

Compliance

Basic Approach

We position the strengthening of compliance and risk management as a priority issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

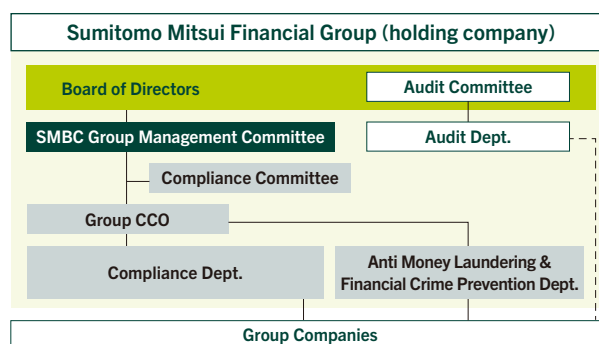
Compliance Management

SMBC Group seeks to maintain a compliance system that provides appropriate instruction, guidance, and monitoring for compliance to ensure sound and proper business operations on a Group-wide and global basis. We have put measures in place for the prevention, early detection, and correction of misconduct.

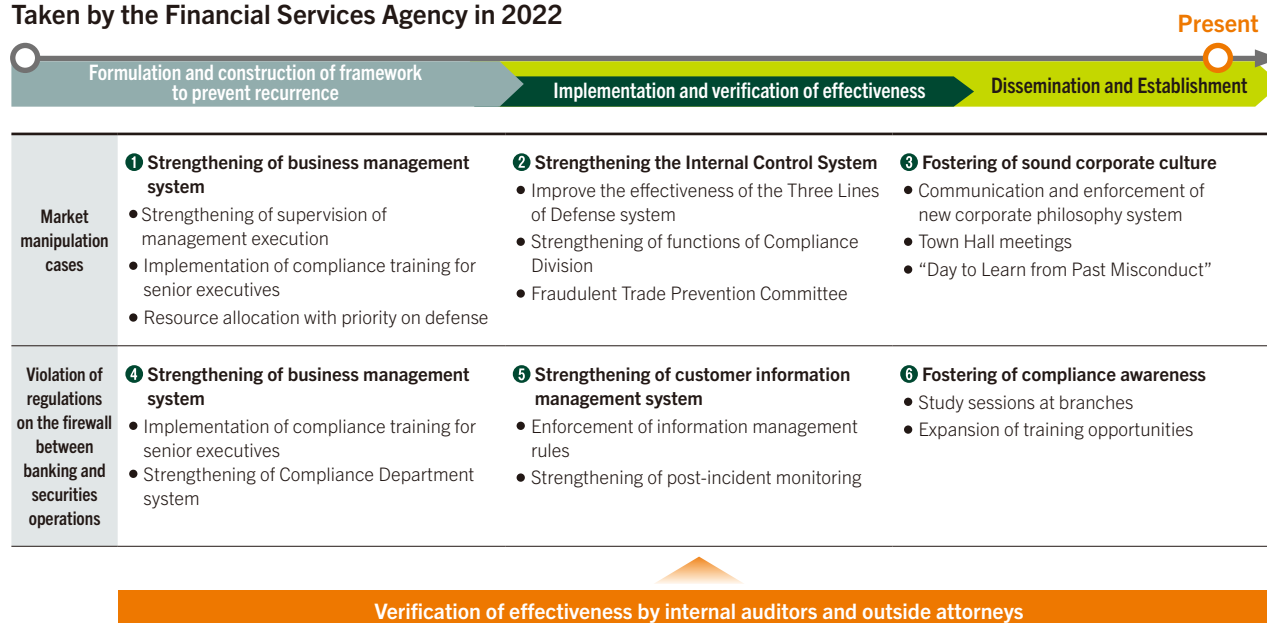
The Compliance Committee, chaired by the Group CCO, broadly reviews and deliberates on operations within SMBC Group. SMBC Group develops concrete implementation plans to achieve compliance and cultivates company-specific compliance structures. Additionally, at the Group level, compliance-related consultations and reports are received by the Compliance Committee from each Group company, while at the global level, the compliance frameworks of overseas offices are managed in a centralized manner. The committee provides counsel and guidance to ensure overall compliance within the Group and globally.

Efforts to ensure the dissemination and establishment of a series of recurrence prevention measures related to the administrative actions taken by the Financial Services Agency in 2022 are ongoing. We will continue working as a unified Group to strengthen our management and internal control systems, and to foster a healthy organizational culture.

Compliance Systems at SMBC Group



Progress of Improvement Plan Formulated in Response to Administrative Actions Taken by the Financial Services Agency in 2022



Introduction	Management Messages	Value Creation Story	Create Social Value / Pursue Economic Value	Rebuild Corporate Infrastructure
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Initiatives for Achieving Healthy Risk Taking and Appropriate Risk Management

For companies to coexist with society and develop sustainably, it is crucial that they engage in sound risk taking and maintain appropriate risk management, including assurance of compliance. In particular, compliance and risk management are fundamental prerequisites for financial institutions to conduct business, given their public mission and weighty social responsibility. Based on this recognition, SMBC Group positions the strengthening of compliance and risk management as a priority issue in fulfilling our public mission and social responsibilities. We strive for unending improvement of the relevant structures in order to establish ourselves as a truly outstanding global group. Specifically, we have established the “Behavioral Guideline on Compliance and Risk” to ensure that all SMBC Group employees turn the values embodied in our “Mission”, “Vision”, and “Five Values” into concrete actions that reflect a balanced awareness of both risk taking and risk management. By putting the principles for risk taking and risk management, provided in the guide, into practice, we aim to achieve sustainable business growth and contribute to the enhancement of both corporate and social value.

Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Economic Sanctions

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and adhering to economic sanctions regulations. Therefore, we undertake every effort to prevent ourselves and employees, from engaging in, and/or providing assistance to, the commission of ML/TF, and from violating economic sanctions regulations.

SMBC Group strictly complies with AML/CFT and economic sanctions regulations by establishing a Group Policy and by implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate. The Group Policy and systems are implemented in accordance with the requirements of the relevant international organizations (e.g. the United Nations, the Financial Action Task Force Recommen-

dations), and the laws/regulations of relevant countries including Japan in which the SMBC Group has operations (e.g. U.S. “Office of Foreign Assets Control Regulations”).

Furthermore, in response to the increase of financial crimes, such as fraudulent withdrawals of deposits through special fraud schemes and phishing, we are working in cooperation with relevant regulatory authorities, industry associations such as the Japanese Bankers Association, and other parties to raise awareness and implement preventative measures.

Response to Anti-Social Forces

SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group does not have any connection with anti-social forces or related individuals. Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. Contractual documents or terms and conditions state the exclusion of anti-social forces from any business relationship. In the event that it is discovered subsequent to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an anti-social force, we undertake appropriate remedial action by contacting outside professionals specializing in such matters.

Basic Policy for Anti-Social Forces

1. Completely sever any connections or relations from anti-social forces.
2. Repudiate any unjustifiable claims, and do not engage in any “backroom” deals. Further, promptly take legal action as necessary.
3. Appropriately respond as an organization to any anti-social forces by cooperating with outside professionals.



See our website for more information on our compliance system.
<https://www.smfg.co.jp/company/organization/compliance.html>