

Compliance

Our Approach

Management positions the strengthening of compliance as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are increasing our efforts to ensure that compliance policies are followed properly as we aim to become a truly outstanding global group.

Compliance Management

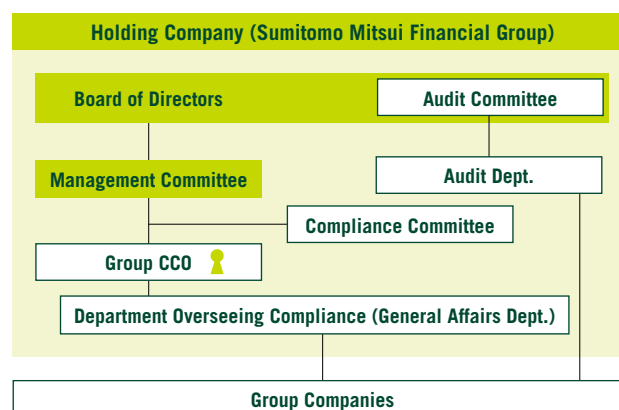
SMBC Group seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations across the Group. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group formulated the Group Compliance Program to provide a concrete action plan for practicing compliance on a group-wide level. SMBC and other Group companies develop their own compliance programs based on the Group program and take necessary steps to effectively install compliance frameworks.

The Company receives consultations and reports on compliance-related matters from Group companies, providing suggestions and guidance as necessary to ensure compliance throughout the Group.

Compliance Systems at SMBC Group



Anti-Money Laundering and Prevention of Funding Terrorist Organizations

SMBC Group strictly complies with AML/CFT regulations by establishing the Group policy and implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate. The Group policy/systems are in accordance with the requirements of the relevant international organizations (e.g. the Financial Action Task Force Recommendations) and the law/regulation of relevant countries including Japan (e.g. U.S. "Office of Foreign Assets Control Regulations").

Specifically, SMBC Group takes steps to mitigate the risk of money laundering (ML) and financing of terrorism (FT), which may have a massive negative impact on the economy, by preventing our products/services from being misused for ML/FT.

Response to Anti-Social Forces

SMBC Group has set down 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.

Customer Information Management

SMBC Group has established Group policies that set forth guidelines for the entire Group regarding proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

SMBC and its Group companies establish and disclose privacy policies for their measures regarding the proper protection and use of customer information and customer numbers. Appropriate frameworks are established based on these policies.

Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

In order for a company to coexist in harmony with society and continue to grow, it is crucial for the company to practice healthy risk taking (business activities) while also appropriately managing risks through compliance and other provisions. Moreover, given the extreme importance of the public mission and social responsibilities of financial institutions, it is vital that SMBC Group places sufficient emphasis on compliance and risk management in our business activities.

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities. SMBC Group is therefore devoted to improving our systems in these areas in order to become a truly outstanding global group.

To this end, SMBC Group has defined the Principles of Action on Compliance and Risk to serve as guidelines for executives and employees in practicing compliance and other aspects of risk management.