

Principles of Action on Compliance and Risk  
(SMBC Group)

April, 2024

Compliance Department

Corporate Risk Management Department



Today, the environment surrounding us is changing dramatically, and people's values are diversifying. Our business still depends on the trust of our customers, our shareholders, and society. To realize our vision of becoming “a trusted global solution provider committed to the growth of our customers and the advancement of society”, SMBC Group shares the set of universal values known as the Five Values.

Among the Five Values, Integrity is the one I want you to make central in your everyday thoughts and actions. Integrity is nurtured by a spirit of fairness and unselfish honesty, combined with compliance as a matter of course. As financial professionals, each of you must not only comply with regulations and rules but also deal with customers in a fair and honest manner. The accumulation of such efforts will serve as the foundation for unwavering trust from our stakeholders and lead to recognition of SMBC Group as a financial group with integrity in society. To support your day-to-day efforts, we have established “Principles of Action on Compliance and Risk” that describe the attitude required of financial professionals and the behavior expected of them.

To ensure that SMBC Group remains strong in these uncertain times, I ask you to keep in mind another of the Five Values: Team “SMBC Group.” A strong team that can unite diverse strengths is one that enjoys a sense of security (psychological safety) where individuals' honest opinions are listened to and respected by their peers. At SMBC Group, we have systems in place that allow each of you to communicate any concerns you may have. I hope you will create environments in your workplaces that enable you to “Speak Up,” i.e., freely propose ideas and voice your concerns to each other.

Let us together build SMBC Group with robustness and integrity, where we carry out our daily tasks in a fair and honest manner, and help, encourage, and sometimes even raise each other up as proud members of the Group.

April, 2024

Toru Nakashima

Representative Executive Officer, President and Group CEO

Sumitomo Mitsui Financial Group, Inc.

## **1. Overview**

Principles of Action on Compliance and Risk (hereinafter “the Principles”) is a fundamental guidance from a compliance and risk perspective, on how SMBC Group employees should act according to the Business Mission, Vision, Five Values and the Principles. There are in all 60 Principles of Action the employees should follow.

## **2. Business Mission**

- (1) We grow and prosper together with our customers, by providing services of greater value to them.
- (2) We aim to maximize our shareholders’ value through the continuous growth of our business.
- (3) We create a work environment that encourages and rewards diligent and highly-motivated employees.
- (4) We contribute to a sustainable society by addressing environmental and social issues.

## **3. Vision**

A trusted global solution provider committed to the growth of our customers and advancement of society

## **4. Five Values**

### **Integrity**

As a professional, always act with sincerity and a high ethical standard.

### **Customer First**

Always look at it from the customer’s point of view, and provide value based on their individual needs.

### **Proactive & Innovative**

Embrace new ideas and perspectives, don’t be deterred by failure.

### **Speed & Quality**

Differentiate ourselves through the speed and quality of our decision-making and service delivery.

### **Team “SMBC Group”**

Respect and leverage the knowledge and diverse talent of our global organization, as a team.

## **5. Four Objectives to Principles of Actions**

### **(1) Customer First**

We intend to be a Group supported by our customers.

For this purpose, we will always consider if the provision of services meet the true needs of our customers, and by providing such services we will obtain our customers' satisfaction and confidence in the Group.

### **(2) Contribution to Society**

We intend to be a Group which contributes to the healthy development of society.

For this purpose, we will make effort to contribute to steady economic development in both Japan and globally and secure the public responsibility, as good corporate citizen.

### **(3) Maintenance of Sound Management**

We intend to be a Group which maintains sound management.

For this purpose, we will take a long-term view of our business and operate it efficiently to maintain continuous growth by a sound financial basis. We will also obtain the firm confidence of our shareholders, customers and society by actively disclosing accurate business information.

### **(4) Faithful, Free and Open Working Environment**

We intend to be a Group for which all officers and other employees act based on a high ethical standard and work proudly and with a great spirit. For this purpose, we will respect human rights, and train employees with professional knowledge/ability. Thereby, create a free and open working environment.

## **6. 20 Guiding Principles and 60 Principles of Action**

### **(1) Customer First**

#### **Basic Concept**

**We intend to be a Group supported by our customers.  
For this purpose, we will always consider if the services meet the true needs of our customers, and by providing such services we will obtain our customers' satisfaction and confidence to the Group.**

#### **First Guiding Principle**

**We will precisely understand our customers' needs.**

- (i) We will give importance to marketing and will precisely understand our customers' needs.
- (ii) In developing products and services, we will take reasonable steps and carry out cross-organizational examinations in order to meet our customer needs and legal requirements.
- (iii) We will carefully and respectfully listen to the feedback from our customers, and will consider and react to them in operating our business.

#### **Second Guiding Principle**

**We will always make satisfactory explanations to our customers.**

- (i) In providing products or services, we will always give appropriate and full explanations concerning their nature, risk and commissions.
- (ii) In all transactions, we will fully respect the customer's final judgment.
- (iii) We will act appropriate to customer's knowledge, experience, financial standing, purpose of the contact etc.

### **Third Guiding Principle**

**We will give priority to the security of customer's asset.**

- (i) We will strictly maintain the confidentiality of the information that we learn in connection with any direct or related transactions with customers, and shall not disclose such information to any third party or use it for any inappropriate purpose.
- (ii) We will always treat customers' property with the care of prudent manager, and thereby gain customers' confidence in the Group.
- (iii) We will properly manage conflicts of interests in order that interests of our customers are not unfairly impaired.

### **Fourth Guiding Principle**

**We will fully control the quality of our services.**

- (i) We will accurately and promptly provide our customers with optimal services.
- (ii) We will operate our business giving full consideration to the security of our customers.
- (iii) We will conduct periodic monitoring in order to control and maintain the quality of our services.

### **Fifth Guiding Principle**

**We will always maintain a sincere attitude toward our customers.**

- (i) When we contact customers, we will always take a sincere attitude recognizing the difference between the position of the customers and the Group.
- (ii) If we receive any complaint from a customer, we will immediately investigate the factual situation and promptly take appropriate measures.
- (iii) We will always provide accurate information regarding our products and services and will not make any misleading, improper or exaggerated claims or advertisements.

## **(2) Contribution to Society**

### **Basic Concept**

**We intend to be a Group which contributes to the healthy development of society.**

**For this purpose, we will make effort to contribute to steady economic development in both Japan and globally and secure the public responsibility, as good corporate citizen.**

### **First Guiding Principle**

**We will continuously fulfill the Group's public mission.**

- (i) We will be fully aware of our duties to serve the public. We will make decisions and take actions which can contribute to stabilization of the financial system.
- (ii) We will provide long term and stable funding to sound projects that contribute to society's development.
- (iii) We will comply with all financial related laws and at the same time provide our customers with diverse and high quality financial services.

### **Second Guiding Principle**

**We will conduct ourselves as good corporate citizens.**

- (i) When making a judgment on the credit, we attach importance not only to profitability and security, but also to whether the loan will contribute to the public benefit.
- (ii) We will avoid all questionable associations with governmental agencies. Therefore, in principle, we do not provide any benefit such as entertainment and gifts to public officials, and deemed public officials, foreign public officials or any of the equivalent.
- (iii) We will maintain a balanced and moderate relationship with interested persons including but not limited to business partners and the community at large.

### Third Guiding Principle

**We will stand against financial crimes and anti-social groups.**

- (i) We will stand against money laundering and other financial crimes.
- (ii) We will comply with the laws and regulations related to money laundering, terrorist financing, economic sanctions and tax evasion.
- (iii) In accordance with the following policies, we will cut off relationships with anti-social groups.
  - We will cut off any relationship with anti-social groups.
  - We will reject unfair demands, never negotiate backdoor deals, nor provide any illegal financing. We will take appropriate legal measures, if necessary.
  - We will address the issues related with anti-social groups with the Group as a whole, in close cooperation with outside specialized organizations and agencies.

### Fourth Guiding Principle

**We will compete fairly in the markets.**

- (i) We will comply with all applicable laws and regulations, adhere to social norms and always perform our business in a fair way. We will not engage with unfair restraint of trade (cartel) or unfair business practices (abuse of dominant bargaining position).
- (ii) In the course of carrying out our business, we will not attempt to further our own or any third party's business by the use of any undisclosed corporate information of others, undisclosed information which may have an impact on the price of our products and services obtained during the performance of our business.
- (iii) We will respect a third party's intellectual property and pay our fair share for the use of such property in our business.

### Fifth Guiding Principle

**We will drive forward our efforts to make sustainability a reality.**



- (i) With the aim of contributing to the sustainable development of society as a whole, we are committed proactive management taking sustainability into account..
- (ii) As priority issues, we focus on three areas, “Environment”, “Community” and ” Next Generation”.
- (iii) We will support social contribution activities by directors, officers and employees.

### **(3) Maintenance of Sound Management**

#### **Basic Concept**

**We intend to be a Group which maintains sound management. For this purpose, we will take a long-term view of our business and operate it efficiently to maintain continuous growth by a sound financial basis. We will also obtain the firm confidence of our shareholders, customers and society by actively disclosing accurate business information.**

#### **First Guiding Principle**

**We will conduct sound management.**

- (i) We will establish sound management system in accordance with relevant laws and regulations including the Corporation Law.
- (ii) We will manage with consideration and respect for the shareholders of SMFG.
- (iii) We will conduct business based on the Risk Appetite Framework.

#### **Second Guiding Principle**

**We will maintain a sound financial position.**

- (i) In order to maintain a sound financial position, we will adopt fair accounting systems in accordance with laws, regulations and accepted accounting principles, and distribute dividends commensurate with our business achievement.
- (ii) We will conduct business operations with risk ownership of the risk such as credit risk, market risk, liquidity risk, operational risk and conduct risk, that arise in our own business.
- (iii) We will correctly deal with expenses in accordance with our internal regulations by verifying claims for expenses with evidence that such expenses have been properly incurred.

### **Third Guiding Principle**

**We will duly disclose corporate information.**

- (i) We will implement timely and reasonable disclosure of accurate information pursuant to laws and regulations. We will disclose fair, accurate, necessary and sufficient information, through reporting documents submitted to supervisory authority, in a timely and an easy to understand manner.
- (ii) We will strictly control Undisclosed Corporate Information concerning the management matters.
- (iii) Our public relations activities will be transparent and easily understandable by shareholders and other interested parties.

### **Fourth Guiding Principle**

**We will make transparent and proper decisions.**

- (i) We will conduct all business in accordance with pre-determined procedures and based on decisions made by authorized persons in advance.
- (ii) Our decisions will be made in a fair and transparent manner without the influence of private considerations or arbitrariness.
- (iii) Our decision-making will be made in writing, and the process thereof will be accurately recorded and maintained.

### **Fifth Guiding Principle**

**We will protect the Group's assets and reputation.**

- (i) We will protect the Group's assets and reputation by coping with situations where interests of the Group and of the directors, officers or other employees of the Group are in conflict (or situations that is seriously concerned to be in conflict of interest), with a manner of integrity and justice.
- (ii) We will maintain strict control of Confidential Information and prevent leakages

to outside parties.

- (iii) Upon taking action, we will fully consider whether it truly contributes to the realization of the Group's mission.

## **(4) Free and Open Working Environment**

### **Basic Concept**

**We intend to be a group for which all officers and other employees work proudly and with a great spirit.**

**For this purpose, we will respect people, and train employees with professional knowledge/ability. Thereby create a free and open working environment.**

### **First Guiding Principle**

We will respect diversity. We will avoid infringing human rights, or contributing to infringement.

- (1) We will respect human rights and will not allow any discrimination.
- (2) We will respect the privacy of customers and directors, officers and other employees of the Group and business partners.
- (3) We will prohibit any conduct that may lead to harassment or discrimination.

### **Second Guiding Principle**

**We will maintain a safe and clean working environment.**

- (i) We will maintain the physical safety of directors, officers and other employees of the Group during the course of their duties.
- (ii) We will be fully prepared to cope with emergency situations including natural disasters.
- (iii) We will maintain proper working conditions through a good relationship between the management and employees.

### **Third Guiding Principle**

**We will maintain strict internal discipline.**

- (i) We will deal with violations of internal regulations in a strict manner. We put in place a whistleblowing system to reveal and correct breach of internal rules at an early stage
- (ii) We will distinguish between official and private affairs and will maintain integrity.
- (iii) We will keep moderate and balanced relationships with customers.

### **Fourth Guiding Principle**

**We will improve the efficiency of internal communications.**

- (i) We will promote the sharing of necessary information and aim for a smoother performance of business.
- (ii) We will conduct business in a systematic manner under predetermined authorities.
- (iii) We will respect freedom of opinion and will create a workplace where members can speak freely.

### **Fifth Guiding Principle**

**We will develop and assess human resources with a high standard of ethics and expertise.**

- (i) Directors, officers and employees will always make efforts to cultivate their characters and behave with high ethics.
- (ii) We will provide training regarding compliance of the law and risk control.
- (iii) We will appreciate and promote professionalism through fair and appropriate assessment of employees' performance. We will also design our performance appraisal system and compensation structure appropriately to encourage ethical conduct and compliance.