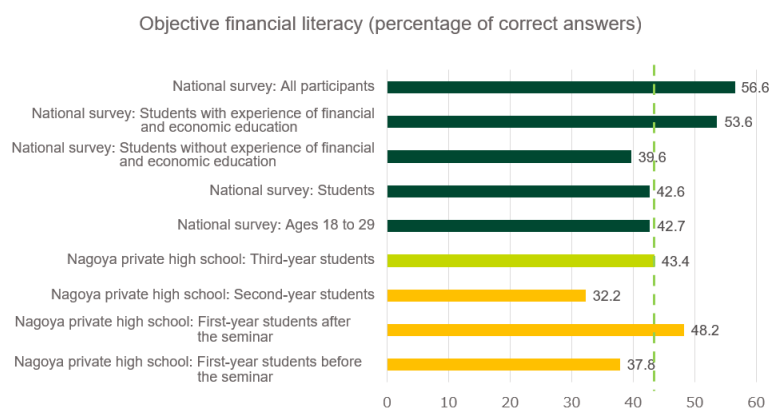
- For objective financial literacy, compared to the student scores in the Financial Literacy Survey 2019 (The Central Council for Financial Services Information\*), the first-year student scores after taking the seminar are significantly higher. The third-year students who took the seminar two years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

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

The Central Council for Financial Services Information

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

[Comparison with the national survey in objective financial literacy]



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

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

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

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

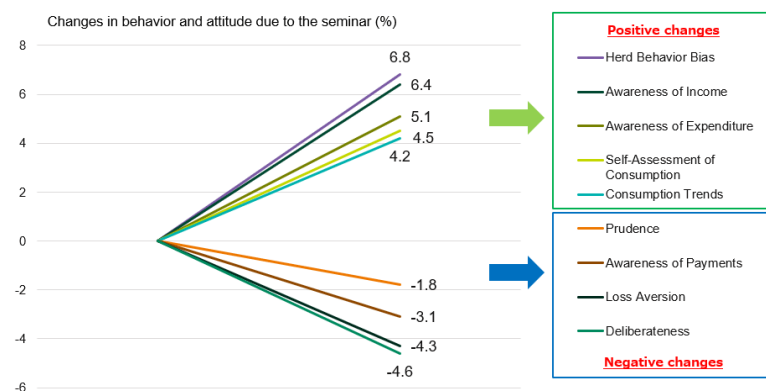
(Unit: Percentage, positive change shown in blue)

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

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

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

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



## Summary of interviews

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

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

<Before>

- All students answered nothing in particular.

<After>

- **Two students changed their answers.**



I want to learn about taxation.

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



I want to learn about investing.

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

## 5. Considerations

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

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

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



# Sustainability Management System

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

We take sustainability into account in our sustainability management system.

## SMBC Group Sustainability Management System

### SMBC Group

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

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

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

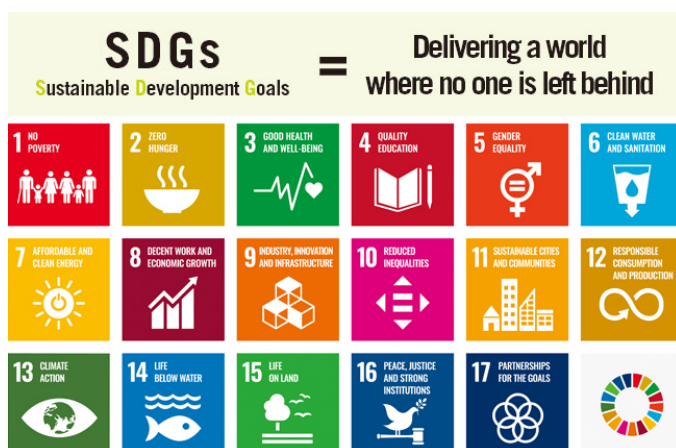
### Structure to discuss, implement and manage our sustainability measures



# SMBC Group Businesses and SDGs

## About SDGs

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



## SDGs for SMBC Group

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



Click to enlarge

Priority Issues (Materiality) that SMBC Group Should Address

## Social Contribution

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

Contribution Activities to Environment

Contribution Activities to Community

Contribution Activities to Next Generation

# Contribution Activities to Environment

## Main Measures

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

## Issuing "SAFE," an environmental magazine

### SMFG

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

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



## Sponsoring for the Furano Field

### SMBC

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

Furano Field(Japanese only)

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



## SMBC Group clean up campaigns

### SMBC Group

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

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



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

### SMBC Group

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



# Contribution Activities to Community

## Main Measures

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

## Facilitation of Employee Involvement in Volunteering

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

\*What is Pro Bono?

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

## SMBC Group Pro Bono Project

### SMBC Group

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

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

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

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

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

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



## Introduction of a Pro Bono Work System

### SMBC Nikko

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

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



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

### SMBC Volunteer Fund

#### SMBC

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

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

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

SMBC: SMBC Volunteer Fund(Japanese only) 

### "Yakusoku no Mori" Initiatives

#### SMBCCF

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

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

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

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

SMBC SMFL SMBC Nikko SMCC SMBCCF JRI

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

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

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

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



### Donation to WFP School Meal Programs

SMBC Trust

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

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

School feeding 

## Participation in the FIT Charity Run

SMBC Trust SMBC Nikko

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

## In-company Charity Sales Event

### Fair Trade Products Sale

SMBC Trust SMBC Finance Service

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

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



### Holding a vocational program products sale

SMFL

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

## Support for the Vitalization of Sports Activities

### Support for GoalBall

#### SMBC Trust

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



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

#### SMBC Trust

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

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

### Support for Blind Soccer

#### SMBC Nikko

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



## Consulting Partner Agreement with the Japan Football Association

### JRI

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

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

### SMBCCF

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

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

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

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

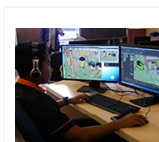
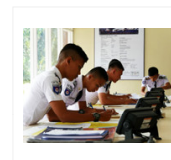


## Social Contribution Activities in Emerging Countries

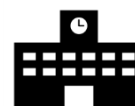
### Signing a Memorandum of Understanding on CSR Activities with Indonesian Company

#### SMBC

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



Supported  
vocational  
schools  
6 curricula



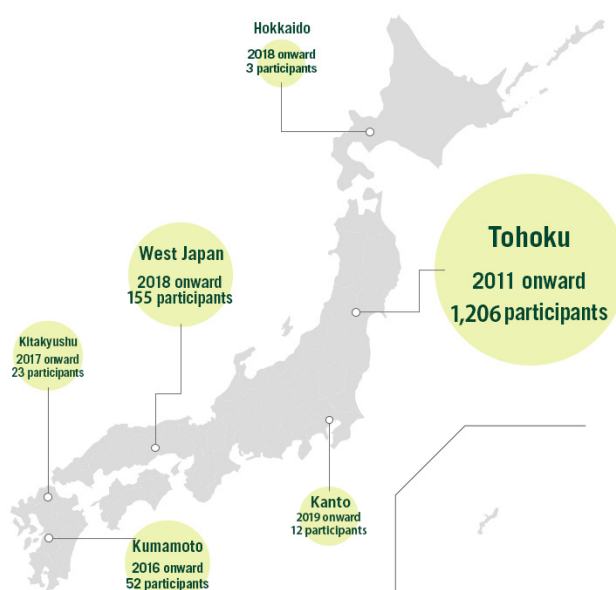
Number of  
enrolled student  
Approx. 2,400  
(total)



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

#### SMBC Group

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






## Measures Being Taken by Relevant SMBC Group Companies

### Measures Being Taken by Relevant SMBC Group Companies

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



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

# Contribution Activities to Next Generation

## Main Measures

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

## Promotion of Financial Literacy Education

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

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

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

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

[Progress Reports](#)

[Promotion of Financial Literacy Education](#)

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

[FY2020 Social Impact Assessment Report](#)

## Provision of Educational Materials on SDGs for Children

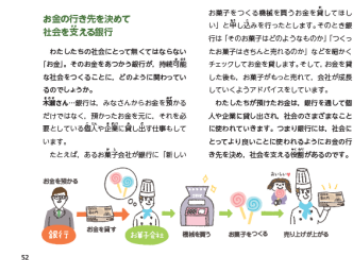
### SMFG

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

EduTown SDGs: Top page (Japanese only) 

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

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



## Music Concerts for Children Presented by SMBC

### SMBC

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



## Support through the SMBC Foundation for International Cooperation

### SMBC

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

SMBC Foundation for International Cooperation(Japanese only) 

## Support for Young Artists

### SMBC Trust

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



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

### SMBC Nikko

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



Photographer: Atsutoshi Shimosaka

# Stakeholder Engagement

## Basic policy of SMBC Group

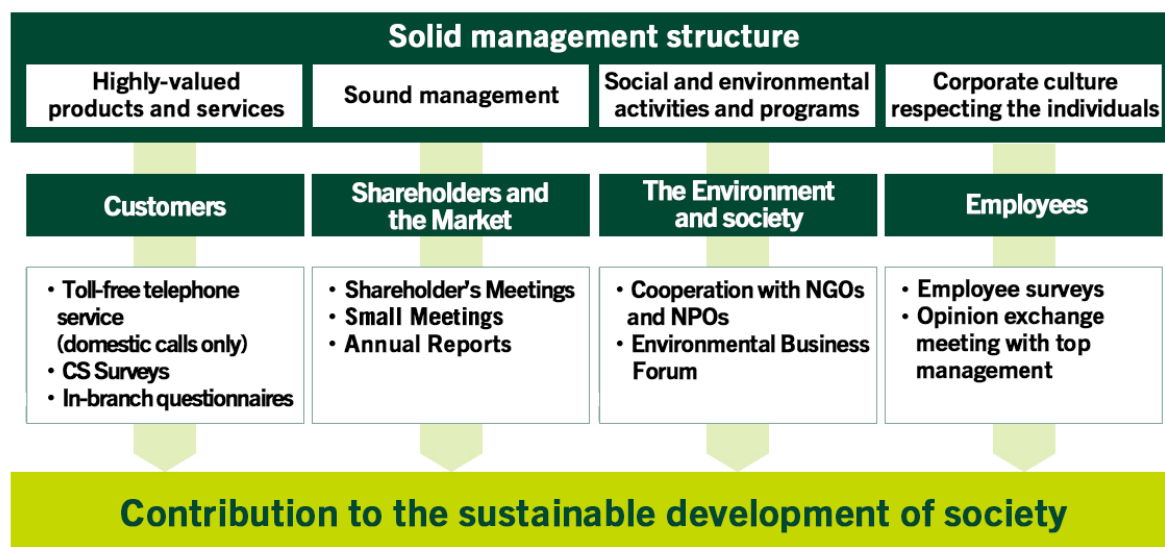


SMBC Group will continue to contribute to the ongoing reform of society through dialogue and joint actions with stakeholders (e.g. our clients) as an entity pursuing the financial service business.

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

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

# Interaction with Stakeholders



Click to enlarge

## Relationship with Customers

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

## Relationship with Shareholders and the Market

IR Calendar  
IR Events & Presentations

## Relationship with the Environment and Society

Dialogue with Stakeholders

## Relationship with Employees

Initiatives for Diversity & Inclusion  
Creating a Pleasant Work Environment for All Employees (Work-Life Balance)



## Report on stakeholder dialogue



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

## Dialogue with Stakeholders

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

▼ FY2019 Dialogue (1)

▼ FY2019 Dialogue (2)

▼ Back Number

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



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

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

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

## Experts who participated in the dialogue



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



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

## Participants from SMBC Group

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

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

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

### ■ SMFG Suehiro

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

#### (Dialogue with Stakehold )

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

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

### ■ JRI Adachi

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



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

### ■ Mr. Hatanaka

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

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

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

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

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

### ■ Mr. Pedersen

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

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

I think the keyword is "sustainable finance."

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

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

### ■ Mr. Hatanaka

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

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

### ■ Mr. Pedersen

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

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

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

### ■ Mr. Pedersen

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

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

### ■ Mr. Hatanaka

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

## Receiving opinions from experts

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

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

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

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

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



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

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

Our Group took the following two points into consideration:

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

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

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

## Experts who participated in the dialogue



Mr. Ken Ito  
Executive Director  
Social Value Japan



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

## Participants from SMBC Group

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

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

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

### ■ SMFG Suehiro

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

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

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

### ■ Mr. Ito

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

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

### ■ JRI Adachi

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

### ■ Mr. Ito

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

### ■ SMFG Mikami

Do quantitative indicators include something like customer satisfaction?

### ■ Mr. Ito

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

## Q. How are impact assessments conducted?

### ■ Ms. Zeniya

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

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

### ■ JRI Adachi

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

### ■ Ms. Zeniya

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

### ■ Mr. Ito

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

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

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

### ■ JRI Adachi

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

### ■ Mr. Ito

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

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

### ■ Mr. Ito

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

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

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

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

### ■ Ms. Zeniya

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

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

#### ■ Mr. Ito

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

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

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

#### ■ SMFG Takeda

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

#### ■ Ms. Zeniya

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

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

#### ■ Mr. Ito

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

#### ■ Ms. Zeniya

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

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

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

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

#### ■ SMFG Suehiro

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

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

#### ■ Ms. Zeniya

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

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

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

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



## Receiving opinions from experts

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

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

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

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

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

SMBC Group Statement on Sustainability



Takeshi Mikami  
Executive Officer  
Sumitomo Mitsui Financial Group, Inc.

## Back Number

### Dialogue with Stakeholders 2017

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

### Dialogue with Stakeholders 2016

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

### Dialogue with Stakeholders 2015

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

### Dialogue with Stakeholders 2013

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

## Participation in Initiatives and Reference Guidelines

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

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

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

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

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

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

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

## Initiatives supported by the SMBC Group



### United Nations Global Compact

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

#### ■ Human Rights

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

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

#### ■ Labour

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

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

Principle 5: the effective abolition of child labour; and

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

#### ■ Environment

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

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

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

#### ■ Anti-Corruption

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

[Links to related website](#) 



### Sustainable Development Goals (SDGs)

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

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

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

[SMBC Group Businesses and SDGs](#) 

[Links to related website](#) 





## UNEP Finance Initiative (UNEP FI)

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

[Links to related website](#)

Signatory of:



## Responsible investment Principles (PRI)

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

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

[Links to related website](#)

Founding Signatory of:



## Principle of Responsible Banks (PRB)

The principle which is intended to promote transparent disclosure.

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

[Links to related website](#)

[First Report](#)



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

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

[Links to related website](#)



Net-Zero Banking Alliance

## Net-Zero Banking Alliance (NZBA)

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



## Partnership for Carbon Accounting Financials (PCAF)

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

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



## CDP

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

[Links to related website](#)



## Poseidon Principles

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

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

[Links to related website](#)



## Equator Principles

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

[Links to related website](#)



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

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

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

[Links to related website](#)

## Guidelines Used for Reference

### SMBC Group

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

#### ▼ GRI Standard

#### ▼ SASB Standard


#### ▼ Stakeholder Capitalism Metrics

### GRI Standard









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

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








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

Standard	Disclosure		Location
	2-15	Conflicts of interest	● <b>Summary of Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group</b> 
	2-16	Communication of critical concerns	● <b>Compliance</b> 
			● <b>Risk Management</b> 
	2-17	Collective knowledge of the highest governance body	● <b>Stakeholder Engagement</b> 
	2-18	Evaluation of the performance of the highest governance body	● <b>Corporate Governance</b> 
	2-19	Remuneration policies	● <b>Corporate Governance</b> 
	2-20	Process to determine remuneration	● <b>Corporate Governance</b> 
	2-21	Annual total compensation ratio	● <b>Corporate Governance</b> 
	2-22	Statement on sustainable development strategy	● <b>SMBC Group Statement on Sustainability</b> 
	2-23	Policy commitments	● <b>Customer-Oriented Initiatives</b> 
			● <b>Compliance</b> 
			● <b>Respect for Human Rights</b> 
	2-24	Embedding policy commitments	● <b>Sustainability Management System</b> 
			● <b>Customer-Oriented Initiatives</b> 
			● <b>Compliance</b> 
			● <b>Respect for Human Rights</b> 
	2-25	Processes to remediate negative impacts	● <b>Statement on Human_Rightsx</b> 
	2-26	Mechanisms for seeking advice and raising concerns	● <b>Compliance</b> 
	2-27	Compliance with laws and regulations	● <b>Compliance</b> 
	2-28	Membership associations	● <b>Participation in Initiatives and Reference Guidelines</b> 
	2-29	Approach to stakeholder engagement	● <b>Stakeholder Engagement</b> 
	2-30	Collective bargaining agreements	● <b>ESG Data Book P10</b> 
GRI 3: Material Topics 2021	3-1	Process to determine material topics	● <b>Priority Issues (Materiality)</b> 
	3-2	List of material topics	● <b>Priority Issues (Materiality)</b> 
	3-3	Management of material topics	● <b>Sustainability Management System</b> 
			● <b>Priority Issues (Materiality)</b> 

Economic			
Standard	Disclosure		Location
GRI201:Economic Performance 2016	201-1	Direct economic value generated and distributed	● <b>Financial Results</b> 
	201-2	Financial implications and other risks and opportunities due to climate change	● <b>Response to climate change</b> (Working on TCFD Recommendations) 
	201-3	Defined benefit plan obligations and other retirement plans	● <b>Consolidated Financial Statements</b> 
	201-4	Financial assistance received from government	
GRI202:Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	● <b>Global HR Development</b> 
GRI203:Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	● <b>Contribution Activities to Community</b> 
	203-2	Significant indirect economic impacts	
GRI204:Procurement Practices 2016	204-1	Proportion of spending on local suppliers	
GRI205:Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	● <b>Compliance</b> 
	205-2	Communication and training about anti-corruption policies and procedures	● <b>Compliance</b> 
	205-3	Confirmed incidents of corruption and actions taken	
GRI206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI207: Tax 2019	207-1	Approach to tax	● <b>Group Tax Policy</b> 
	207-2	Tax governance, control, and risk management	● <b>Group Tax Policy</b> 
			● <b>Risk Management</b> 
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	

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

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

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

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



## SASB Standard

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

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

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

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

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

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

## Stakeholder Capitalism Metrics

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

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

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

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

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

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