



Sumitomo Mitsui Financial Group's Basic Policy for Customer-Orientated Business Conduct

Sumitomo Mitsui Financial Group, Inc. (SMFG), and its Group companies^{*1} have formulated the Basic Policy for Customer-Orientated Business Conduct for their domestic asset management and asset formulation businesses, based on which they are promoting customer-orientated 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, SMFG and its Group companies 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. SMFG's Customer-Orientated Business Conduct

In "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." To give form to this principle, we have defined our Five Values, a list of five key words that represent the values and action guidelines shared by executives and employees in Japan and overseas. "Customer First" (always think and act based on a customer-orientated perspective) is at the top of this list. SMFG continues to push forward with various initiatives in accordance with these values and action guidelines.

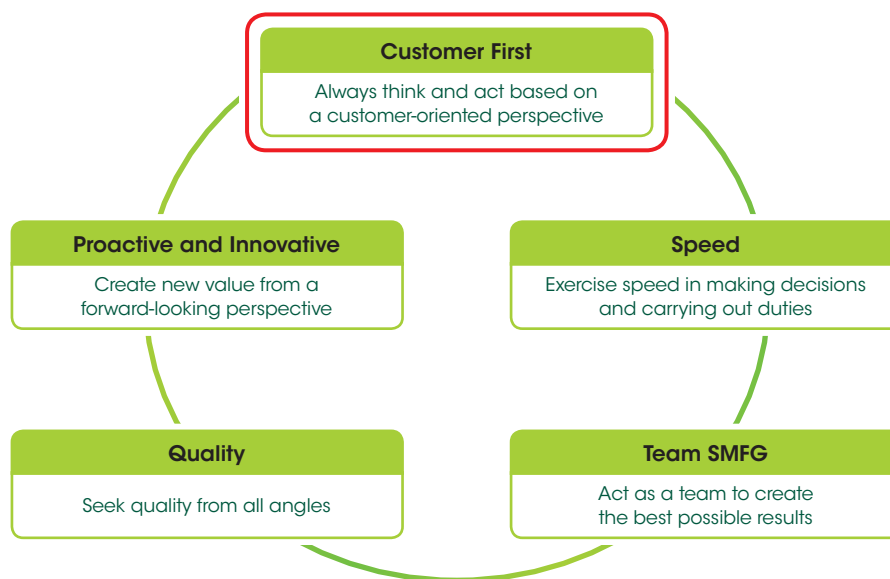
SMFG is fully aware of the severity of the government penalties imposed on Sumitomo Mitsui Banking Corporation in April 2006 in

relation to its sales practices for interest rate swaps. We are thus committed to preventing the reoccurrence of such malpractice. Accordingly, SMFG has adopted a customer-oriented perspective in pursuing sustainability throughout its management, internal control, and compliance systems. Through these and other efforts, we have endeavored to regain trust from customers and from society as a whole.

Furthermore, the Customer Satisfaction (CS) Improvement Subcommittee 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 CS Improvement Committee, which is membered by officers sitting on the Group Management Committee, convenes to hold regular discussions on customer-orientated business conduct.

We are 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 SMFG. Everyone at SMFG will thus carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. The 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.

■ Five Values



2. Initiatives for Promoting Customer-Orientated Business Conduct

SMFG will implement the following initiatives to entrench the principles of customer-orientated 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.

(3) Clarification of Fees

SMFG 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.

Based on the Management Policy Concerning Conflicts of Interest in SMFG, 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 therefore do not impede the interests of customers.

(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. SMFG 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.

SMFG and its Group companies 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: Group companies applicable under this policy:

Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; SMBC Friend Securities Co., Ltd.; Sumitomo Mitsui Asset Management Company, Limited; THE MINATO BANK, LTD.; Kansai Urban Banking Corporation

2: External experts are invited to meetings of the CS Improvement Subcommittee 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