



Human Resources Strategy

Our Approach

One overarching social trend is the change in relationship between companies and employees and there are more alterations and diversifications in employees' attitudes toward work.

SMBC Group has approximately 100,000 employees around the world. We aim to improve both employee motivation and corporate productivity in order to effectively implement the Group's management strategies.

We envisage to be a bank with the best talent pool by fostering talent capable of continuous growth and encouraging employees to tackle ambitious challenges.

Human Resources Strategy Underpinning Group Management Strategies

Human Resource Medium-Term Management Plan

To establish a robust platform to realize SMBC Group's medium- to long-term vision, we have established the Human Resource Medium-Term Management Plan, with the following three pillars.

(1) Resource Management

Strategic Allotment of Human Resources across Group Companies and Divisions

(2) Seamless Platform

Realization of True Diversity and Inclusion

(3) Employee Engagement

Measures to Enable All Employees to Fully Exercise Their Potential

(1) Resource Management

Strategic Allotment of Human Resources across Group Companies and Divisions

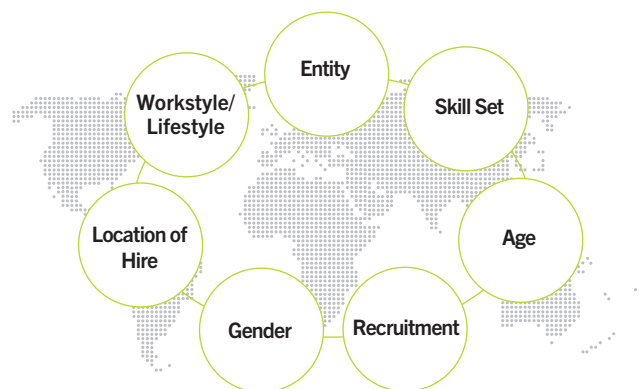
SMBC Group promotes business transformation and the streamlining of its business processes through business model reforms, branch reorganizations, and group-wide integration of operations. At the same time, we will be more proactive in reallocating human resources on a group-wide basis to strategic fields and areas as designated in the seven key strategies of the new Medium-Term Management Plan.

By realizing efficient operations and proactive human resource management across Group companies, we aim to reduce the quantity of work to enable natural attrition of domestic workforce by 6,500 people over the new Medium-Term Management Plan period, an increase from the reduction of 4,900 people achieved in the previous Medium-Term Management Plan.

(2) Seamless Platform

Realization of True Diversity and Inclusion

We aim to alleviate the "seven disparities" to enhance optimal allotment of human resources across Group companies and divisions.



1. Entity Disparity

Group-Wide Human Resources Strategy Based on Business Necessities

SMBC Group is establishing frameworks to accelerate inter-Group company secondments, enhance coordination in recruiting activities, and establish human resource systems to facilitate Group collaborations.

In addition, we intend to cater to business necessities across entities through the use of human resource systems. Such necessities include realization of better coordination between SMBC, SMBC Nikko Securities, and SMBC Trust Bank to promote “SMBC Private Wealth” business targeted for high-net-worth customers, and the integration of head office functions of Sumitomo Mitsui Card Company and SMBC Consumer Finance, both responsible for our payment service business.

2. Skill Set Disparity

Reeducation Opportunities to Support New Challenges

SMBC Group encourages employees to take part in spontaneous learning opportunities, such as voluntary applications and career planning programs, through proactive disclosure of information related to human resource measures.

Furthermore, we are expanding training prior to assuming new positions and enhancing follow-up frameworks to support employees pursuing new challenges across Group companies or divisions, regardless of their current position or employee category.

Revision of HR Management Framework

Amid rising demand for motivation, environments conducive to growth, and social meaningfulness for the Company, we revised our HR Management Framework in January 2020 with the new slogan, “Be a Challenger”. The new framework is intended to enable and encourage our employees to work more energetically and maximize their performance.

HR Management Framework

| | | |
|---|--|--|
| Fair Integration of employee categories | Challenge Integration of job bands | Chance Enrichment of a lifelong career |
|---|--|--|

■ Integration of Employee Categories

Employee categories have been integrated to allow employees to assume higher responsibilities based on their ambitions and skills.

■ Integration of Job Bands

Job bands have been integrated to enable fairer evaluations and compensation based on levels of contributions, and to realize early promotions by decoupling them from seniority.

■ Extension of Retirement Age

The retirement age has been extended to 65. Furthermore, the evaluation framework has been revised and the voluntary application system has been expanded to allow employees to tackle diverse challenges on a life-long basis.

3. Age Disparity

Create an Environment which Allows Employees to Tackle Challenges and Succeed, Regardless of Age or Seniority

We envisage to promote individuals to senior positions, such as executive positions at Group companies, regardless of age or length of career, as evidenced in SMBC CLOUDSIGN Inc.’s case where the president assumed the position in his 30s. At the same time, we encourage and support senior employees to contribute continuously, by offering recurrent training and establishing a dual career support system that provides flexible work options for employees older than 60.

4. Recruitment Disparity

Focus on Mid-Career Hiring

As our business domains change, we are enhancing mid-career hiring to acquire talent with diverse skills and backgrounds. In this regard, we have substantially expanded the business areas and positions for mid-career individuals in order to recruit diverse talent including candidates for management positions. Furthermore, we are enhancing support provided to mid-career hires by both the Human Resources Department and the assigned departments, to ensure early settlement and active contributions.

5. Gender Disparity

Enhancement of Diversity at Decision-Making Levels

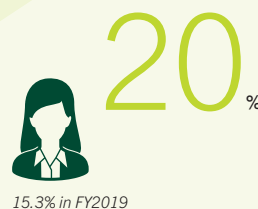
SMBC Group is devoting efforts to fostering female management candidates by increasing hiring of women and offering them strategic career development support shortly after they join the organization. To ensure appointments and promotions are determined based on individuals’ skills and competencies, unconscious bias training has been made compulsory for management and members of the Human Resources Department.

Furthermore, in support of the LGBT community and other sexual minorities, we are offering employee education and supporting the development of networks of sexual minority allies* through aid and donations for external events.

Targets for FY2025

Ratio of female managers

Number of female executive officers



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The Company has also expanded its employee welfare and benefit to include same-sex partners and set up helpdesks to support members of sexual minorities.

** An ally is someone who understands and supports members of the LGBT community and other sexual minorities, despite not belonging to such a group himself/herself, and who makes this stance clear.*

6. Location of Hire Disparity

Establishment of Talent Development and Management Frameworks to Support Growing Overseas Businesses

SMBC Group advances its operations in more than 40 countries and regions worldwide, and these overseas businesses are driving the growth of the Group. To support these businesses, we are developing talent management frameworks to enable optimal assignments and promotions, regardless of their location of hire. Based on the SMBC Global Management Competency model, we established standardized talent review framework. We are also developing a database to enable centralized management of talent information on overseas employees.

For talent development, we offer various training programs for employees from offices around the globe, including leadership training for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the United States. 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 1,700 employees have participated in these programs to date.

7. Workstyle and Lifestyle Disparity

Fostering of Workplaces That Allows Diverse Workstyles to Realize Maximum Performance

SMBC Group is enhancing training programs and support frameworks to foster corporate cultures supportive of all employees' willingness to work, regardless of their physical or mental restrictions due to life events (marriage, childcare, nursing care, etc.) or illness or disability.

• Workstyle Reforms

We are actively adopting systems that allow for flexibility in working hours and work locations, such as flextime, staggered working hours, and telework systems. Infrastructure to enable these systems, such as teleworking terminals and satellite offices, is also being put in place.

Furthermore, to prevent excessive working hours, we are introducing monitoring and interval systems to ensure due compliance with relevant laws and improve working

environments. Working hour-related targets have been set for paid leave acquisition rates (target of 85% in FY2025) and for work efficiency through the implementation of robotic process automation.

• Health and Productivity Management

To ensure our employees' physical and mental health, we are maintaining good work environments by offering stress checks, preventive measures for mental health, support for employees returning from long absence, and consultation desks. To enhance health awareness, we also offer reimbursement for expenses associated with quitting smoking and encourage the taking of regular health examinations.

In addition, Group companies have formulated a "Statement on Health Management" and are accelerating their initiatives under the leadership of the Chief Health Officer.

Diversity and Inclusion Initiatives

Workplace Environment Development Aimed at Encouraging Efforts of a Diverse Workforce

SMBC Group is promoting "Diversity and Inclusion" as a growth strategy itself. The Group has formulated its "Diversity and Inclusion Statement" as a core philosophy to promote initiatives to encourage active contributions of a diverse workforce, establishing a work environment that enables all employees to fully exercise their capabilities and skills. Under the new Medium-Term Management Plan, we aim to alleviate the aforementioned seven disparities in order to truly realize the spirit of diversity and inclusion.

To accelerate diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the SMFG Diversity and Inclusion Department, holding regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we are regularly hosting the SMFG Diversity and Inclusion Committee, chaired by the Group CEO.



Message on Diversity and Inclusion from the Group CEO
<https://www.smfg.co.jp/english/sustainability/materiality/diversity/top-message/>

Text of Diversity and Inclusion Statement and information on diversity and inclusion promotion system
<https://www.smfg.co.jp/english/sustainability/materiality/diversity/statement/>

(3) Employee Engagement

Measures to Enable All Employees to Fully Exercise Their Potential

1. Talent Development Strategy

SMBC Group has established the SMFG Learning and Development Institute to spearhead its group-wide talent development activities, in addition to developmental initiatives each Group company is advancing based on respective business environments. The Learning and Development Institute implements development programs for cultivating group-wide perspectives and fostering a sense of solidarity. Meanwhile, we are actively implementing joint programs with graduate schools and cross-Group job rotations to develop management candidates. Furthermore, we have established the “Digital University” and are expanding its range of courses to foster planning and development capabilities for transforming businesses with digital technologies.

SMBC, the core subsidiary of SMFG, is advancing the following initiatives.

• Human Resources Vision

SMBC has formulated its Human Resources Vision to serve as a long-term strategy for human resource development amid a volatile competitive climate. It is also shifting from Human Resources Department-driven development models to more business-oriented, self-controlled development models that support the growth of individuals based on self-disciplined tasks. SMBC supports the challenges of its employees, regardless of position or seniority.

• Enhancement of Experiential Learning

SMBC is taking steps to enhance on-the-job training. Such steps include frameworks through which new employees receive guidance from more experienced employees (“anchor” system) along with one-on-one feedback. For management, we offer SMBC Management Review, a multi-source feedback, to enable development through enhanced self-recognition.

• Self-Disciplined Career Support

Voluntary application systems for training, jobs, and posts are provided as frameworks for supporting self-driven career development and to enhance specialized skills. In addition, the annual SMBC Job Forum provides a platform to gain understanding of the business of each department, thereby enhancing the effectiveness of voluntary application systems.

Voluntary application systems are also available for dispatches to domestic and overseas graduate schools and other external educational institutions. Furthermore, SMBC has introduced a system that allows employees to take leave

to attend graduate schools (career planning leave system) and a system that offers financial support for paying tuition fees for employees attending graduate schools or seeking to acquire qualifications while continuing to work normally (career planning support system),

2. Corporate Culture

SMBC Group seeks to foster a sense of emotional safety in its corporate culture that allows employees to be frank and genuine in communication. For this reason, we have a free dress code, enabling employees to wear what they please to work, and encourage employees to refer to each other without titles. In addition, we are examining the possibility of introducing an internal social media service as a digital tool for transmitting information about individuals, management, and organizations to better link people and organizations.

Meanwhile, engagement surveys are instituted to track levels of employee engagement and facilitate self-driven improvements by organizations. Employee awareness surveys are also conducted to develop an understanding of the levels of desire for coordination and solidarity among Group employees. These surveys have found that the average level of satisfaction among employees is at the high level of around 70%.



Engagement survey (wevox)

3. Concentration on Appealing Work

Drastic and continuous improvements to the efficiency of routine tasks are being pursued to heighten productivity and to create an environment that gives rise to appealing work and allows employees to concentrate on performing high-value-added work. In addition to promoting robotic process automation, instituting paperless work practices and drastically revising meeting procedures, we are soliciting and implementing work-streamlining ideas from the perspectives of employees.

Furthermore, competitions in which employees can volunteer to participate and present their ideas are being held at various companies as divisions investigate possible new business models.