

# Human Rights Due Diligence Performance Report

## (Fiscal Year 2023)

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July 31, 2024



## Establishment of "Human Rights Policy"

Our Human Rights Policy, which is adhered to by all our officers and employees, conforms to international standards of human rights such as the International Bill of Human Rights (the Universal Declaration of Human Rights and the two Covenants), the UN Guiding Principles on Business and Human Rights, and the Ten Principles of the UN Global Compact.

## Key Points of the "Human Rights Policy"

Under the policy, we fulfill our responsibility with respect to areas that include:

- Fostering a corporate culture that allows every individual employee to maximize their potential and work with enthusiasm
- Respecting human rights through our entire value chain
- Conducting adequate training and education for all officers and employees so that they respect human rights in their business activities

## Implementation of Human Rights Due Diligence (DD)

Based on the "Human Rights Policy," we have been implementing Human Rights DD since the fiscal year 2022. The purpose of DD on human rights is to identify any negative effects that our business activities may potentially impose on human rights and endeavor to prevent its occurrence and mitigate it.

# Human Rights DD Performance in Fiscal Year 2023

## Implementation of Human Rights DD and Status of Human Rights Risks

Category		Actions	Achievements
1	Human Rights Risks Related to Investee Companies	<ul style="list-style-type: none"> <li>Recognizing companies as unsuitable for investment due to human rights risks</li> <li>Exercising voting rights with a focus on human rights</li> <li>Engagement related to human rights</li> </ul>	<ul style="list-style-type: none"> <li>Recognized specific Russian companies as unsuitable for investment due to their involvement in human rights violations in Ukraine</li> <li>Revised “voting rights exercise standards” to clarify human rights within sustainability standards</li> <li>The number of “human rights-related engagements” increased by 60% year-on-year to 117 cases</li> </ul>
2	Human Rights Risks at External Asset Managers	<ul style="list-style-type: none"> <li>Confirming the establishment of human rights policies by 116 contractors (an increase of 3 from the previous year)</li> <li>Requesting the integration of human rights risk assessment into operational processes</li> </ul>	<ul style="list-style-type: none"> <li>No human rights risks have materialized at this time</li> <li>The number of contractors without established human rights policies has decreased year-on-year</li> </ul>
3	Human Rights Risks at Other Contractors	<ul style="list-style-type: none"> <li>Investigating the status of 156 external contractors (an increase of 25 from the previous year)</li> </ul>	<ul style="list-style-type: none"> <li>No human rights risks have materialized at this time</li> </ul>
4	Human Rights Risks Within the Company	<ul style="list-style-type: none"> <li>Monthly monitoring of working hours</li> <li>Conducting surveys on organizational culture and workplace environment</li> </ul>	<ul style="list-style-type: none"> <li>Identified the number of employees with over 80 hours of overtime work per month</li> <li>The ratio of responses indicating “harassment” in the workplace environment survey has decreased year-on-year</li> <li>No human rights risks have materialized at overseas subsidiaries</li> </ul>

## Action plan to Address Human Rights Risks for Fiscal Year 2024

Category	Action Plan
Human Rights Risks Related to Investee Companies	Managing human rights risks through effective functioning the following three: <ul style="list-style-type: none"><li>➤ Recognizing companies as unsuitable for investment</li><li>➤ Exercising voting rights</li><li>➤ Engagement</li></ul>
Human Rights Risks at External Asset Managers	Continuing to request the establishment of human rights policies and the integration of risk assessment into their operational processes.
Human Rights Risks at Other Contractors	Continuing to monitor human rights risks.
Human Rights Risks Within the Company	For employees with excessive monthly overtime work, issuing warnings and requesting the submission of improvement measures.

## (Reference) Human Rights DD Performance in Fiscal Year 2022

Please click the following.

[sustainability\\_report\\_2023-2024\\_en\\_c02.pdf \(smd-am.co.jp\)](https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/sustainability_report_2023-2024_en_c02.pdf)

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