

Human Resources Strategy

Our Approach

We have established the Five Values as a set of shared beliefs and guideline for behavior for all 100,000 employees in order to achieve “Our Mission”. Human Resources seeks to support the accomplishment of “Our Mission” through the strategic development of talent and by promoting these values to create a workplace that maximizes the contributions of a diverse workforce.

Developing, Retaining, and Recruiting Talent to Support the Group

■ Talent Development suitable for a changing business environment

In fiscal 2017, SMBC Group established the Learning and Development Institute to grow our group-wide talent development activities. We also implemented new development measures in order to enhance mutual understanding and solidarity among Group employees. We will continue to expand and improve the range of training programs and further promote the Five Values to all Group employees.

In addition, SMBC is providing stage-based development initiatives to support employee growth and facilitate the business vision. In fiscal 2018, we plan to increase the number of initiatives for management training. The expectation of management is ever increasing in light of a changing environment where a diverse range of talented people work together and the complexity of our business compounds.

Human Resources Development Programs Based on Employee Growth Stages

Junior level Employees	Mid-level Employees	Management level Employees
<p>Development of Junior Employees</p> <ul style="list-style-type: none"> • “Anchor system” in which mid-level employees provide guidance and mentoring to junior employees • Enhancement of on-the-job training through the establishment of the “anchor system” and “Philosophy of Work” 	<p>Cultivation of Future Leaders</p> <ul style="list-style-type: none"> • Planned employee rotation • Identification of skills gap and facilitation of necessary learning opportunities • Larger responsibility for mid-level employees 	<p>Enhancement of Management Skills</p> <ul style="list-style-type: none"> • Developing leadership styles to help managers promote autonomy and proactivity within teams • Enhancement of project management skills



■ Developing Global Talent

SMBC Group employees are currently working all over the world in approximately 40 different countries. As our business expands geographically, so do the opportunities of our employees. In light of this we are focusing our efforts on the globalization of our Human Resources practices. Global Human Resources Departments were established at SMBC and SMBC Nikko Securities in fiscal 2014 and fiscal 2017 respectively. Both departments are working to realize identification, development, and promotion of our talent globally in order to enhance our global business.

We offer a wide range of training programs for employees globally. Such programs include financial support for language training for Japan hired employees, leadership courses for senior management, designed in collaboration with a leading business school, and network-building programs at all levels. More than 1,000 employees have participated in these global training programs and are driving our business forward across the globe. In addition, we promote cross-border secondment of employees around the world for both business and training purposes. Among these initiatives there are an increasing number of overseas hired employees working in Japan and contributing to the globalization of Head Office.

By creating an environment where employees with different backgrounds work together and inspire each other, we aim to provide services of greater value to our customers.



Participants in a global training program (Global Co-working Program)

■ Improvement of Motivation and Engagement

SMBC Group is developing group-wide frameworks to support employees taking new challenges and facilitate autonomous career development. It is hoped that such initiatives will improve Group employee motivation and engagement which will in turn increase levels of performance.

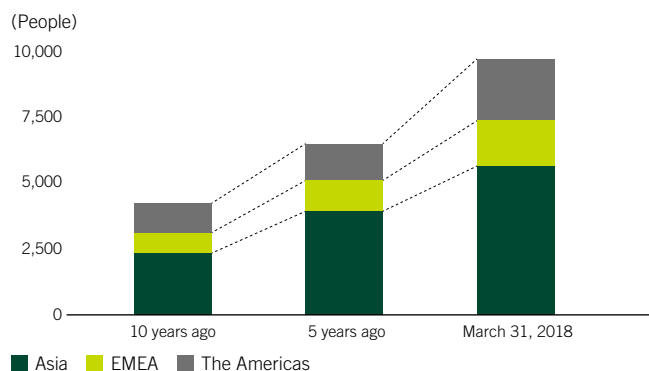
Group-wide surveys will be conducted on an ongoing basis to measure employee engagement.

■ Allocation of Human Resources for Supporting Business Strategies

SMBC Group is increasing its capabilities in priority areas by reallocating its existing human resources and increasing its recruitment efforts. Hiring mid-career professionals is one key way in which we are aiming to increase our capabilities and acquire outside knowledge to support priority areas. SMBC has also established specialized programs to attract new graduates with interest in pursuing careers in quantitative strategy and digitalization. These programs guarantee career routes into these fields.

In addition, we are actively encouraging cross-Group transfers with a view to cultivating the talent that we need to implement business strategies in the medium- to long-term future. For example, SMBC and SMBC Nikko Securities are expanding inter-company trainee systems for junior and mid-level employees. Furthermore we are establishing career paths that take employees between both companies in order for them to possess both banking and securities skills.

Number of Employees Positioned Overseas by Regional Head Office



Note: Figures are for SMBC and its major subsidiaries.

Optimal Deployment of Human Resources and Effective Personnel Expense Control

■ Optimization of Human Resources

SMBC Group is developing frameworks for gathering data such as employee numbers, personnel expenses, and other information on human resources in order to deploy people in the necessary fields. Alongside this we are also using inter-Group movements and training programs to the same end.

■ Improvement of Productivity

The current Medium-Term Management Plan (fiscal 2017–2019) calls for the workload reduction of 4,000 people. To accomplish this goal, we are utilizing robotic process automation and other measures of revising existing work processes while also providing education and training opportunities for improving employees' IT skills. At the same time, we have taken steps to improve productivity through the merger of SMBC Nikko Securities and SMBC Friend Securities and the integration of our four subsidiaries.

Creating a Workplace Environment that Supports Diverse Teams

■ Diversity and Inclusion Statement

SMBC Group has established the following Diversity and Inclusion Statement to represent the Group's values and act as a foundation for all of our initiatives.

At SMBC Group, our most valued resource is our people. Our Mission Statement reflects this conviction: "We create a work environment that encourages and rewards diligent and highly motivated employees."

Ours is an organization in which employees of different backgrounds treat one another with respect and can apply their skills, express their individuality, and experience growth and fulfillment through their work, regardless of race, nationality, age, gender, sexual orientation or gender identity, religion, culture, disability, prior career or lifestyle. This is **the source of SMBC Group's competitive strength**.

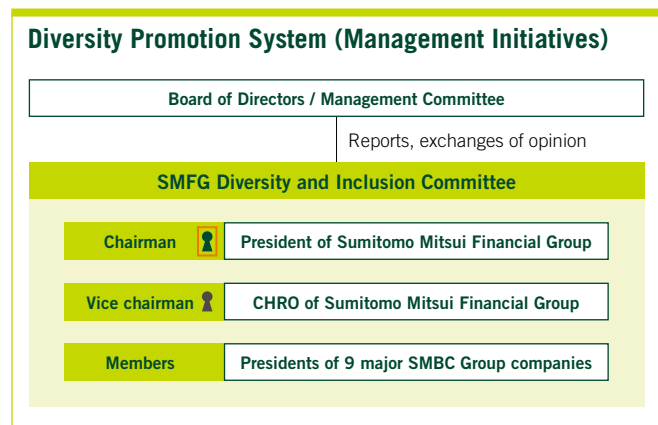
We believe that institutions that promote diversity and encourage their employees to contribute through their varied experience and talents are more dynamic and innovative than institutions in which employees tend to share only similar backgrounds and perspectives.

In order to offer our clients new and higher-value services and to continue to grow with our stakeholders, we are promoting diversity and inclusion throughout SMBC Group as **the core to our growth strategy**.

■ Diversity Promotion System

SMBC Group has established the SMFG Diversity and Inclusion Department as a dedicated organization for promoting diversity and also holds meetings of the SMFG Diversity and Inclusion Committee, which is chaired by the President of Sumitomo Mitsui Financial Group and comprised of the presidents of other Group companies.

By exchanging information about issues and initiatives among Group companies and implementing joint measures for addressing shared issues, we are accelerating the promotion of diversity and inclusion on a group-wide level. The progress of measures on this front is periodically reported to the Board of Directors to facilitate the sharing of opinions and information on these matters.



■ Working Style Reforms

SMBC Group is actively implementing working style reforms in order to create workplace environments that enable all employees, even those with restrictions on the hours they can work, to maintain levels of motivation, continue to grow, and feel engaged with their work. We believe that such a workplace will contribute to improved productivity across the Group.

Accordingly, the Group is instituting teleworking and flextime systems and otherwise developing workplace environments conducive to flexible working styles that are not bound by time or place.

Each Group company has set targets for indicators such as overtime hours and paid leave acquisition rates to track progress in working style reforms and implement initiatives that reflect the actual conditions in their company.



4.5 star rating received in Nikkei Smart Work Survey 1st

■ Empowerment of Female Employees

SMBC Group is proactive in its efforts to empower female employees. We implement programs for assisting female employees in continuing to work, which are centered around support for balancing childcare with work, as well as career development support programs for female employees aimed at cultivating individuals capable of serving in leadership roles. These efforts have earned high evaluations from external organizations, as indicated by the Company being chosen for inclusion in the Nadeshiko Brand selection compiled jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange on three occasions.

In addition, Group companies have set targets for the ratios of female managers and are accelerating efforts to cultivate and promote female employees.

Target for Ratio of Female Managers at SMBC



■ Support for Balancing Careers with Childcare or Nursing Care

SMBC Group strives to ensure that no employee finds themselves wrought with concern over their ability to balance their career with their private life and that all ambitious employees are able to continue working without sacrificing their desired career. To this end, we are expanding our work-life balance support systems, holding work-life balance trainings, supplying information on childcare and nursing care, and otherwise cultivating a forward-looking corporate culture that is understanding and supportive toward employees seeking to balance their work life with their private life.

As one example of these efforts, SMBC has formed an agreement with NICHIIGAKKAN CO., LTD., that allows employees to use its roughly 70 company daycare centers located across Japan. Of these daycare centers, four are located on SMBC properties in Tokyo and Osaka, offering additional support to employees returning to work from childcare leave.



Work-life balance trainings (parent forums)



Guide to balancing career with nursing care

■ Employment of Differently Abled Individuals

SMBC Group is promoting employment of differently abled individuals from the perspectives of social responsibility as well as diversity.

Both SMBC subsidiary SMBC Green Service Co., Ltd., and SMBC Nikko Securities subsidiary Nikko MiRun are specially certified subsidiaries as defined under the Act on Employment Promotion of Persons with Disabilities. Together with these companies, we promote employment and provide employment support for differently abled individuals. Furthermore, we aid all employees in exercising their unique skills and aptitudes by developing various positions and fostering accommodating workplaces.

In addition, SMBC Nikko Securities employs leading differently abled athletes who take part in competitions and give lectures in Japan and overseas to foster understanding with regard to differently abled individuals.



SMBC President Makoto Takashima (front row, center) and Employees of SMBC Green Service

■ Support for Physical and Mental Health of Employees

SMBC Group practices health and productivity management in order to ensure that all employees can maintain good mental and physical health and remain energized in order to continue delivering high levels of value to customers.

To this end, we implement stress checks for all employees, establish consultation venues regarding mental health, institute health improvement programs, and offer other support to help maintain the mental and physical health of our employees.



Selected **twice** for inclusion in the Certified Health and Productivity Management Organization Recognition Program—White 500 (large enterprise category) compiled by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi