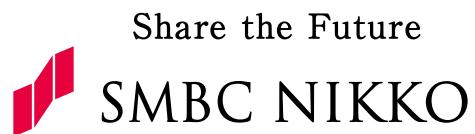


SMBC NIKKO SECURITIES INC.

# Corporate Profile





## Message from the President & CEO

A handwritten signature in black ink that reads "Yuichiro Kondo".

Yuichiro Kondo  
President & CEO

Ever since our foundation in 1918 as Kawashimaya Shoten, SMBC Nikko has over the past 100 years been supported by many clients and we have grown together with our clients.

Since October 2009 when we joined the Sumitomo Mitsui Financial Group, we have been redoubling our efforts to further improve our ability to assist our clients, both individuals and corporates, and to enhance our capabilities as an integrated securities company.

The environment surrounding our clients, society overall and our firm is changing dramatically. Japan is said to enter the era of the 100-year life and all over the world, politics and economies are being presented with various challenges such as a backlash against globalization as well as fundamental structural changes. Also, the advancement of technology and digitization is bringing about big changes to people's lifestyles.

In these transformational times, our vision remains to grow with our clients and be their trusted advisor. "Share the Future" is our brand slogan and we will continue providing convenient, customer-oriented transaction channels and high-quality products and services.

We connect via the capital markets companies seeking sustainable growth with investors looking for companies' growth, and facilitate the efficient and productive flow of capital, thereby contributing to the realization of fulfilled livelihoods and a prosperous society; this is our social mission as an integrated securities company.

Since our establishment, we have treasured our founder's spirit – "co-existence and co-prosperity with clients" and "being kind and honest" – which is guiding our employees as they engage with the capital markets, at times a source of great risks, in pursuit of maintaining and building a trusting relationship with our clients and society.

As a firm of financial professionals, we will strive to act in the best interest of our clients by leveraging our experience of managing a diversity of risks and delivering innovative financial services.

In closing, I would like to express our sincere appreciation to our clients for choosing SMBC Nikko.

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## Management Philosophy

To provide higher value, based on a customer-first principle.

To seek to be a company that grows together with our customers,  
and inspires their supreme trust.

To fulfill a role as a sound financial intermediary in order to contribute  
to the development of both capital markets and our society.

To create a work environment in which each employee demonstrates individuality  
under a sense of unity, while respecting diversity.

## Brand Statement

In a radically changing world where tomorrow is unclear,  
it is very reassuring to have a partner with whom you can take on new challenges.

SMBC Nikko Securities aims to be that partner for our clients.

We constantly put the needs and desires of our customers first.

We share the future with all of our clients,

whether they are individuals looking to build assets or corporations aiming to expand globally.

We aim to be a partner who works side-by-side with our clients on every step of their journey.

We are combining the strengths of our securities and banking operations to create  
enhanced value for our clients that only SMBC Nikko Securities can deliver.

Let's discuss tomorrow and share in the future.

We are proud to provide support and assistance to everyone who is looking to take on a challenge.

We are SMBC Nikko Securities.

## Brand Slogan

いっしょに、明日のこと。  
Share the Future

# History

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1918	July	Kawashimaya Shoten founded
1920	June	The former Nikko Securities Co., Ltd. Established
1944	April	The former Nikko Securities Co., Ltd. and Kawashimaya Securities Co., Ltd. merged and Nikko Securities Co., Ltd. established
1961	October	Listed its shares on the second sections of the Tokyo Stock Exchange, Osaka Securities Exchange, and Nagoya Stock Exchange
1970	February	Listed its shares on the first sections of the Tokyo Stock Exchange, Osaka Securities Exchange, and Nagoya Stock Exchange(delisted in January 2008 when the Company became a wholly-owned subsidiary of Citigroup)
1999	March	Nikko Salomon Smith Barney Limited (later to become Nikko Citigroup Limited), an investment banking joint venture with Citigroup, started operations
2001	October	Nikko Securities De-merger Preparatory Company took over the entire securities business and other operations from The Nikko Securities Co., Ltd. and changed its name to Nikko Cordial Securities Inc. The Nikko Securities Co., Ltd. was renamed Nikko Cordial Corporation as a holding company.
2007	May	Became Citigroup's subsidiary through the tender offer of Nikko Cordial Corporation(later becoming a wholly-owned subsidiary through a triangular share exchange)
2009	October	Nikko Cordial Securities De-merger Preparatory Company Ltd. took over all of the operations from the former Nikko Cordial Securities Inc. and a certain businesses of Nikko Citigroup Limited and was renamed Nikko Cordial Securities Inc. Became a member of Sumitomo Mitsui Financial Group upon the transfer of shares to Sumitomo Mitsui Banking Corporation
2011	April	Nikko Cordial Securities Inc. changed its name to SMBC Nikko Securities Inc.
2016	October	SMBC Nikko Securities Inc. becomes a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc.
2018	January	The company merges with SMBC Friend Securities Co., Ltd.

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## **SMBC Nikko Securities aims to be “a company that develops together with its customers and earns their utmost trust.”**

For over a century since the foundation in July 1918 as Kawashimaya Shoten, SMBC Nikko Securities has walked and grown alongside our customers, supported by their trust in us. The management philosophies of the founder Genichi Toyama: “co-existence and co-prosperity” and “kindness and honesty”, have been inherited and are still our fabric today. Since joining Sumitomo Mitsui Financial Group, Inc. in October 2009, we have strived to “become Japan’s No. 1 comprehensive securities company to offer excellent services at home and abroad” and made necessary preparations to achieve this target. With a merger with SMBC Friend Securities Co., Ltd. in January 2018, we have embarked on a new journey as a step forward for the next century. We are committed to continuously serving customers with added value sincerely so that we will enjoy their confidence and patronage.

# The Basic Policy for Customer-Oriented Business Conduct

SMBC Group\*1 have formulated the Basic Policy for Customer-Oriented Business Conduct for their domestic asset management and asset formulation businesses, based on which they are promoting customer-oriented business conduct.

This policy informs our basic stance of emphasizing the dispersing of investments over the medium to long term through which we seek to support customers in stable asset formulation. Also based on this policy, SMBC Group aim to contribute to the development of capital markets that provide companies with the funds they need to grow and to economic growth through their asset management and asset formulation businesses.

## 1. SMBC Group's Customer-Oriented Business Conduct

Sumitomo Mitsui Financial Group, Inc. established “Our Mission” and one of the content of that is “We grow and prosper together with our customers, by providing services of greater value to them.” On the basis of this principle, Sumitomo Mitsui Financial Group, Inc. has defined “Five Values”, a list of five key words that includes “Customer First”, shared by all the executives and employees in SMBC Group. SMBC Group continues to push forward with various initiatives to actualize these values and action guidelines.



Sumitomo Mitsui Financial Group, Inc. is fully aware of the severity of the government penalties imposed on Sumitomo Mitsui Banking Corporation in April 2006 in relation to its sales practices for interest rate swaps and has committed to preventing the reoccurrence of such malpractice. Accordingly, Sumitomo Mitsui Financial Group, Inc. has adopted a customer-oriented perspective in pursuing sustainability throughout its management, internal control, and compliance systems, endeavoring to regain trust from customers and from society as a whole.

Furthermore, the Customer Experience (CX) Improvement Sub-committee has been set up to incorporate customer input into management. The opinions of external experts\*2 are utilized in meetings of this committee as discussions on and verification of initiatives at Group companies are carried out to promote the exercise of a customer-oriented perspective on a group-wide basis. In addition, the CX Improvement Committee, which is membered by officers sitting on the Group Management Committee, convenes to hold regular discussions on customer-oriented business conduct.

SMBC Group is convinced that the ongoing quest to provide quality products and services based on customer needs and desires will contribute to economic growth and subsequently growth for SMBC Group. Everyone at SMBC Group will thus carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. SMBC Group will never let up in its efforts to ensure that it always thinks and acts based on a customer-oriented perspective in the truest sense as it strives to generate the greatest profits for its customers.

## **2. Initiatives for Promoting Customer-Oriented Business Conduct**

SMBC Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

### **(1) Provision of Products and Services Suited to the Customer**

When drawing up and underwriting financial products, we will act with an accurate understanding of customer needs, determining the ideal target customer group based on the risks and complexity of the products, in order properly develop and select products.

We will also help customers to find the ideal products and services. Our first step in this process will be to learn about our customers, inquiring into their needs and goals. We will next look at their level of knowledge, investment experience, and asset portfolios so that we can propose the best possible products and services for them.

If we think that a product may not be ideally suited to a customer's needs based on its characteristics or risks, we will discuss this matter with the customer as necessary and refrain from proposing such products when doing so is inappropriate.

### **(2) Easy-to-Understand Explanation of Important Information**

The amount of information provided to customers on the characteristics, risks, and fees of the products we handle as well as on the economic climate and market trends will be enhanced to help customers make informed decisions. Furthermore, we will strive to explain this information in an easy-to-understand manner.

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### **(3) Clarification of Fees**

SMBC Group receives fees from customers for the products and services it provides out of consideration for the need to develop and improve the quality of products and services and to supply various types of information as well as for processing- and infrastructure-related expenses. We will seek to provide thorough explanations of these fees that are as easy to understand as possible.

### **(4) Management of Conflicts of Interests**

Performing duties in an earnest and just manner based on a customer-oriented perspective entails managing any potential conflicts of interests to ensure that our operations are truly customer oriented.

On the basis of the Management Policy Concerning Conflicts of Interest in SMBC Group, we have defined the types of conflicts of interest requiring management as well as the types of transactions that tend to present conflicts of interests and procedures for identifying these transactions, methods and systems for managing conflicts of interest, and the scope of Group companies at which conflicts of interest should be managed. In this manner, we take steps to ensure that conflicts of interest are properly managed and so that customer's interests will not be unduly harmed.

For more information about Summary of Management Policy Concerning Conflicts of Interest in SMBC, please refer to the following link:

[https://www.smbc.co.jp/global/conflicts\\_of\\_interest/](https://www.smbc.co.jp/global/conflicts_of_interest/)

### **(5) Frameworks for Properly Motivating Employees**

Always thinking and acting based on a customer-oriented perspective in the truest sense requires our employees to be properly motivated so that they can remain dedicated and effective in their work. SMBC Group thus develops its performance evaluation systems from a long-term perspective with the aim of encouraging customer-oriented sales activities. At the same time, we are expanding our range of training programs for promoting earnest and just work practices and higher levels of business ethics.

SMBC Group aim to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMFG and its Group companies based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

\*1 SMBC Group is a collective name for Sumitomo Mitsui Financial Group, Inc.'s Group companies. Group companies applicable under this policy:

Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.;  
SMBC Nikko Securities Inc.;  
Sumitomo Mitsui DS Asset Management Company, Limited

\*2 External experts\* are invited to meetings of the CX Improvement

Sub-committee to provide advice and suggestions with the aim of incorporating a wide range of perspectives into management that includes and goes beyond input and requests from customers.

**\*External experts (in alphabetical order)**

Name	Position
Professor Hideki Kanda	Emeritus Professor, University of Tokyo, and Professor, Gakushuin University Law school
Kumiko Bando	Advisor, Consumer Affairs Agency(former Secretary-General of the Consumer Affairs Agency)
Taku Umezawa	Partner, Nagashima Ohno & Tsunematsu



## Business Outline

For individual customers, SMBC Nikko Securities provides excellent consulting services at our headquarters and branches nationwide to accommodate ever-diversifying asset management needs through two types of investment courses; one is the General Course where customers can trade stocks while receiving professional investment advice and information from assigned staff, whereas the other is the Direct Course that allows customers to make transactions on-line or through the call center at discounted trading commissions.

For corporate clients, we are equipped with various divisions according to business type in order to best meet their specific business needs. These divisions strive to improve the value of all sorts of organizations including business corporations, financial institutions, public-service corporations, local public authorities, and government agencies through broad support systems of services provided in collaboration with specialized divisions.

In the investment banking business, our professional staff offers M&A and financing solutions to powerfully support the business strategies of the globalized era. In order to accommodate various needs of our clients including institutional investors for financial products and market-related services, we answer with excellent trading functions and product development capabilities.

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Our research service is a platform to offer quality information based on our proprietary research by Financial Market & Economic Research Division, primarily engaged in the bond and foreign exchange markets, and Equity Research Division, mainly working on the equity markets. Each division conducts precise analysis to make their own forecasts and provide this information from various angles to investors at home and abroad.

In overseas markets, SMBC Nikko Capital Markets, SMBC Nikko Securities America, and SMBC Nikko Capital Markets Europe provide financial services including underwriting, the sales and trading of equities and bonds, cross-border M&A advisory, IR arrangements. SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore) also conducts the sales and trading of Japanese equities and bonds, M&A advisory, IR arrangements, while the latter, moreover, has launched the private wealth business recently. In China, meanwhile, in addition to SMBC Nikko Investment Consulting (Shanghai) that conducts M&A advisory-related businesses, Beijing Representative Office has been in operation since December 2019 as a base for building relationship with local authorities and financial institutions as well as for collecting information from them.

In order to accommodate ever-diversifying needs of clients on a global scale, we are committed to further providing value-added products, services, and solutions to be able to continuously serve as their strategic partner.





## Services to Customers

SMBC Nikko Securities provides excellent consulting services and solutions in collaboration of specialized divisions to accommodate the needs of customers.

## For Individual Customers

### Retail Sales Network

We have a service network of the head office and branches nationwide for customers across the country. With various financial products including equities, bonds, investment trusts, annuity, insurance products, and a discretionary investment service “Nikko Fund Wrap”, we strive to provide excellent consulting services to meet customers’ investment purposes and risk appetite and become their best partner in asset management.

### Versatile Support System to Meet Various Needs of Individual Customers

We offer three transaction channels for the convenience of customers.

**Branches** The head office and branches nationwide provide visitors with various services that fulfill their purposes such as getting asset management advice, opening an account, and taking administrative procedures. The branches are equipped with consulting spaces with privacy that ensure security for customers to receive asset management advice.

**Call Centers** At the Nikko Contact Center that enjoys high evaluations from third-party organizations\*, dedicated operators handle orders and inquiries to help customers make transactions more comfortably and conveniently.

**On-line Trading** The Nikko EZ Trade has extensive functions to help customers conduct transactions at their discretion and convenience, while providing a variety of financial products and abundant investment information.

In addition, we have an extensive support system for customers; assigned staff cater to customer needs by working closely with specialized teams such as Equity Advice Center and the Financial Products Support Service Center. Such multifaceted support system is unique to SMBC Nikko Securities.

### Evaluations by third-party organizations (some examples only)

- Three-Star Prize, the highest evaluation, in the “HDI Inquiry Desk Ratings/Chat Support/Support Portal” survey In the “Inquiry Desk” sector, we are the only company in Japan to receive Three-Star Prize for the 14th consecutive year (2006 to 2019).
- Certification for the “HDI Support Center International Certification Program” received as the first recipient among financial institutions in Japan (2016 to 2018)
- A prize in the National Corporate Telephone Service Contest awarded for the 15th consecutive year (2005 to 2019)
- Certification for COPC® CX standards (2008 to 2019)

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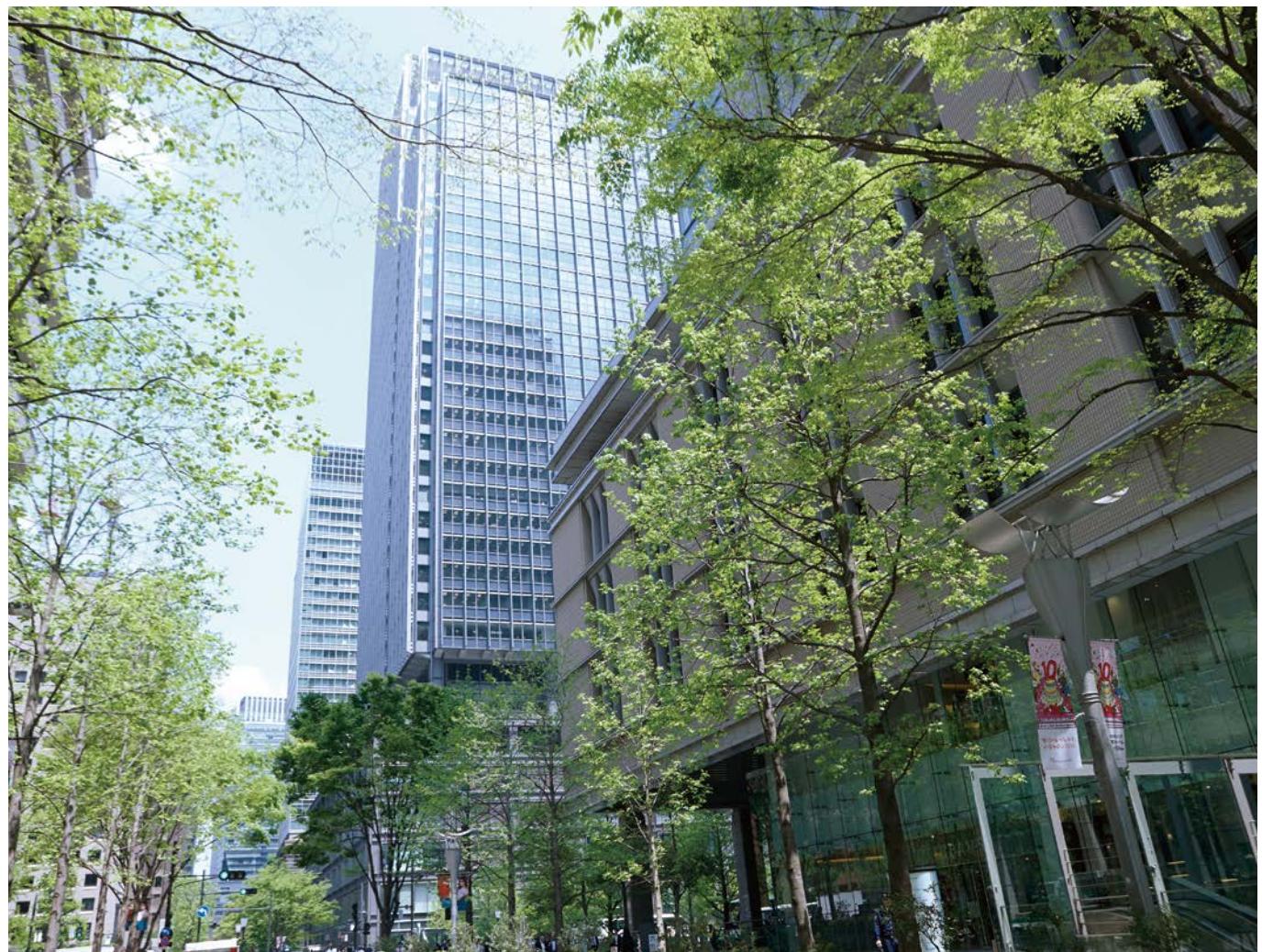
## For Business Owners and Corporate Executives and Employees

### Private Banking

Our private banking business focuses on offering consulting services to such customers as business owners and their family members. Business owners are not only wealthy individuals but also capitalists. In order to meet their diverse needs, we exert our utmost efforts to provide solutions in asset management and capital policies to become their one and only partner.

### Workplace Sales

We provide executives and employees of listed companies, etc. with proposals on asset management and inheritance in accordance with their life stages and risk tolerance during active duty and after retirement respectively. Our proposals also include advice on the maximum use of company shares purchased through employee shareholding associations, stock options, etc.



## For Corporate Clients

### Corporations and Financial Institutions

#### Business Corporations and Financial Institutions

For listed corporations and financial institutions, we identify their priorities and potential needs and provide comprehensive solutions based on our extensive experience, market knowledge, and a variety of products and services while working closely with financial product divisions and investment banking divisions. In order to respond to clients' various needs for financing, fund management, and employee benefits, we run a strategic securities business based on a solid relationship of trust with clients.

Moreover, we also offer clients a window to globally advanced corporate and asset managements through the provision of market information and invitation to various seminars.

#### Corporations aiming for initial public offering

For non-public companies in their initial public offering, we provide comprehensive supports from general guidance and advice to specific suggestions about capital policies, group strategies, and information disclosure. Meanwhile, we propose various solutions including M&A from the standpoint of enhancing corporates' share value, safeguarding assets, and realizing business successions.

#### Public Institutions

We offer public-service corporations, local public authorities, and government organizations a wide range of consulting services based on our extensive experience. The services include the underwriting of bonds, providing materials that support clients' asset management, organizing seminars to learn the basics, practice and application of asset management, providing market information prepared in cooperation with specialized divisions and external institutions, giving advice on the formulation and amendment of asset management policies in accordance with clients' circumstances, analyzing portfolios by using our asset management and analysis system NBA (Nikko Bond Analysis). Meanwhile, we hold seminars for public-service corporations and non-taxable corporations nationwide on relevant regulations, accounting, finance and management in cooperation with concerned government authorities and external expert organizations.





# Investment Banking

SMBC Nikko Securities offers corporate clients M&A and financing solutions to support their business strategies in the globalized era.

## Business Strategy Partner

In the investment banking business, we focus on corporate clients, offering them optimal solutions to meet their diverse needs and market conditions. In providing solutions, we utilize our extensive business knowledge by industry accumulated through long years of experience. In order to fully support companies both in Japan and abroad, we have a service structure primarily made up of experts with excellent industry track records in terms of M&A and corporate financing. As an excellent business partner capable of strongly supporting corporate clients, we will continue to provide value-added services by leveraging the extensive network unique to Sumitomo Mitsui Financial Group.

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### M&A Advisory

In terms of M&A, an important solution in business strategies, we provide advice on acquisition, merger, divestiture, capital and business alliance, and business regeneration to accommodate the needs of each client. In concrete terms, we support every step of M&A procedures from proposing deals, calculating corporate values, exercising due diligence, preparing contracts, to closing deals. Based on feasibility studies identifying key concerns such as related laws and systems, industry trends, business circumstances, and the world situation, we form a project team of specialists conversant with relevant industries and M&A advisory operations to offer most appropriate advice to clients.

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### Equity / Bond Underwriting

In order to respond to financing needs identified to achieve long-term business targets, we offer various direct financing solutions centering on the underwriting of shares for initial and secondary public offerings and of various bonds, as well as the securitization of their assets. Meanwhile, we provide all sorts of services related to financing operation from proposing optimal fundraising schemes to controlling investor marketing, fixing the most appropriate term and conditions, and documentation.



## Financial Products

With excellent trading and product development capabilities, SMBC Nikko Securities provides products that meet diverse needs of customers and easy-to-understand information that contributes to their investment decisions.

### Equity

We provide comprehensive services and products to all sorts of customers through our global network, with a system for execution services capable of responding to diverse needs, a system for trading with the state-of-the-art technologies, and a system for providing quality research information. In addition to equity products, we also offer an extensive lineup of high-quality derivative products to cater to various needs of customers.

### Bond

Our bond trading business is based on our comprehensive strength represented by excellent capabilities to structure debt products, incorporate attractive primary products, and deliver timely and precise research information, which are offered to contribute to our customers' investment activities. Meanwhile, we also offer financial solutions to satisfy customers' diversifying investment needs by developing and providing various derivative products, integrated derivative products such as structured bonds, and securitized products.

### Asset Management Products

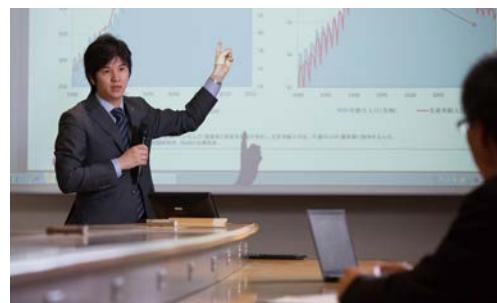
We develop and offer asset management products and services such as investment trust, insurance, fund wrap. To each of them, we allocate specialists in respective areas in order to expand the lineup of innovative products according to the latest market trends and customer needs. This is based on our Best Product Policy to provide customers with new options in their internationally diversified investment.



## Research

SMBC Nikko Securities provides value-added research information to support our customers' investment strategies.

Based on a multifaceted analysis of the rapidly-changing global economy and market trend, we deliver the latest information clearly and swiftly; Our research capability is highly recognized by investors as indicated in high positions in independent analyst rankings. While we provide analyses of the domestic and global macro economy as well as foreign exchange markets, we also provide fixed-income information including analyses of domestic and overseas bond markets and credit reports on the issuers of domestic bonds and foreign bonds (Samurai bonds). Regarding equities, in addition to information on the stock market in general, we also provide domestic and overseas investors with quality information on revenue trends and share price movements by individual stock and industry, thanks to our extensive coverage structure, which is one of the greatest in the industry.



# **Banking-securities Collaboration with Sumitomo Mitsui Banking Corporation (SMBC)**

We have implemented various joint operational initiatives with SMBC as a member of the Sumitomo Mitsui Financial Group.

## **Client Referral**

SMBC Nikko Securities and SMBC provide appropriate products and services as a group by referring clients to each other according to clients' needs. SMBC Nikko Securities provides various financial products and services to clients referred by SMBC, while SMBC provides various banking products and services to clients referred by SMBC Nikko Securities.

## **Financial Product Intermediary Service**

SMBC Nikko Securities, as a Financial Instruments Specialist entrusted by SMBC, provides SMBC with a rich variety of our infrastructure facilities for financial products and securities trading. Through SMBC's network, we provide corporate and individual clients with products and services suited to their asset management needs.

## **Banking-securities Asset Building Set**

"Banking-securities Asset Building Set" refers to a service to provide clients who purchased specified financial products from SMBC Nikko Securities for more than a certain amount with special interest rate for time deposits at SMBC. Through this service, we accommodate clients' diversified needs for steady asset building along with asset management at SMBC Nikko Securities.

## **Expansion of Securities Business Overseas**

SMBC Nikko Capital Markets in the UK and SMBC Nikko Securities America in the U.S. both collaborate with SMBC's global network to jointly provide services including underwriting of equities and bonds, cross-border M&A advisory, and structured finance. In the overseas markets, SMBC Nikko Securities properly accommodate clients' financial needs.

## **Bank & Trade**

"Bank & Trade" is an online service connecting a client's general securities account at SMBC Nikko Securities with his/her ordinary deposit account at SMBC for their convenience. This service allows a client to check the balances in the accounts of both SMBC Nikko Securities and SMBC on a single screen on a real-time basis and immediately transfer cash from a bank account to a securities account.

## **Installation of SMBC's ATMs at Branches of SMBC Nikko Securities**

ATMs have been installed at our Main Branch, and as well as at such major branches as Ikebukuro, Sendai, Nagoya, Osaka and Kobe, allowing clients to process transaction with both SMBC's bank cards and Nikko cards.

# Sustainability Initiatives

SMBC Nikko Securities contributes to the creation of a sustainable society by adhering to the management philosophy and solving social issues surrounding us. While formulating key issues (materiality) as the base for our activities from the perspective of stakeholders, we promote them through business activities. Furthermore, in order to contribute to the achievement of the Sustainable Development Goals (SDGs) adopted at the United Nations General Assembly, we engage in all sorts of activities as a corporate citizen and financial institution.

Financial literacy development and financial services evolution based on demographics



Mitigation of climate change and adaptation to it for the preservation of the global environment

Contribution to local communities

## Sustainability Conference

We have the Sustainability Conference composed of board members to ensure that our CSR is discussed on a management level.

The CSR Conference discusses issues we should address and the way we can contribute to the creation of a sustainable society as integral elements of the management strategy.

## Financial and Economic Education

Based on our belief that promoting financial literacy is an important mission of a securities company, we offer financial and economic education for all ages through company tours and visiting lectures to contribute to the advancement of proper asset building and healthy capital market.

### Nikko Visiting Lectures

We give visiting lectures to the upper grades of elementary schools throughout the country. At the classroom, we provide not only ordinary lectures using written materials but also experience-based learning using card games to learn about money in relation to the society and the economy, as well as about the role of financial institutions.

### Nikko Family Exciting Experience Day

We hold the Nikko Family Exciting Experience Day, a special real-life experience program for elementary school kids and their families, at our branches across the country in summer. Participants visit our branches and learn about the economy, the flow of money, the system of stocks, and the social role of financial institutions.

### Company Visits and Seminars

We hold seminars on the role of financial institutions and the system of stocks, and organize a tour of the Tokyo Stock Exchange and our branches for students and adults to help them deepen the knowledge of finance, economy, and securities companies.

### University Lectures

We dispatch lectures and lecturers on financial economics and securities investment to universities and graduate schools in collaboration with a group company Nikko Research Center, Inc. to help students acquire securities knowledge as part of the liberal arts.

## SRI-related Financial Products

We are early to work on SRI (Socially Responsible Investment) where investment target companies are determined in consideration for their contribution to society and environment as well as the impacts of their business activities on them. Currently, we support the activities of environmentally- and socially-conscious companies by creating opportunities to invest in such companies through ESG\*-related investment trusts and socially-conscious funds. Furthermore, with the establishment of a dedicated SDGs Finance Office, we proactively promote finance contributing to solving environmental and social issues.

\* ESG investment is an investment method with a management process that considers the evaluation of a company in terms of environment (E), social (S) and governance (G), in addition to that of financial conditions.

## Contribution to Environmental Conservation

In addition to energy- and resource-saving initiatives, we contribute to environment conservation activities with the aim of creating an environmentally-conscious money flow.

We have an independent promotion framework\*1 for Environmental Management System (EMS) corresponding to ISO14001 requirements, and implement it effectively and efficiently.

\*1 We obtained the certification of ISO 14001\*2, an international standard for environment management systems, for the first time in the industry in April 2001. We maintained the certification registration by having external screenings but withdrew it in October 2019 when we started an independent promotion framework for EMS instead. Although we no longer register the certification, we still maintain an independent EMS that conforms to ISO14001 requirements and continuously promote environmentally-orientated activities.

\*2The ISO 14001 Environment Management System (EMS) standard is an internationally recognized environmental management standard which was first published in 1996. It is a systematic framework to manage the immediate and long term environmental impacts of an organization's products, services and processes.

## Community

Each director and employee strives to contribute to sustainable development of society by working to address various social issues.

### Environment Conservation Activity

We organize community cleaning "Green Week" as a social contribution activity with the aim of activating communication between local communities and participant executives and employees while deepening their understanding of environmental conservation. This activity serves as an opportunity for a larger number of people to voluntarily participate in CSR activity and helps create a sense of unity among the participants.



### Support for Blind Football

"Respect for Diversity" is part of our management philosophy. In sympathy with the vision of the Japan Blind Football Association: "Realizing a society where the visually challenged and non-challenged live together in unity through blind football," we have a partner agreement with the Association, and support various tournaments and send volunteer staff to training programs for kids.



### Co-sponsor for Shiki Theatre Company's "Kokorono Gekijo (Theater of the Hearts)"

As part of our measures to cultivate the next generation and contribute to "building a people-friendly society", we co-sponsor "Kokorono Gekijo", a project of the Shiki Theatre Company to invite the country's sixth-graders in elementary schools to its theatrical performance. Meanwhile, we work as volunteers for the performance it gives in many cities across the country.



### Support for Disaster Victims

In order to support victims of natural disasters around the world, the company and employees jointly make efforts in unity. While executives and employees have voluntarily sent relief supplies, the company has donated part of profits from disaster region-related funds. Also, SMBC Group has made financial contributions while encouraging donations and volunteer activities.

# Corporate Governance

## Management Control

SMBC Nikko Securities transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee on June 17, 2019. This move was meant to speed up business execution, improve the supervisory role of the Board of Directors, and enhance the effectiveness of audits.

In line with this transition, we largely transferred the decision-making authority from the Board of Directors to Executive Directors, successfully accelerating business execution.

This has allowed the Board of Directors to concentrate on key issues such as those concerning basic management policies and those contributing to the supervision of Executive Directors, successfully enhancing deliberations.

Our Board of Directors has been expanded from seven Directors who are not members of the Audit Committee to include one Outside Director from June 17, 2019, resulting in four Outside Directors.

The Board of Directors' meeting is chaired by Chairman, whose duties are clearly segregated from those assumed by President & CEO who controls all businesses.

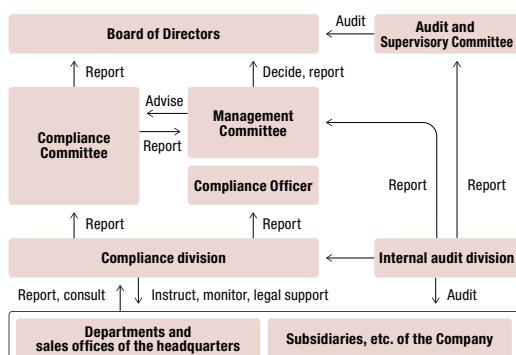
Meanwhile, the Audit and Supervisory Committee with a majority of Outside Directors conducts systematic auditing, successfully enhancing the effectiveness of audits.

The Audit and Supervisory Committee is chaired by an Outside Director and serves the function of auditing and supervising Directors of their execution of duties.

Additionally, with the aim of collecting internal information, members of the Audit and Supervisory Committee attend the Executive Committee Meeting, a decision-making body for the overall business, and various other meetings related to business execution, while liaising with the Internal Audit Division.

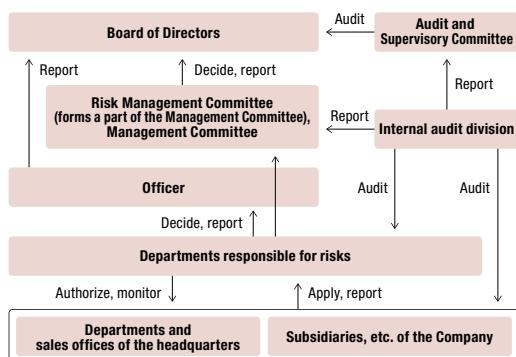
## Compliance

We fully recognize our significant social responsibility as a leader of the financial product market. In order to win reinforced understanding and trust of market participants and the society, we place compliance as one of the most important management priorities and constantly upgrade and implement our compliance structure.



## Risk Management

Securities companies are exposed to diversified and complicated risks such as market risk, credit risk, liquidity risk, operational risk (e.g. clerical risk and system risk), legal risk, and reputational risk. We constantly enhance and implement our risk management system with RAF (Risk Appetite Framework) so that we can identify and appropriately control these risks while maintaining the corporate soundness and strengthening the profitability.



# Corporate Overview

<b>Company Name</b>	SMBC Nikko Securities Inc.
<b>Head Office</b>	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8325, Japan
<b>Phone Number</b>	+81-3-5644-3111 (Head office)
<b>Representative</b>	Yuichiro Kondo, President & CEO
<b>Date of Incorporation</b>	June 15, 2009
<b>Commencement of Operations</b>	October 1, 2009
<b>Financial Instrument Dealer Registration Number</b>	No.2251 (Financial instruments firms), Director-General of Kanto Local Finance Bureau
<b>URL</b>	<a href="http://www.smbcnikko.co.jp/en">www.smbcnikko.co.jp/en</a>
<b>Membership in Associations</b>	Japan Securities Dealers Association Japan Investment Advisers Association The Financial Futures Association of Japan Type II Financial Instruments Firms Association Japan Security Token Offering Association

(As of June 1, 2021)

Each of the services as well as investments in products, etc. contained in this material may require predetermined commissions and expenses, etc. to be borne by the client. In addition, please note that it is possible that each financial product may cause losses due to fluctuations in price. Risks such as commissions vary depending on each product; therefore, clients are requested to carefully read the document on listed securities, etc., the pre-contract document on the relevant products, etc. and the documents supplied to clients.

Please note that the provision of information herein is intended to offer information for reference for investments, and not to guarantee future results. Final decisions on investments must be made at the client's own judgment.