

## Compliance Systems at SMFG

### Basic Compliance Policies

SMFG strives to further strengthen its compliance systems to be able to fulfill its public mission and corporate social responsibilities as a financial services group offering diversified products and services for becoming a truly outstanding global corporate group.

For compliance policies, SMFG sets forth its “Business Ethics” (on page 50) as the common CSR principles for the Group and considers the strengthening of such Business Ethics as one of the critical issues for management.

### Group Management in Compliance Perspective

As a financial holding company, SMFG strives to maintain a compliance system which provides the appropriate directions, guidance and monitoring for compliance for its Group companies.

Specifically, SMFG manages and monitors the self-sustaining compliance functions of individual Group companies through regular meetings attended by all Group companies and meetings with individual companies.

In fiscal 2014, the entire Group focused on enhancing efforts in severing any connections or relations with anti-social forces.

### Basic Policy for Anti-social Forces

SMFG’s publicly announced basic policy for anti-social forces are as follows:

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

### Reporting System for Inappropriate Accounting and Auditing Activities

SMFG has established the “SMFG Group Alarm Line,” the whistle-blowing system which can be used by all employees, including employees of group companies, for a self-control effect by promptly detecting and rectifying any actions which may violate laws and regulations. SMFG has implemented the “SMFG Accounting and Auditing Hotline” to provide the means for individuals in and out of the Group to report inappropriate accounting and auditing activities. This hotline quickly identifies and takes appropriate actions against any purported fraudulent activities or any misconduct associated with accounting and auditing at SMFG and its consolidated subsidiaries.

SMFG Accounting and Auditing Hotline: Reports may be submitted by regular mail or e-mail to the following addresses.

Mailing address:

**SMFG Accounting and Auditing Hotline**  
**Iwata Godo Attorneys and Counselors at Law**  
**10th floor, Marunouchi Building**  
**2-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-6310**

E-mail address:

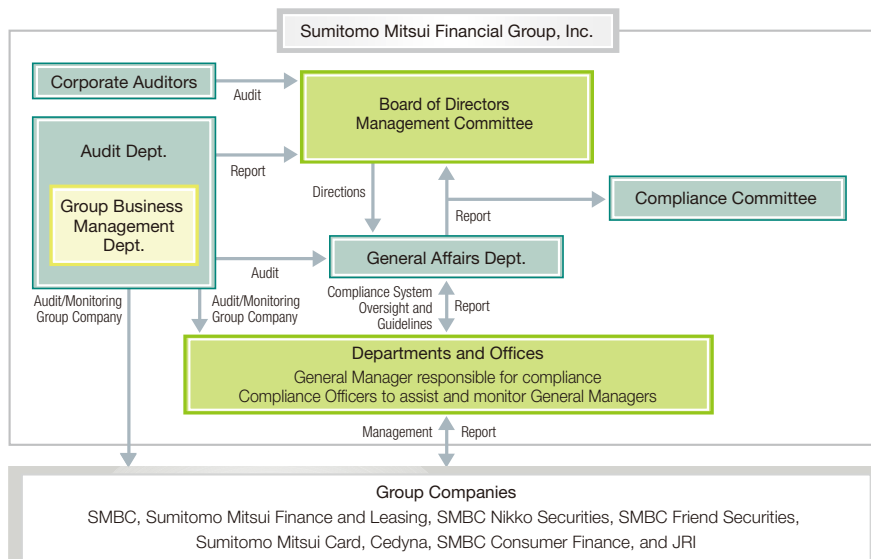
**smfghotline@iwatagodo.com**

\* The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at SMFG or its consolidated subsidiaries.

\* Anonymous reports are also accepted; however, if possible, providing personal information such as your name and contact information would be appreciated and helpful.

\* Please provide as much detail as possible for such inappropriate activities. An investigation may not be feasible if adequate information is not provided.

\* Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.



# Compliance Systems at SMBC

## Strengthening the Compliance System

It is generally required for all corporations to be in compliance with laws, regulations and other social standards. It is essential for banks to be fully in compliance to fulfill their public missions and corporate social responsibilities as financial institutions.

In accordance with the basic policies of SMFG, SMBC requires its management and staff to give utmost consideration to people's trust in the Bank, abide by laws and regulations, maintain high ethical standards, and act fairly and sincerely.

Therefore, SMBC considers that being fully compliant with laws and regulations is one of the most critical issues for management to deal with such as issues related to the Banking Law, the Financial Instruments and Exchange Act, compliance with any other related ordinances, and elimination of anti-social organizations.

## Compliance System and its Management

The basic structure of SMBC's compliance system is a dual structure whereby firstly, each department and office will be individually responsible for making preliminary decisions to ensure that its conducts are in compliance with laws and regulations, and secondly, an independent Internal Audit Unit will conduct impartial audits of observance of the compliance system by individual departments and offices.

In order for the basic dual structure to be maintained and to effectively function, the Compliance Unit, consisting of the General Affairs Department and the Legal Department will, at the direction of management, plan and promote systems to ensure observance of the compliance system. The Compliance Unit will issue instructions to and monitor the conduct of each department and office in SMBC, and assist such department and offices to make appropriate judgments regarding their observance of the compliance system.

SMBC commits to the following operations for the said compliance structure to work effectively.

## Preparation of a Compliance Manual

SMBC has prepared its Compliance Manual by stating its objectives, guiding rules and 60 rules of action in order to assist the management and staff in selecting optimal actions. This manual has been approved by the Board of Directors.

## Development of Compliance Program

The Board of Directors develops the detailed annual plan for compliance-related activities for each fiscal year, including amendments to the rules and regulations, training, etc. for the effective operation of the compliance system for SMBC and its consolidated subsidiaries. Especially during fiscal 2014, SMBC is currently in the process of reviewing its sales/marketing system; enhancing its compliance system for financial products; improving its information management system; improving its response for global rules and regulations; enhancing efforts for severing

any relations with anti-social forces; and strengthening measures for preventing anti-money laundering and financial crimes.

## Appointment of Compliance Officers

In addition to appointing compliance officers to each branch and department of the bank, the "Area Compliance Officers," operating independently from areas of business promotion, are appointed for the Wholesale Banking Unit and Retail Banking Unit of branches and offices to directly supervise and manage compliance activities.

## Set up of the Compliance Committee

The Compliance Committee, which consists of cross-departmental compliance members, chaired by the director in charge of compliance, has been created in order to comprehensively review and discuss compliance related issues. To enhance fair and objective deliberations by the Compliance Committee, outside members are also invited to participate in such Compliance Committee meetings.

For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.

### Japanese Bankers Association:

Contact information: Consultation office,  
Japanese Bankers Association  
Telephone numbers: (Japan) 0570-017109 or 03-5252-3772  
Business hours: Mondays through Fridays  
(except public and bank holidays)  
9:00 am to 5:00 pm

### Trust Companies Association of Japan:

Contact information: Consultation office, Trust Companies  
Association of Japan  
Telephone numbers: (Japan) 0120-817335 or 03-3241-7335  
Business hours: Mondays through Fridays  
(except public and bank holidays)  
9:00 am to 5:15 pm

### Financial Instruments Mediation Assistance Center

Contact information: Financial Instruments Mediation  
Assistance Center  
Telephone numbers: (Japan) 0120-64-5005  
Fax: 03-3669-9833  
Business hours: Mondays through Fridays  
(except public and bank holidays)  
9:00 am to 5:00 pm