

# 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 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

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.

As a result, we aim to enable natural attrition of the domestic workforce by 7,000 people over the new Medium-Term Management Plan period, an increase from the reduction of 3,300 people achieved in the previous Medium-Term Management Plan.

### (2) Seamless Platform

Strategic utilization of human resources on an inter-Group company basis, cross-divisional manner requires the elimination of obstacles that may impede the ability of diverse employees to excel in their positions. By establishing the necessary systems and frameworks and reforming the mindsets of employees and other parties through education, SMBC Group will realize true diversity and inclusion.

### ① Construction of Platforms for Supporting Business Strategies

SMBC Group is moving forward with the construction of platforms to support the flexible and effective reinforcement

and streamlining of businesses.

In the Retail Business Unit, we have established the Wealth Management Division and the Payments & Consumer Finance Division. In conjunction with this move, human resource systems and recruitment strategies are being revised with a focus on cross-entity fluidity of human resources.

Meanwhile, we are developing human resources with specialized skills in the Wholesale Business Unit and providing career paths for these individuals in order to heighten our ability to accommodate customer needs.

### 2 Flexible Group-Wide Recruitment Strategies

SMBC Group is enhancing Intra-Group coordination in new graduates recruitment through holding joint recruitment events and reconsidering recruitment strategies on a group-wide basis. In the recruitment of mid-career hires, we have raised the number of such hires to account for approximately 20% of all hires with the aim of greatly increasing related recruitment numbers. In order to acquire diverse talent including candidates for management positions, we are employing a multi-channel approach such as recruitment through referrals and alumni networks. At the same time, we are developing workplace environments to encourage active contributions of mid-career hires.

### 3 Diversification of Management and Human Resources

#### • Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has compiled a database for integrated management of information on overseas employees and established the Global Talent Management Council as a framework for increasing the transparency of promotions of overseas employees to senior management positions.

In addition, we offer various development programs for fostering leadership capabilities 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 United States and group training programs for employees from offices around the globe. We also conduct 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.

#### • Gender Diversity

SMBC Group has set targets for the ratio of female managers and the number of female executive officers. We are devoting efforts to fostering female management candidates and creating a pool of female managers by increasing the hiring of women, specifically aiming to have women account for 30% of all hires, and enhancing educational programs through leadership training and programs for reforming the gender awareness of supervisors. 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, SMBC Group joined 30% Club Japan, an organization striving to increase female representation in corporate decision-making, in April 2021 as part of its efforts to empower female employees and diversify decision makers.

#### Targets for FY2025



Meanwhile, in support of the LGBT community and other sexual minorities, the Company has expanded its employee welfare and benefit to include same-sex partners and set up helpdesks to support members of sexual minorities. We are also offering employee education and supporting the development of networks of sexual minority allies through aid and donations for external events.

#### • Age Diversity

Following the extension of the retirement age at SMBC Group, we have been taking steps to provide elderly employees with positions that let them exercise their skills at Group companies and implementing group-wide efforts to support the contributions of these employees. For example, recurrent training and post-appointment support is provided, with a focus on both skills and mindsets, for individuals being reassigned across company lines, and a second career support system has been put in place.

## Human Resources Strategy

### 4 Energization of Diverse Employees

#### • Health and Productivity Management

Group companies have formulated a “Statement on Health Management” and are developing environments in which all employees can remain healthy and feel empowered through joint efforts by companies, health insurance unions, and health support staff under the leadership of the Chief Health Officer.

For example, we offer health seminars and exercise awareness campaigns and are also bolstering systems and providing training regarding the unique health issues faced by women. In addition, we provide financial assistance for employees looking to take part in programs for quitting smoking, and approximately 80% of the participants in our FY2020 quit smoking campaign successfully gave up smoking.

Mental healthcare measures include training programs based on group analyses and stress checks for all employees, mental health helpdesks, and support for returning to work. We also monitor working hours and implement systems to ensure sufficient intervals between shifts to prevent excessive or concentrated working hours.

#### • Work-Life Balance Support

As employees’ values diversify, SMBC Group is fostering workplace environments designed to help all employees deliver their maximum performance, regardless of life

stage or physical or mental characteristics. For example, we are expanding leave systems, providing training, and encouraging male employees to take childcare leave. In addition, we have set up a helpdesk to answer questions regarding nursing care.

Moreover, we strive to ensure that all employees feel motivated and ambitious in their work. To this end, we have adopted systems that allow for flexibility in working hours and work locations, such as flextime, staggered working hours, and telework systems. We also seek to improve productivity through heightened operational efficiency by promoting paperless operations and utilizing robotic process automation tools.

### (3) Employee Engagement

#### 1. Talent Development Strategy: Environment Self-Driven Career Development

SMBC Group fosters a sense of solidarity between employees through group-wide training sessions and cross-Group job rotations while also cultivating human resources who are able to view the Group from an overarching perspective as well as candidates for future Group management positions.

As a result of these efforts, SMBC has received an innovation award in the Good Career Company Award program of the Ministry of Health, Labour and Welfare. This award was presented in recognition of SMBC’s robust lineup of career support systems as well as its business-oriented models for self-driven career development.

Looking ahead, we intend to bolster our range of career development support systems to offer programs for learning about digital technologies along with other reeducation and awareness reform programs to ensure that we can respond quickly to operating environment changes and accordingly swiftly implement management strategies.

#### • SMBC’s Human Resource Development Policies

In its Medium-Term Management Plan, SMBC puts forth its Human Resources Vision. Guided by this vision, we are transitioning from Human Resources Department-driven development models to more business-oriented, self-driven development models to better support the ambitions of all employees. Also, we are increasing the transparency of human resource evaluations to cultivate an atmosphere in which employees are evaluated based on their contributions.

### Diversity Initiatives

SMBC Group is promoting “Diversity and Inclusion” as a growth strategy itself. The Group has formulated its “Diversity and Inclusion Statement” to communicate this fact to internal and external stakeholders.

#### Text of Diversity and Inclusion Statement

<https://www.smfg.co.jp/english/sustainability/materiality/diversity/statement/>

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 and encourage members of top management to commit to the promotion of diversity and inclusion and to act based on this commitment.

#### Message on Diversity and Inclusion from the Group CEO

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

### • Acceleration of Experiential Learning Cycle Based on On-the-Job Training

For junior employees, SMBC Group provides frameworks through which new employees receive guidance from more experienced employees (“anchor” system) and is introducing development systems for fostering rigorous self-understanding, gaining insight on basic actions and basic knowledge, and cultivating an appropriately competitive mindset.

In addition, the wevox engagement survey system is utilized on an individual-workplace basis and one-on-one feedback meetings are held at all banks as part of our efforts to accelerate an experimental learning cycle based on on-the-job training.

At the same time, we have developed an off-the-job support system for managers and mid-level employees that includes multifaceted evaluations and formal management training.

### • Self-Disciplined Career Support

The annual SMBC Job Forum, an opportunity to learn about divisions and work at other SMBC Group companies, and the twice-annual voluntary application programs for training, jobs, and posts are provided as frameworks for self-driven career development. The FY2020 voluntary application program saw a 50% year-on-year increase in the number of applicants, to 429, and a 35.4% increase in the number of applications selected, which reached 152. This turnout shows that the number of employees seeking to shape their own careers is rising.

For employees seeking to develop their careers in a manner that exceeds the normal frameworks of position and rank, we have prepared a trial position and rank reassignment program that allows these employees to experience the actual work and workplace environment of their desired position. To date, nearly 100 employees have taken advantage of this program. To address the needs of employees with ambitions to pursue

self-driven learning, SMBC Group provides a system that allows employees to take leave to attend graduate schools through dispatches to domestic and overseas graduate schools and other external educational institutions (used by 60 individuals to date) as well as a system that offers financial support for paying tuition fees for employees taking part in educational programs while continuing to work normally.

In addition to these career support systems, SMBC has introduced an expert/specialist framework that allows highly specialized employees with more than five years of experience in their field of expertise to receive career assurance and compensation based on their skill level. This system was introduced in response to the need for robust experience and sophisticated technical skills given job task diversification as well as a rise in the number of employees seeking to advance in specialized fields (used by 375 employees in 30 certified fields to date).

## 2. Corporate Culture

A sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement. 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 have introduced an internal social networking service as a digital tool for strengthening connections between people and organizations.

Furthermore, the wevox engagement survey system is being introduced on a group-wide and global basis to develop a corporate culture that facilitates self-driven improvements by organizations. In the March 2021 survey of Group employees, 73% of our employees expressed that they felt pride in working for SMBC Group.

## Column

### Midoriba: Internal Social Networking Service

**A**n internal social networking service known as Midori no Hiroba (meaning green plaza), or Midoriba for short, was introduced at SMBC in October 2020 (application at Group companies planned). This system is designed to encourage mutual communication between management-, organization-to-employee and employee-to-employee that is not limited by organizational boundaries and to promote employee innovation. Specifically, employees are able to learn about colleagues and other business fields, connect with likeminded colleagues, and share ideas and opinions with each other through this system. Thus, the system will support the establishment of a proper mindset for

career development and encouraging the employee-initiated establishment of internal communities. We aim to develop a framework in which employees can create new business opportunities or transform existing businesses by freely sharing ideas and receiving mentoring or sponsorship from specialized departments or management. This system is already used by more than 20,000 employees, with thousands of interactions, including knowledge sharing and idea consultations, taking place each month.

みどりひろば