

We encourage our people to bring their authentic selves to work every day

Gender pay gap report 2019

SMBC NIKKO



Diversity & Inclusion

Foreword by the CEO

Hello,

SMBC Group is committed to diversity and inclusion because it recognises that diversity of people, opinions and perspectives is good for business and workplace culture.

As CEO and an avid supporter of this key initiative, I will be responsible for signing the external SMBC Nikko gender pay gap report in April 2019.

Last year, although we were not required to make a public release of SMBC Nikko Capital Markets Ltd's gender pay gap report for 2018, we released the report internally on a voluntary basis. This year we are making our first mandatory public report. We have also slightly restated last year's figures to reflect the results of an external review of best practice.

This year our mean gender pay gap is unchanged from last year and our median gender pay gap has decreased by (-0.7%) compared to last year's adjusted figures. Our bonus pay gaps have both reduced, the mean by (-7.1%) and median by (-17.1%).

We recognise that there remains considerable work to do. I do not underestimate the significant challenges that remain and the work required to ensure we reduce fixed pay and bonus gaps further over the coming years. Over the last 12 months the company has continued to

progress initiatives with regards to diversity, inclusiveness and culture. These initiatives setup the long term foundations that we anticipate will help to promote a fair and more inclusive environment.

I would also like to take this opportunity to update you on a related topic. In January 2018, we formally became a signatory of the HM Treasury Women in Finance Charter (WiFC) and set the target to increase senior female representation to 30% by January 2023. I am pleased to see that as of January 2020, just two years after signing, we have exceeded this target. Again, although we have undoubtedly made progress, there are some technical factors, such as the transfer of staff out of London to our Frankfurt office, that have contributed. Therefore, it is important that we continue to invest in the various areas that will lead to even stronger results.

In this report, you can learn about

- Our 2019 gender pay gap report data
- Key diversity and inclusion initiatives that will further support gender diversity at SMBC.

Antony Yates

CEO, SMBC Nikko

2019 Data

Mean and median gender pay gap

The 2019 figures show a decrease in the median gender pay gap whilst mean remained the same. There was a decrease in both mean and median bonus pay gap.

	April 2019	April 2018
Gender pay gap		
mean	→ 32.8%	32.8%
median	↓ 16.3%	17.0%
Gender bonus gap		
mean	↓ 57.6%	64.7%
median	↓ 46.3%	63.4%

Data summary

In accordance with regulation, the data contained in this report are for all UK-based SMBC Nikko employees at the snapshot date of 5 April 2019.

Key points

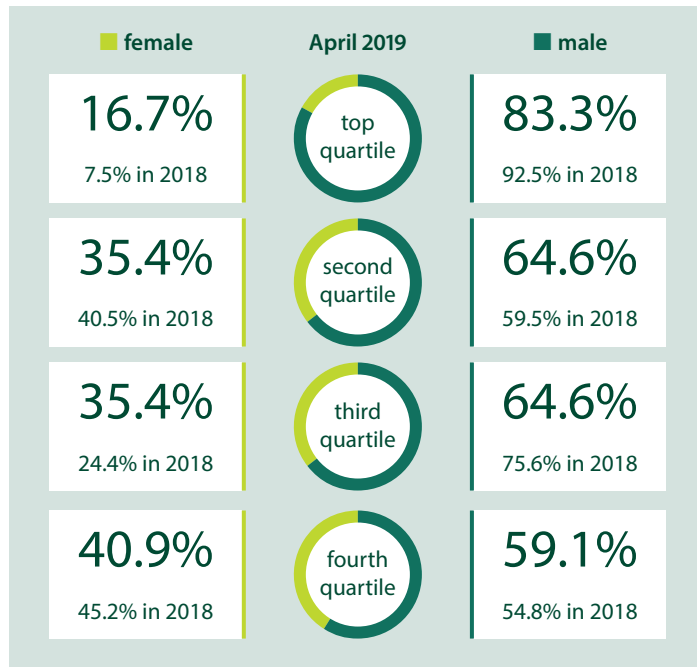
- The SMBC Nikko 2019 median gender pay gap has decreased by (↓ 0.7%) whilst mean remained the same
- The gender bonus gap has decreased in both mean (↓ 7.1%) and median (↓ 17.1%)
- The proportion of female employees in the top pay quartile has increased significantly by 9.2% between 2018 (7.5%) and 2019 (16.7%) due to female promotions and senior hires
- The proportion of female employees in the other quartiles helps to show a movement of female employees from the lower quartiles of pay to the higher quartiles (lower, lower middle, upper middle, upper).

Our historic reported figures have been amended to reflect the results of an external review process commissioned by us to ensure that we are consistent with best practice regarding gender pay gap reporting.

2019 Data

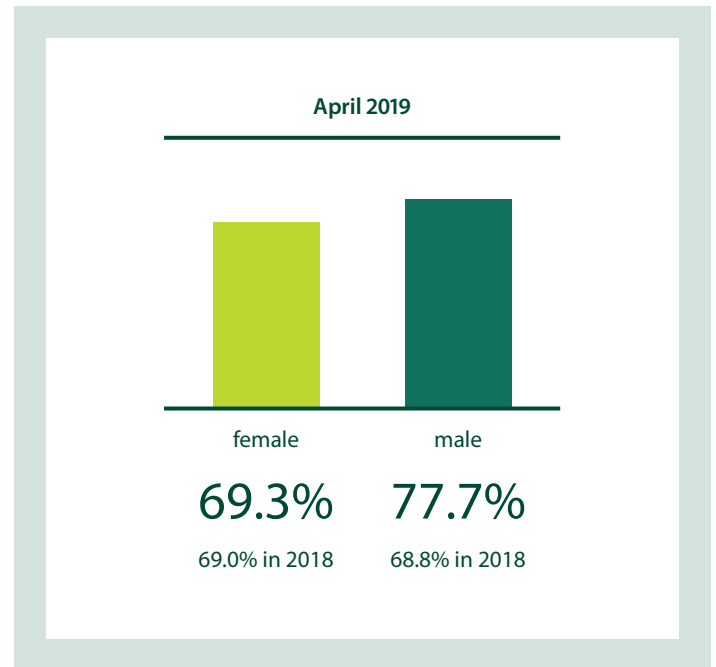
Proportion of employees in each pay quartile

The follow charts show the gender split for each quartile of the SMBC Nikko population, if all staff were ranked from highest to lowest hourly pay.



Proportion of employees receiving a bonus

The figures below show the proportion of staff who received a bonus in June 2018 that were employed as of April 2019. This reflects all hiring from 1 April 2018 to 4 April 2019.



Signature Actions

Committed to the Women in Finance Charter

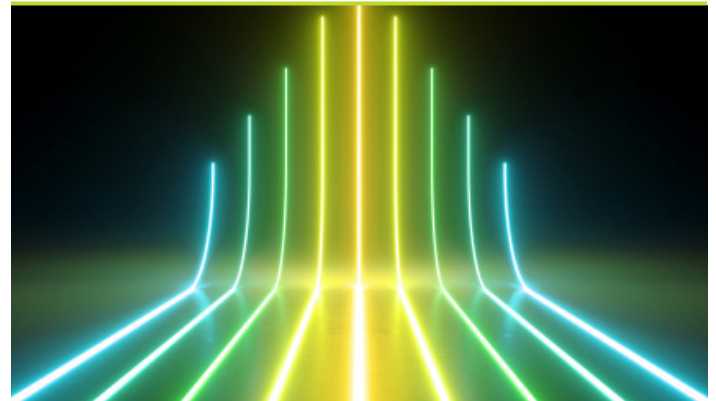
SMBC Nikko signed the Women in Finance Charter in January 2018 and set the target to increase senior female representation to a minimum of 30% by January 2023.



Building a diverse and inclusive workplace

To continue to attract, develop and retain diverse talent, here are some of the actions that we have taken so far as a group:

- Senior management have departmental gender diversity targets which are measured monthly
- All new joiners complete inclusion and respect training
- 36 female vice presidents and directors from SMBC Group EMEA have so far completed our Elevate leadership programme
- We launched a Mentoring Circle programme for Elevate alumni in 2018 and so far 20 female directors have participated
- A new agile working policy was launched in the UK in November 2018, and has since been expanded across seven more countries in EMEA.



Signature Actions

Collaboration with our employee networks

SMBC Group's employee-led networks, Balance and Niji, operating under the umbrella of DRIVE, continue to thrive. Achievements this year include the launch of a networking initiative called Collaborate and multiple oversubscribed events and seminars.

Our Women's Inclusion Network has recently been renamed Balance to focus on supporting gender balance more broadly.



An expanded diversity and inclusion strategy

A new strategy to expand the diversity and inclusion focus areas was launched in September 2019 and includes some signature new initiatives:

- An expanded focus to become disability confident, and build inclusion strategies to support ethnicity, nationality, generational diversity, sexual orientation and gender identity and expression
- A recruitment review to ensure our process, assessment and selection approach enables us to source and hire diverse talent across our markets
- Joining the Stonewall Global Diversity Champions programme, led by our Niji network
- The creation of new country D&I councils to embed local D&I initiatives in our largest local markets, such as France, Germany and the Middle East.

