

## **Statement on Human Rights**

### **Introduction: Commitment to Respect Human Rights**

SMBC GROUP's Management Philosophy stipulates that "we contribute to a sustainable society by addressing environmental and social issues". In recognition that respect for human rights is one of the key priorities for the business, SMBC GROUP has developed this "Statement on Human Rights" to demonstrate a continued commitment through the provision of information and exchanges of views from appropriate experts.

As a global financial group and a supporter of the United Nations Global Compact, SMBC GROUP strives to meet its responsibility to respect human rights in cooperation with suppliers and clients, and in dialogue and cooperation with relevant stakeholders.

### **Basic views on efforts to respect human rights**

SMBC GROUP at a minimum, commits to understand and respect internationally recognized human rights, such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. SMBC GROUP will also work to respect human rights based on international standards such as the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Action on Multinational Enterprises, the ILO MNE Declaration on Multinational Enterprises, and the Government of Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains. We also draw on International Standard ISO 26000, the Guide to Social Responsibility, and the Children's Rights and Business Principles, developed jointly by UNICEF, the United Nations Global Compact and Save the Children. In light of this, the " Rules of Action " set forth in the "Principles of Action on Compliance and Risk," which is a guideline for risk management, including compliance by officers and employees, also stipulates that all employees respect the human rights of customers, suppliers and other employees, do not commit human rights violations, and do not tolerate any actions that lead to human rights violations. While laws and regulations may differ between countries or regions, SMBC GROUP seeks to respect principles of internationally recognized human rights while complying with local laws and regulations where it does business.

With a view toward respecting internationally recognized human rights, SMBC GROUP will continue to engage in dialogue with stakeholders and work to develop and enhance a system of human rights due diligence in order to identify, prevent and mitigate the negative impact of its business activities on human rights. In cases where SMBC GROUP caused or contributed to a negative impact on human rights, SMBC GROUP will endeavor to provide Access to Remedial Measures through appropriate means to mitigate and reverse such impact, and will also work with suppliers and clients to prevent and mitigate the negative impact directly related to its business, products and services.

### **Roles and Responsibilities**

The Board of Directors maintains oversight over SMBC GROUP's human rights related activities and receives regular reporting on these efforts. This Statement has been reviewed and approved by the Executive Committee and the Board of Directors. The Corporate Sustainability Committee, which is chaired by the Group CEO, discusses matters pertaining to the spread of sustainability management, including efforts to respect human rights throughout the Group as well as measures necessary for promoting sustainability. Moreover, SMBC GROUP has established the Sustainability Committee as an internal committee of the Board of Directors. The Group CSuO and the Group CRO (Chief Risk Officer) will periodically report to the Sustainability Committee and the Risk Committee. We are continuously enhancing our corporate governance and management frameworks.

### **Scope of Application of the Statement**

This Statement expresses SMBC GROUP's position on human rights and applies to all companies within the Group. All directors, officers and employees shall abide by and act in line with the principles and behavior set out in this Statement. SMBC GROUP's customers, suppliers and all other relevant stakeholders are also expected to comply with this Statement.

### **Our Employees**

SMBC GROUP believes that its employees should be treated fairly and with dignity and that it should strive to ensure that it provides a workplace free from any type of

abuse of employees' human rights, including but not limited to forced labor, harassment and discrimination without distinction of any kind such as race, gender, sexual orientation, gender identity, religion, creed, national origin, disability, family status and birth status. SMBC GROUP ensures that its recruitment and career progression processes are free from any such discrimination. SMBC GROUP also respects freedom of association and the right to collective bargaining.

Where permitted by local laws, SMBC GROUP's employees are encouraged to identify and report immediately via SMBC GROUP's whistle-blowing program, without fear of retaliation, any conduct that the employee knows or reasonably believes would violate legal or regulatory requirements or ethical standards, which include, but are not limited to internal policies and guidance in relation to human rights.

Those who violate these laws, regulations, policies, and guidance may result in disciplinary action, up to and including dismissal.

### **Our Clients**

SMBC GROUP believes that it has an ethical responsibility to promote human rights by showing respect for human rights through its own behavior and by sharing its ethos with clients. SMBC GROUP commits to protect and respect customer privacy and strives to ensure that customers do not have an unintended negative impact on human rights when providing products and services. In addition, SMBC GROUP will avoid business transactions if they are in conflict with SMBC GROUP's human rights responsibilities or if it is suspected that they could contribute to exploitative labor practices.

SMBC GROUP strives to know its clients to minimize the risk of the SMBC GROUP's products and services being used for improper purposes such as the commission or facilitation of offenses, which can be associated with human rights violations.

In order to prevent its business activities, including investments and financing, from contributing to or being directly related to human rights violations, SMBC has been

working to implement human rights due diligence procedures within its risk management framework, including identifying investments and loans with elevated human rights risks and conducting regular monitoring of those with high priority in order to prevent and mitigate human rights risks.

In SMBC GROUP's Group Credit Policy, which contains its overall financing policy, guidelines and rules, the Group declares not to extend any credit considered problematic in terms of public responsibility, or which may have a negative impact on the environment. Also, SMBC GROUP is introducing policies for specific businesses and sectors that are likely to have significant impacts on the environment and society. In compliance with the Equator Principles, SMBC GROUP conducts due diligence when undertaking lending for the projects with certain level. SMBC GROUP also confirms appropriate risk mitigation measures, including human rights aspect, are taken by project operators based on dialogue with customers and external experts. In addition, SMBC GROUP requests that project operators obtain Free, Prior and Informed Consent (FPIC) from indigenous peoples impacted by the project and to give due consideration to working conditions of the project.

### **Our Suppliers**

SMBC GROUP commits to meet its responsibility to respect human rights in its supply chain.

SMBC GROUP has established the Sustainable Procurement Policy (Supplier Code of Conduct), which requires suppliers to comply with the laws and regulations applicable in the countries in which they operate, as well as to seek their understanding and cooperation on appropriate standards considered by SMBC GROUP.

### **Access to Remedial Measures**

SMBC GROUP has systems in place (grievance mechanisms) through which various stakeholders can raise human rights issues associated with its business. Customers can contact SMBC GROUP through the call center, telephone, and website.

Employees can raise their concerns via dedicated internal whistle-blowing channels. In such cases, anonymity of the whistleblower is duly protected to prevent any retaliation.

SMBC GROUP's customers can submit inquiries via the "Customer Opinion and Request", including any concerns regarding SMBC GROUP's products and services having negatively impacted their human rights. Issues raised will factor into considerations for improving business processes. When undertaking lending for the projects with certain level, project operators are required to establish grievance mechanisms for the affected communities and ensure user access.

### **Education for Respecting Human Rights**

SMBC GROUP provides its employees with training on human rights issues such as achieving equality in employment opportunities and promoting workplace diversity. Through such training, SMBC GROUP works to raise employees' knowledge on human rights so that they can engage with customers with enhanced human rights awareness.

### **Understand and Disclose of Respecting Human Rights**

SMBC GROUP is committed to communicating its efforts and progress on respecting human rights to its stakeholders through various channels, including its website.

### **Continuing Commitment**

SMBC GROUP recognizes that its responsibility on human rights continues to evolve as society's expectations on business respect for human rights also grows. SMBC GROUP is committed to an ongoing review and assessment of its business practices and approach on human rights in light of changing global circumstances.