

Human Resource Strategies



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Senior Managing Executive Officer
Group CHRO

Message from CHRO

Empowering individuals to be resilient and strong. Becoming a power for society.

People are our foundation for our competitiveness

Even as SMBC Group's environment and the values and lifestyles of individuals undergo rapid change and diversification, the importance of people to SMBC Group never changes. Rather, in this era of drastic change, it is critical that the employees of our Group, over 120,000, exert their abilities and align their direction with a sense of unity. As a symbol to guide this action, we established the "SMBC Group Talent Policy" (hereinafter "Talent Policy").

To the creation of value through the maximization of human resource

Our Talent Policy sets out what we expect employees to be (Professional, Collaborative, Agile) and our value proposition to employees (Be Yourself, Make a Difference, Build Your Career). These items are imbued with values that SMBC Group feels are vital. These values are also present in the DNA and the business spirit that Mitsui and Sumitomo have inherited through our long histories: refining personal capabilities, uniting as a team, and contributing to the advancement of society and the businesses of our customers and ourselves. As CHRO, I will position our Talent Policy as the foundation underlying our human resources measures, and will maximize our human resource capabilities and achieve the creation of social value and pursuit of economic value set forth in our management strategy.

To achieve our management strategy

To achieve the human resources strategy linked to our management strategy, it is essential that we possess a human resources platform and an organizational culture by which employees holding diverse career backgrounds and values can play active roles. At the same time, it is also important that the values of the Company and of individuals overlap and resonate with each other.

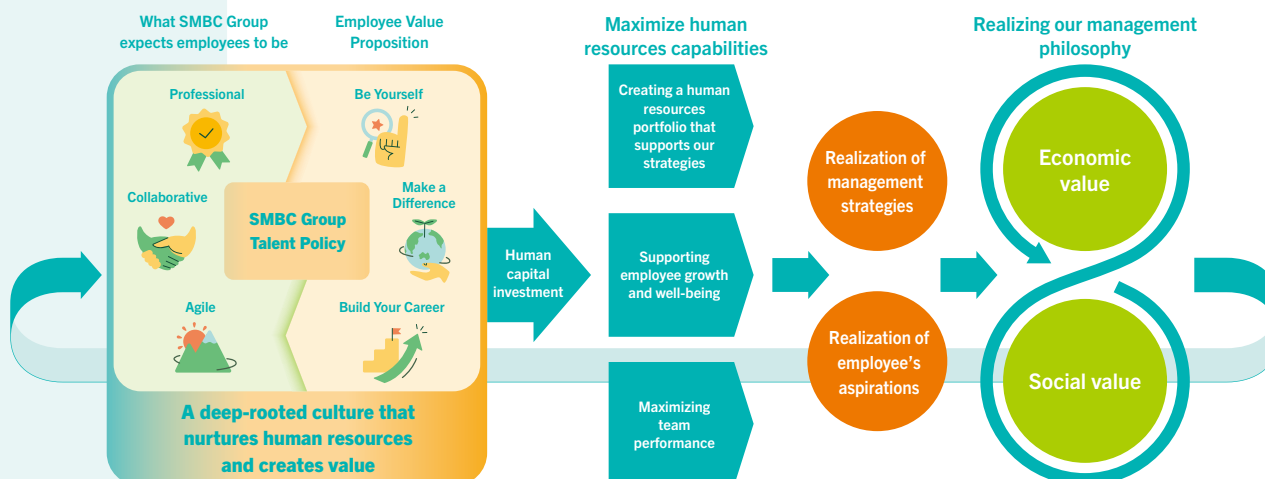
To that end, we will swiftly accelerate the transformation of our frameworks for personnel evaluations, compensation, and careers, while continually providing opportunities for internal communication through dialogues in town hall meetings, seminars, and small-group sessions to ensure that the thinking and backgrounds embedded in our human resources strategy are properly communicated.

We believe that realizing employees' diverse aspirations will connect to our growth and competitiveness, increase employees' identification with the Company, and give rise to further endeavors and successes for employees. This virtuous cycle represents the human resource management and the maximization of human resource power that I aim to achieve.

As CHRO, I will continue challenging myself wholeheartedly to create a compelling environment where diverse human resources can play active roles in their own way through various initiatives that lead to transformation.

Management Messages	Value Creation Story	Create Social Value / Pursue Economic Value	Rebuild Corporate Infrastructure
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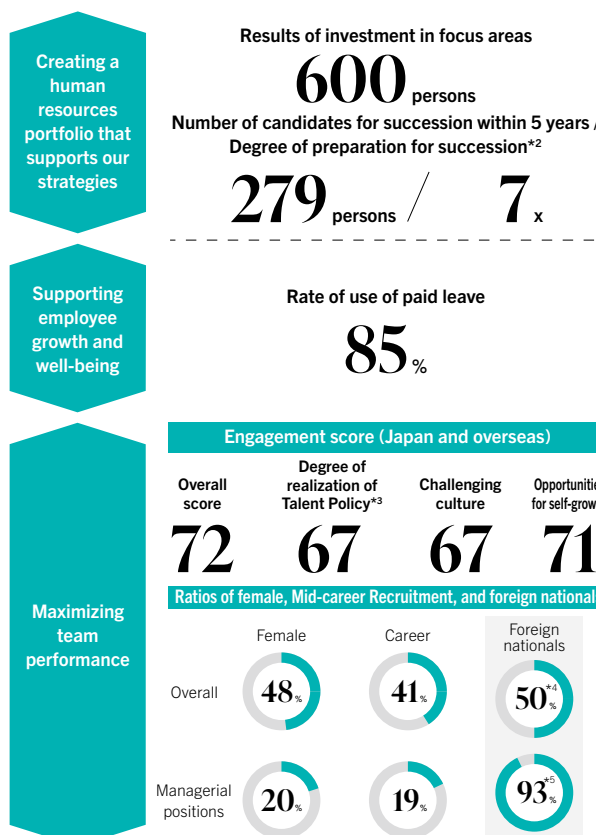
The SMBC Group Human Capital Management Model



The SMBC Group Talent Policy and Human Capital Management Model

SMBC Group's 120,000 diverse employees work within a deep-rooted culture that nurtures human resources and creates value. Our Human Capital Management Model, based on our Talent Policy, promotes three main strategies aimed at maximizing human resource capabilities group and global wide, and connects these strategies to value creation. While instilling our Talent Policy through various opportunities, we are actively communicating with employees leveraging visuals and icons created in cooperation with the in-house design team. SMBC Group has created measures to achieve the items listed in our Talent Policy, and verifies progress toward these through fixed-point observation of quantitative figures. Quantitative results for our main strategies are as shown at right.

Quantitative results for our main strategies*1 (FY2023)



*1 Unless otherwise noted, calculations are for employees of 8 major Group companies hired in Japan

*2 Ratio of number of candidates to target number for post

*3 As of February 2024, 8 major Group companies, excluding Sumitomo Mitsui Finance and Leasing and Sumitomo Mitsui DS Asset Management.

*4 Percentage of employees of consolidated SMBC Group

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

1 Creating a Human Resources Portfolio that Supports Our Strategy

Expansion of human resources in focus areas

Key investments in Focus Areas

We actively hire new employees and optimize staffing through the creation of a human resources portfolio to achieve our Medium-Terms Management Plan. In FY2024, we will allocate 550 persons to our strategic areas, such as digital domain that promotes “Olive” and wholesale business area in which our customers’ business activities are agile, in response to changes in the yen-denominated interest rate environment.

We have launched a new department to advance the creation of social value. Furthermore, additional 250 persons will be secured to strengthen our corporate infrastructure, including IT investment, compliance and risk management structures.

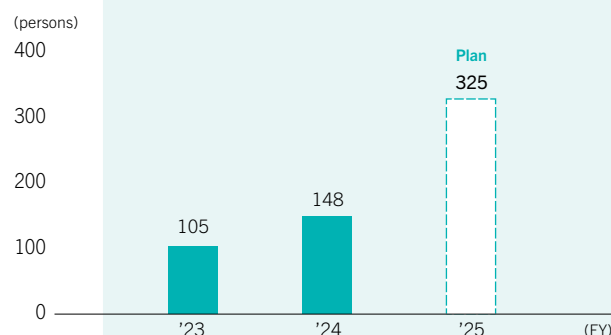
Focus areas	Human resources planning (3 years)	
	Of which, FY2023 results	
Legal affairs, compliance, risk management, IT	+400 persons	+1,000 persons
DX, analytics	+150 persons	+300 persons
Global	+50 persons	+100 persons

New graduate and mid-career recruitment

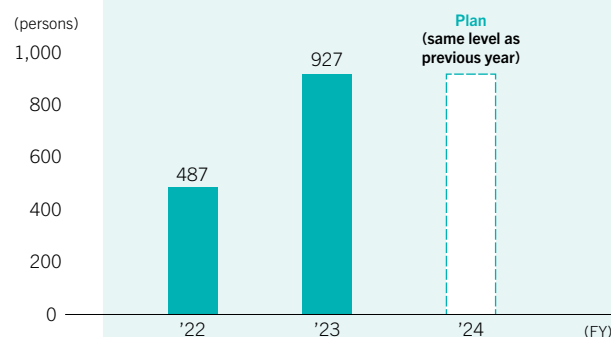
For new graduate recruitment, we aim for optimal hiring through “open recruitment” targeting undergraduates who are willing to gain experience in a wide range of business fields and “course-specific recruitment” targeting who are willing to cultivate high levels of expertise in a particular area. As an example, SMBC and SMBC Nikko Securities have launched Group Retail Course for group joint recruitment of human resources involved in a field of wealth management business. Through this course, we develop human resources with knowledge and experiences in both banking and securities, and meet wide-ranging needs including asset management, inheritance, and succession. We have a total of 25 courses across the Group. For mid-career recruitment, we hire human resources who possess diverse knowledge regardless of industry, with the aim of creating an organization more conducive to innovation.

We are also strengthening our organizational structure for smoothly fit mid-career recruits in the office to maximize their performance early. As an example, We provides new employees a Buddy System that supports from job offer acceptance to the end of the first year in SMBC, an On-boarding Handbook that complies feedback from mid-career recruits and highlights key points of support, as well as organizing exchange events aimed at networking.

Number of new graduate hires by course



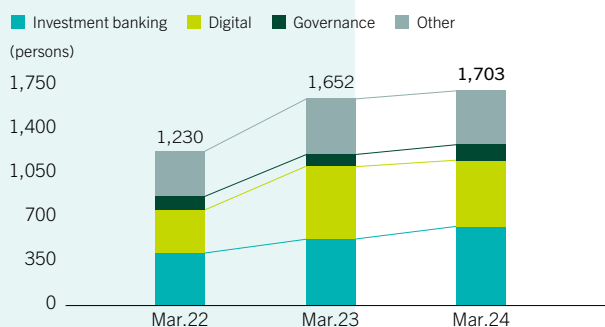
Number of mid-career hires



Certifying specialists

We secure and develop professionals in specific domains by evaluating and rewarding their expertise in focus areas. As an example, SMBC has established an Expert Certification System covering 31 areas, the Japan Research Institute has introduced an IT Professional Certification System, and Sumitomo Mitsui Card Company has introduced a Digital & Marketing Skill Certification System. SMBC Nikko Securities offers reward systems and career paths specific to the investment banking and markets divisions for employees who demonstrate high expertise.

Number of subject matter experts across the group



Inclusion of locally hired overseas employees

As our business outside Japan is leading our growth, we are fostering a culture that both Japan hired employees (“JH”) and locally hired employees (“LH”), employees who are hired and work outside Japan, can experience and understand diversity of SMBC Group and transform this culture into our competitiveness. For example, we are providing over 60 LHs with mid/long-term work experience at Tokyo head office for mid/long term or offering joint training opportunities with JHs. These employees build relationships with colleagues across departments and regions to share their knowledge and practices from each region, as well as to gain a better understanding of the headquarters' strategy. These opportunities/programs also promote globalization at the offices located in Japan, and creating an environment where business can be conducted more effectively in collaboration even after the end of the placement.

We also continue to conduct varied forms of joint training aimed at enhancing business skills and top management skills at the global level.



“Global Japan Program”, the short term training for locally hired overseas employees in Japan

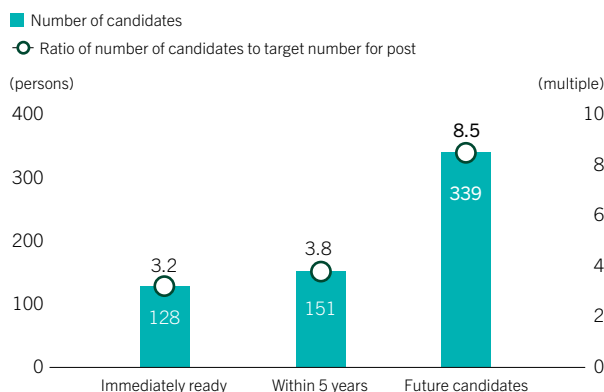
Succession planning and human resource exchanges

Management and development of Group management human resources

We formulate succession plans for vital Business Units and for key CxO positions. Through transfers and human resource exchanges within the Group, we provide employees who are named in such succession plan with opportunities to overcome personal challenges, broaden their management perspectives, and form cross-Group networks. We incorporate candidates who demonstrate particularly high performance into succession planning in anticipation of their future role in management.

We actively invest in education at every level employees, from mid-level to the officer level, and provide various opportunities including training, secondment, or talent exchange to candidates for our future management so that they gain experiences not only within but also outside the Group. Our management, including CEO and outside directors, also participate in these opportunities and communicate with the participants to encourage them to develop their mindsets as future leaders.

Succession Planning



2 Support for Employee Growth and Well-Being

Building an environment for self-motivated learning

An online learning platform connecting the Group
SMBC Group uses the SMBC Group eCampus shared online learning platform to promote self-motivated learning by employees. Containing about 1,700 content items, the platform offers learning materials in wide-ranging fields including business, work knowledge, compliance, and messages from top management. Along with learning content, SMBC Group eCampus offers features including training sign-up, tests, and questionnaires. It supports and deepens employees' self-motivated learning activities through linkage with personnel data. Logins to the system averaged over 3,000 per day in FY2023, and have reached as high as 1.1 million in a year as use of the platform spreads among employees.

In particular, content provided by our Digital University in-house digital IT education organization has greatly contributed to enhancing employees' digital literacy. To improve the environment for achieving self-directed career development, we will further make use of the platform's features to build personalized UI and strengthen content.

Initiatives to support self-directed career development

Engaging with careers and encouraging new challenges

We support employees' initiatives to support self-directed career development through our internal job posting system for applying to positions across the Group.

We also make efforts toward career education by which companies conduct career training according to age group, with career consulting available across the Group. For example, SMBC emphasizes communication between employees and the human resources department, engaging in about 7,000 hours per year for touch-points with employees, including interviews.

In addition, we regularly holds "job forum" explanatory

sessions to communicate the appeal of departments and creates job maps to deepen employees' understanding of the content and the appeal of work at other departments, along with required skills and qualifications.

Sumitomo Mitsui Finance and Leasing also has a unique initiative called Job Shadow, by which employees experience the work of another department for a day.

Sumitomo Mitsui Card Company supports independent career development through "career meetings" in which superiors formulate and share career plans based on employees' career prospects, and a "career challenge (FA system)" program by which employees can apply for desired posts and work.

Through these diverse initiatives, we support the career formation of all employees and promote individual growth.

Total annual training costs

	FY2022	FY2023
Total annual training costs	¥4.0 billion	¥4.7 billion

Initiatives to support self-directed career development

(Persons)

	FY2021	FY2022	FY2023
Number of applicants for open recruitment system	1,595	1,693	1,870
Number of users of side job system (Of which, internal)	183	318	699

Growth through external dispatch and in-house side jobs

We promote the acquisition of diverse work skills and experiences through an external dispatch entry system for the accumulation of experience for a period outside of SMBC Group, and through in-house side jobs that allocate a portion of work hours to work in the side job department.

Mitsui Sumitomo Card Company and SMBC Nikko Securities also approve external side jobs aimed at supporting independent endeavors and creating innovation through personal network formation and the spreading of values.

Creation of an environment that supports endeavors

Endeavors through “Producing New CEOs”

We allocate budget and personnel to employees who have unique business ideas that can support SMBC Group’s growth, creating an environment allowing these employees to demonstrate their abilities to the fullest.

For some business ideas, we may even launch a new in-house venture beyond the framework of the company, selecting an employee as “president.” In FY2023, we turned out 11 “presidents” of new businesses selected through pitch contests and open recruitment. We continue supporting employees of any age and experience level who tackle challenges with “Make a breakthrough” to see them through.



SMBC Wevox President Hidekazu Sugimoto
(photo, right)
SMBC Wevox Director Satoshi Fusho
(photo, left)

BPORTUS President
Kazuki Tanaka

Creating co-creation opportunities across Group companies

SMBC Group carries out a variety of measures offering opportunities for co-creation by Group companies.

We have established a Group commendation system that recognizes outstanding initiatives enabled by collaboration within the Group.

There are also numerous cases of project teams that cross the boundaries of Group companies, formed with the aim of enhancing speed and customer response capabilities. We adopt the “Squad” method of flexible member assignment to undertake creation of value, as in the case of Olive.

Health and productivity management

Ensuring mental and physical health to support employees’ growth

Our subsidiaries have issued a “Health and Productivity Management Declaration” and are committed to health and productivity management with the aim of invigorating their organizations by enhancing employees’ vitality and productivity. Under the leadership of the Chief Health Officer, the companies, health insurance associations, and occupational health staff work collaboratively to implement measures including improvements of office environments and the development of support systems and work systems appropriate for the stages of primary to tertiary prevention.

In FY2023, we designated November as “Wellness Month” to intensively focus on health management. The Group as a whole organized running and walking events around the Imperial Palace, aiming to foster exercise habits and enhance communication through interactions between Group companies’ employees and disabled athletes. In recognition of these efforts, our company was certified as one of the Health and Productivity Management Outstanding Organizations “White 500” (Large Enterprise Category).

Key initiatives



Primary prevention

Training and seminars
Smoking cessation program
Introduction of lifestyle improvement support apps
Installation of running stations, massage rooms, etc.



Secondary prevention

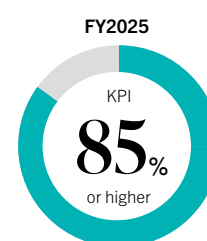
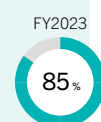
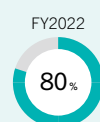
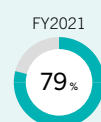
Recommendations for secondary medical checkups, gynecological checkups, etc.



Tertiary prevention

Counseling to support return to work
Trial work system, work restrictions, etc.

Rate of use of paid leave



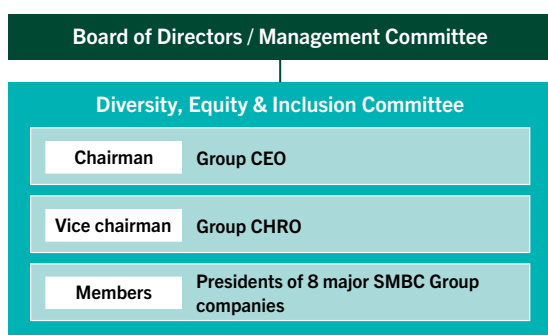
3 Maximizing Team Performance

Promotion of DE&I

DE&I as an important strategy for growth

SMBC Group positions Diversity, Equity & Inclusion (“DE&I”) as an important strategy for growth. We aim to enhance our organizational performance and maximize value creation by fully leveraging the capabilities of our diverse human resources. In FY2023, we revised our “DE&I Statement” to further clarify the commitment of our top management.

DE&I Committee and Group Management Committee discuss KPI settings and measures, and we also hold study sessions for managers, incorporating the latest external insights.



Group joint training for developing female managers

To cultivate qualities required for executive officers and aid career development, we conduct training for mid-career female employees. In this training, officers of the Group, including the CEO, conduct reviews and provide opportunities for dialogue to elevate the perspectives of candidates.

We also conduct external lectures and round-table discussions with female managers to help overcome challenges faced at every stage, from young employees to top management. Through such initiatives, we support female employees in actively tackling roles after being promoted and in aiming for higher positions.

Enhancement of Diversity at Decision Making Levels

KPIs related to ensuring diversity at Decision Making Levels have been set on a Group wide basis. In FY2024, in addition the previously set KPIs on Gender, Mid-career recruitment and foreign nationals, we have introduced a new KPI on Female in the Senior Management Position on an entire global basis including locally hired employees at overseas offices.

FY2025		
Number of female executive officers	Ratio of female managers*1	NEW Ratio of female in senior management position*2
30 persons	25%	30%
FY2030		
Ratio of female in the Board of Directors	Ratio of female managers*1	NEW Ratio of female in senior management position*2
30%	30%	35%

*1 Calculate based on the definition required by the Act on the Promotion of Female Participation and Career Advancement in the Workplace

*2 Calculate by combining number of “Female managers*1” and number of those equivalent to Director & above at overseas locations.

Promoting work-life integration and supporting paternal participation in childcare

We are committed to realize workplace where our employees can effectively balance their work and family, according to their lifestyles, and find fulfillment in their work. In FY2023, we have set goals: achieving Childcare leave usage by male employees: 100%, as well as Number of days of childcare leave by male employees: an average of 30 days or more. We will continue to encourage greater utilization of paternity leave benefits, as means to promote the Paternal participation in Childcare.

Average number of days and take-up rate of paternity leave

	FY2022	FY2023
Average number of days of paternity leave	8.2 days	11.5 days
Rate*	89%	116%

* The paternity leave take-up rate may exceed 100% in the case employees who take paternity leave beyond fiscal years.

Enhancing employees' sense of participation in our strategy

Interaction with top management

Through several event including seminars, lunch meetings, and training, we provide opportunities for employees to interact and dialogue with top management. In FY2023, we launched a channel to stream interviews with Group company presidents and show the daily life of the Group CEO on our in-house social networking service "Midoriba." We will continue to provide opportunities for communication through varied approaches and to reform our organizational culture through internal invigoration.



"CEO Seminar", where the Group CEO and employees discuss topics including SMBC Group direction and strategies

Employee shareholding association

SMBC Group has introduced an employee stock ownership plan. This plan promotes medium- to long-term asset formation by employees, supports financial well-being, and, as a component of our human capital investment, leads to opportunities to enhance employees' awareness of their participation in management.

At SMBC, boosting incentives increased participation in the plan by 38% and amount of contribution by about 20% in FY2023. We will continue creating mechanisms to enhance this awareness on the part of employees.

Introduction of stock plan for employees

In FY2024, SMBC established a stock plan for employees to strengthen the commitment of employees and top management in working as one to enhance our corporate

value. By linking compensation to the company's stock price over the medium to long term, the plan functions as incentive for employees to enhance the corporate value of SMBC Group overall. We plan to gradually expand it beyond Sumitomo Mitsui Banking Corporation to other Group companies.

Enhancement of engagement

Situational assessment through Wevox and 1-on-1 meetings

SMBC Group uses Wevox, a tool for fixed-point observation of the state of organizational and employee engagement to support improvement actions by headquarters and management. After introducing Wevox at SMBC in FY2019, we moved ahead with rollout at other Group companies.

As of April 2024, nearly all major companies in our Group have adopted Wevox. Results obtained through measurement of engagement are shared within organizations and are reflected in our business operation.

In Japan, we have also used Wevox since FY2023 to measure degree of achievement of our Talent Policy. We reference this measure as an indicator of the effectiveness of the value provided by our Company and use it as an aid in improving measures.

We also work to enhance employee engagement and performance by setting up regular dialogues and 1-on-1 opportunities.

Engagement Score

