



# Human Resource Strategies Supporting Value Creation

A financial group’s most important resource is its people. The origin of SMBC Group can be traced back to the opening of Mitsui and Sumitomo, which has put an emphasis on “people” for more than 400 years. Since then, the confluence of new individuality and cultures stemmed from business integration and acquisitions has fostered a culture of respect for individuality and diversity. Today, more than 110,000 employees in 40 countries and regions around the world work under the Five Values, the Group’s set of shared values.

Inheriting the business philosophy of our founders , which is being said in the form “Mitsui is People” and “People are our most important asset,” SMBC Group is proactively investing in human capital to enable our diligent and highly motivated employees to fully demonstrate their capabilities, which lead to sustainable value creation for the Group. As part of this, we also focus on personal development, with the entire Group investing ¥4 billion annually in personal development.

SMBC Group’s human resource strategy is based on three pillars: agile allocation of personnel based on management strategy, a framework that ensures deploying the right people in the right place, and the creation of an atmosphere that brings out the best in employees.

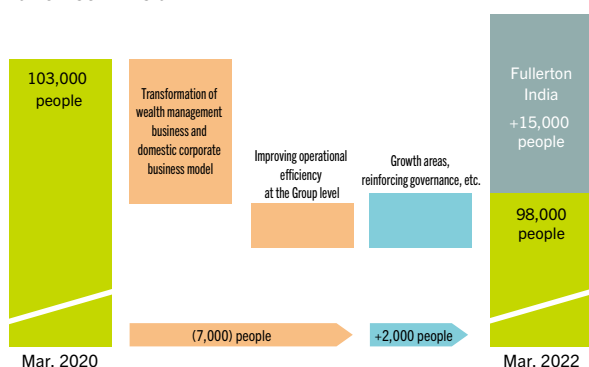
Core Policy of the Medium-Term Management Plan	
Business strategy	<b>Transformation</b> Transform existing businesses
	<b>Growth</b> Seek new growth opportunities
Management base	<b>Quality</b> Elevate quality in all aspects

Human Resources Strategy	
<b>Strategic Workforce Planning</b> Agile allocation of human resources based on management strategy	
<b>Seamless Platform</b> A framework that ensures deploying the right people in the right place	<b>Employee Engagement</b> Creation of an atmosphere that brings out the best in employees

# 1 Strategic Workforce Planning

Agile allocation of personnel based on management strategy

Based on the seven key strategies, we are transforming our business models in the Retail Business Unit and Wholesale Business Unit and reviewing the allocation of human resources as part of streamlining functions across all Group companies. We are also actively allocating resources to new business areas, such as digital solutions and our franchise in Asia.



# 2 Seamless Platform

A framework that ensures deploying right people in the right place

We offer a wide range of development opportunities to our employees, regardless of the timing, location, and/or profile of the person hired. In addition to offering in-house Group development programs, we also conduct mid-career recruitment, particularly in specialized areas, and aim to acquire talents to support the Group's development.

## Development of Enterprise-wide Leaders

Successor candidates are identified for key positions within Group management and assigned for advanced training. As of March 2022, we have approximately seven times the number of successor candidates for key positions.

In addition, approximately 20 employees are being transferred to Group companies each year under the "Enterprise-wide Leaders Exchange Program" to deepen their understanding of various businesses, organizations, and cultures. In order to further develop candidates'

### Number of participants in various training programs

	FY2020	FY2021
<b>Overall</b>	136	255
<b>Target layer</b>	Executive Officer	36
	Management	135
	Mid-level	84

capability, we provide development programs for employees at each seniority level, including mid-level employees, managers and executives.

## Recruitment and Development of People with Special Expertise

We are focusing on recruiting highly skilled talents in specific business areas and students with a strong inclination towards a particular specialism by diversifying our mid-career recruitment approach, such as referral recruiting and direct recruiting, and introducing course-specific recruiting for new graduates.

For example, SMBC has introduced an "expert/specialist framework" to recognize and provide benefits to employees who possess and demonstrate high levels of expertise. SMBC Nikko Securities has established the NIB (Nikko Investment Banking) Course and the Market Course, which are specialized positions in the wholesale field, and is using them to recruit specialized talent.

### Mid-career recruitment-related KPIs

	FY2020	FY2021	Target for FY2025
<b>Number recruited (%)</b>	246 (17.6%)	255 (19.0%)	Above the FY2020 level
<b>Ratio of management positions*</b>	14.5%	15.6%	Above the level as of March 2021

\* As of the end of the fiscal year

### Number of talents certified under expert frameworks

	Mar. 2021	Mar. 2022
<b>Overall</b>	881	1,230
<b>Of which, number of talents in digital field</b>	303	343

## Career Development Support

We have introduced various frameworks and mechanisms to support employees' career development and career changes.

For example, we have introduced the SMBC Group eCampus, a comprehensive learning management system, where employees, whether at the office or at home, can access the programs that best suit them from more than 550 contents. Group company initiatives include SMBC's "Career Design Study Support Program," which subsidizes a portion of tuition expenses for graduate school or for acquiring various qualifications, and which provided approximately ¥580,000 in support to each approved student in FY2021. SMBC Nikko Securities is trialing an in-company side job program, which allows employees to engage in other departments' jobs while performing their main duties.

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### Number of participants applied for various career development support program

		FY2020	FY2021
SMBC Group	eCampus (Learning Management System)	71,704	76,658
Sumitomo Mitsui Banking Corporation	Career Design Trainee System*1	85	134
	Career Design Leave System*2	56	66

\*1 A system for employees looking to change careers, allowing them to try out the work they would be doing after changing their positions

\*2 A system allowing for leave of absence for reasons including a spouse's relocation for work, to attend graduate school, and others.

### Promoting Diversity and Inclusion

SMBC Group is promoting "Diversity and Inclusion" as the core to our growth strategy, and communicates this fact to both internal and external stakeholders. To promote diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the Diversity and Inclusion Department and holds regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we arrange meetings of the Diversity and Inclusion Committee where CEOs of Group companies serve as members and encourage the top management to commit to the promotion of diversity and inclusion and to act based on this commitment. In addition, we are providing manager training program to disseminate the importance of management, role expectations, unconscious bias and above all, diversity and inclusion.

### KPIs concerning gender and internationality

		Jun. 21	Jun. 22	Target for FY2025
Number of officers	Females	16	22	25
	Foreign nationals	17	15	25

		Mar. 21	Mar. 22	Target for FY2025
Ratio of management positions	Females	15.8%	17.0%	20.0%
	Foreign nationals*3	87%	91%	Maintaining the level as of March 2021

\*3 Ratio of locally hired employees in management positions at overseas offices

### Message from CEO

<https://www.smfg.co.jp/english/sustainability/materiality/diversity/top-message/>

### • Gender Diversity

We have set a target of 30% for hiring female employees, and are striving to recruit female employees to lead the next generation whilst focusing on a variety of measures geared towards early training and development. The Group is also supporting female employees' career development through leadership training and building awareness among supervisors. For LGBT+ support, we have established a benefit system accessible to same-sex partners, and have set up a consultation service.

### • Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has established the Global Talent Management Council as a framework for increasing transparency of promotion of locally hired employees.

In addition, we offer various development programs for fostering leadership capabilities and networking opportunities in a multi-cultural environment, including a leadership program for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the U.S., INSEAD in France, and Group training programs for employees from offices around the globe. Another area of focus is personnel exchanges, promoted through programs such as the Global Japan Program, under which employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,800 employees have participated in these global training programs to date.

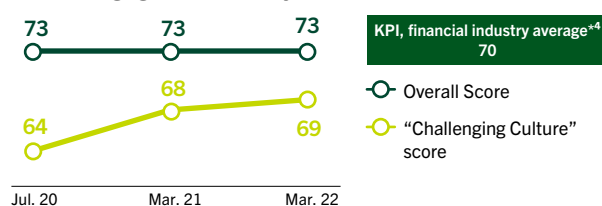
## 3 Employee Engagement

Creating an atmosphere that brings out the best in employees

We are committed to creating an environment where each and every employee is both physically and mentally healthy, and can put on their best performance.

We are using the engagement survey tool "Wevox" to visualize the state of employee engagement and as a tool for performing PDCA cycles. In addition to organizational improvement activities led not by the Human Resources Department but instead by the organization concerned, we have introduced 1-on-1 meetings held approximately once a month to build trust between managers and their employees and to promote growth for both parties.

### SMBC engagement survey Wevox score



\*4 Survey by Atrac Inc. as of June 2022

## Cultural Permeation

We are expanding our open recruitment system which allows employees to apply for jobs and posts of their choosing, to support employees to take on new challenges.

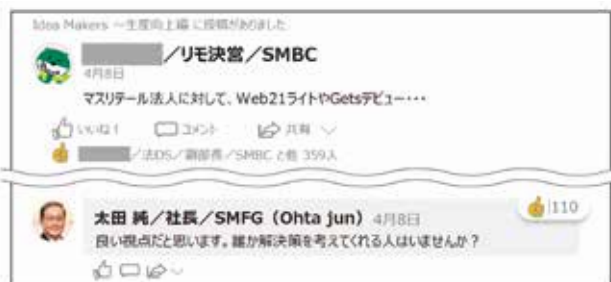
### Trends in applications through the open application system

	FY2019	FY2020	FY2021
Number of applications	1,142	1,171	1,595
Success rate	24%	31%	32%

SMBC has adopted three basic concepts: “Fair” (a fair human resource system), “Challenge” (a human resource system that encourages employees to take on new challenges), and “Chance” (a human resource system that provides employees with opportunities to demonstrate the fullest extent of their abilities). In January 2020, SMBC integrated job categories and bands, reviewed its frameworks for employee treatment and evaluation, and revised its human resources system for senior talent. This has resulted, for example, in an approximately three times increase in number of branch managers in their 30s compared to before the system’s introduction, with 66 such employees as of April 2022.

We hold that a sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement. With the aim of creating an environment where every employee can take on new challenges without being bound by precedent or received wisdom, we have introduced a “Dress Code-Free” policy allowing employees to choose their own attire fitting for their purpose. We have also introduced “Midoriba”, a company internal social platform at SMBC and The Japan Research Institute as a platform for individual employees to learn about colleagues and other business fields, to connect with likeminded colleagues and share ideas and opinions with each other, and this is now being progressively rolled out to Group companies. More than 20,000 employees are now using the service, encouraging internal communications, and in December 2021, a new business originated from the Group internal social network was launched.

### Actual interactions on the Group internal social network



## Health and Productivity Management

Each Group company has issued a “Statement on Health Management,” and under the leadership of the Chief Health Officer, the companies, their health insurance associations and the health care center are working together to create an environment in which employees can work in good health.

More than 1,800 employees have now participated in health seminars on topics including sleep and smoking cessation. Other activities include walking events and providing training and expanding systems for women-specific health issues.

SMBC has set a goal of achieving a smoking rate of 12% or less from FY2020, and has introduced a dedicated smoking cessation program.

For the second consecutive year, approximately 80% of participants in the smoking cessation campaign carried out since FY2020 have successfully quit smoking.

In recognition of these initiatives, the Group has been certified as one of the “White 500” outstanding large enterprises in health and productivity management for 2022 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

## Work-style Reform

As the lifestyles and values of individual employees become increasingly diverse, SMBC Group is developing infrastructure enabling employees to work flexibly without being constrained to a particular location or set hours.

Specifically, in order to support employee self-actualization, we are conducting campaigns to encourage employees to use their leave allowances and leave the office early; while Group companies such as SMBC Nikko Securities and Sumitomo Mitsui Card Company have introduced systems to support side job / concurrent positions and a four-day workweek. In addition, to prevent overwork, we have implemented a system to ensure sufficient intervals between shifts as well as consultations with occupational physicians, and to ensure labor management takes employee health into consideration.

In order that employees can work efficiently regardless of location, together with establishing a dedicated department to improve productivity and promoting operational efficiency through RPA and paperless operations, SMBC is pursuing an optimal mix between remote and office work by creating a manual indicating tasks suitable for remote working on a per-department and per-role basis.

### A framework for implementing flexible working styles

- Remote working (Home, satellite office)
- Flextime system
- Staggered working hours
- A system encouraging early office leave
- Systems for childcare related leave, leave of absence, and training
- Childcare leave system for male employees
- Systems for nursing related leave, leave of absence and training