

Corporate Governance

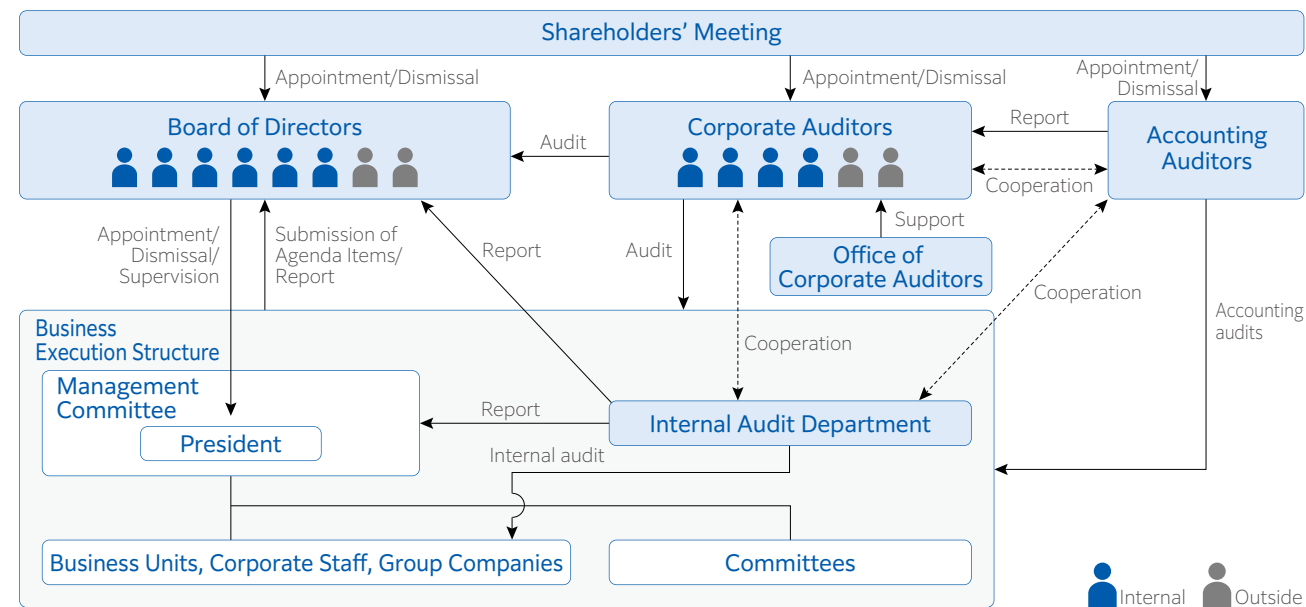
Basic policy

SMFL was established through the merger between Sumisho Lease and SMBC Leasing, and has grown in part through the acquisition of an aircraft leasing business and the merger with SMFL Capital (formerly GE Capital Japan).

Since our business domain is expanding, it is necessary to respond appropriately to the continuing changes in the business environment, aim for sustainable development for society and sustainable growth for SMFL. As a representation of this commitment, we have formulated the “SMFL Way.”

The “SMFL Way” is our fundamental policy as our management philosophy, and we believe that strengthening and enhancing corporate governance is an important management challenge in the context of following this policy.

Business management organizational structure



Committees	Purpose and overview	Meeting frequency
Human Rights Awareness Promotion Committee	This committee determines basic policies for promoting human rights awareness and plans and implements training on discrimination and human rights issues.	As needed
ALM Committee	In order to appropriately implement asset and liability management (ALM) across SMFL, this committee forecasts interest rates and analyzes results, exchanges information and reports on the situation with regard to funding, liabilities, and profit and loss, and deliberates policies.	Every two weeks in principle
IR Committee	This committee contributes to our business activities and funding by enhancing the consistency and strategic nature of our various external communications.	Once every three months
SDGs Promotion Committee	In order to help realize a sustainable society, this committee formulates policies to actively promote initiatives for SMFL's commitment to SDGs, as well as discussing and promoting the necessary measures.	At least once every six months
Investment & Financing Committee	As well as deliberating policies related to individual investment and financing cases, this committee receives regular reports on the market environment and performance, and discusses various measures to respond rapidly to changes in the market environment, as necessary.	Weekly
Security Export Control Committee	In order to ensure appropriate controls of security exports in trade transactions by SMFL, this committee submits reports, shares information, and deliberates operational policies in relation to the status of trade transactions, the status of security export controls and related structures.	Once every six months
Emergency Countermeasures Promotion Committee	This committee checks and reports the state of progress in relation to plans to establish emergency countermeasures, as well as discussing modifications to emergency countermeasures.	Annually
Risk Management Committee	This committee monitors the current risks faced by SMFL, as well as discussing and promoting various necessary measures.	As needed
Compliance Committee	This committee deliberates and promotes various measures to contribute to the appropriate operation of SMFL's compliance system.	Twice a year
Health Committee	Established in accordance with laws and regulations, this committee investigates and deliberates on relevant matters and submits necessary opinions to SMFL.	Monthly

Directors and corporate auditors

SMFL operates under a structure of eight directors and six corporate auditors, of which two directors and two corporate auditors were appointed from outside SMFL. From the perspective of improving the transparency and soundness of management, SMFL operates an executive officer system under which the decision-making and supervisory functions are separated from the business execution functions. Our business is executed by 46 executive officers (including five directors) appointed by the Board of Directors.

Board of Directors

As well as making decisions on important matters, the Board of Directors supervises business execution by directors and executive officers. It is chaired by the Chairman of the Board of SMFL in order to ensure a separation of roles with the President, who is in charge of overall business execution.

In principle, the Board of Directors meets once a month. The Board of Directors makes resolutions and reports on progress of the Medium-Term Management Plan and business plans of SMFL and the SMFL Group, organizational and personnel matters, other important management matters, and matters stipulated by laws, regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, and supervises business execution by directors and executive officers.

A total of 16 meetings of the Board of Directors were held in FY2024 (including five resolutions in writing in accordance with the provisions of Article 370 of the Companies Act). The attendance of individual directors is as follows.

FY2024 Board of Directors attendance

(officers and position as of the end of March 2025)

Position	Name	Meetings attended (attendance rate)
Representative Director, Chairman of the Board	Shoichiro Oka	16 of 16 (100%)
Representative Director, President	Masaki Tachibana	16 of 16 (100%)
Representative Director, Deputy President	Tetsuro Imaeda	14 of 14 (100%) (Appointed June 2024)
Representative Director, Senior Managing Executive Officer	Masaru Shiomi	16 of 16 (100%)
Director, Senior Managing Executive Officer	Eiichi Sekiguchi	16 of 16 (100%)
Director, Senior Managing Executive Officer	Eiji Ishida	16 of 16 (100%)
Outside Director	Fumihiko Ito	16 of 16 (100%)
Outside Director	Takao Kusaka	15 of 16 (94%)

Structure for execution of business

At SMFL, executive officers appointed by the Board of Directors are in charge of the execution of business, and the Management Committee is the highest decision-making body for business execution. The Management Committee consists of directors who serve concurrently as executive officers and executive officers who are selected by the President to attend the Management Committee, and those members deliberate important matters of business execution.

With regard to business operations, SMFL has established meetings such as the Information Liaison Meeting which serve as opportunities for wide-ranging and flexible communication of information and exchange of opinions, as well as various committees that serve as cross-departmental organizations for coordination and discussion, in order to deliberate important business reports and specific measures.

Conditions for resolutions on director appointments

SMFL's Articles of Incorporation stipulate that a director shall be appointed by a resolution of a majority of the voting rights of shareholders present at the Shareholders' Meeting, a quorum of whom shall be shareholders holding voting rights representing not less than one-third of the voting rights of shareholders who may exercise voting rights.

The Articles of Incorporation also stipulate that cumulative voting shall not be used in director appointment.

Sustainability governance

Consistent with the goal to be “chosen for its commitment to SDGs,” which is part of the Vision outlined in the “SMFL Way,” SMFL established the SDGs Promotion Committee to actively promote SDG management initiatives. Decisions regarding sustainability are reviewed by the SDGs Promotion Committee, resolved at and reported to the Management Committee, and in principle supervised by the Board of Directors at least once a year.

The SDGs Promotion Committee sets the President as its chairman, general managers of related corporate staff departments and the business planning department of each business unit as its members, and the Sustainability Promotion Department as its secretariate. This committee formulates policies regarding SDG management initiatives, deliberating on and promoting various measures across the organization, and monitoring the status of SDG management. Topics for discussion in FY2024 included medium- to long-term environmental targets, the circular economy, human rights due diligence, non-financial information disclosure, solving social issues outside of business, and sustainability education.

Message from the Chairman of the Board



Norihiko Nonaka
Representative Director,
Chairman of the Board

Please provide us with a history of the SMFL Group and your thoughts on the strengths gained through its growth process.

Sumitomo Mitsui Finance and Leasing was established from the merger of SMBC Leasing and Sumisho Lease in 2007. Since then, the SMFL Group has expanded its scope of operations and evolved its business model, notably through the acquisition of an aircraft leasing business in 2012, the integration of SMFL Capital (formerly GE Capital Japan) in 2019, and the acquisition and inclusion of Kenedix, making it a subsidiary in 2021. In 2018, the ownership structure was changed from 60% Sumitomo Mitsui Financial Group and 40% Sumitomo Corporation to an equal 50%/50% split between the two shareholders. In the same year, SMFL MIRAI Partners was founded as a non-financial business arm. Through these changes, the SMFL Group has evolved into a hybrid corporate group in the financial business, as befitting its name ("Finance and Leasing"), while also being involved in non-financial businesses.

Through this combination of organic and inorganic growth, SMFL has made remarkable strides. Our inherent strengths—the knowledge on finance and products that we have nurtured through our core leasing business, the expertise in business investment and business operations across such fields as real estate and renewable energy, and the digital transformation (DX) capabilities that stem from SMFL Capital's digital team—have become the pillars of our business model, which is based on the concept of "Finance x Business x DX." These strengths are in turn driven by the power of our people. SMFL's diverse human resources share in its management philosophy, the "SMFL Way" as backbone of the Group, and underpin our efforts toward further growth and evolution.

What role do the two shareholders play in SMFL's governance structure?

SMFL has become a unique entity, as one of the few major Japanese leasing companies that remain unlisted, and a joint venture between a megabank and an integrated trading company. In this regard, our two shareholders play a vital role in our governance structure.

For proposals put on the agenda before the Shareholders' Meeting, both shareholders conduct preliminary reviews under their respective governance structures before engaging in discussions and decisions on the agenda items. By incorporating the advanced governance structures of both a megabank and an integrated trading company in two different sectors, both shareholders form the cornerstone of the SMFL Group's corporate governance while supporting its business

activities across financial and non-financial domains.

Additionally, both shareholders and SMFL Group are mutually invaluable business partners as we support each other in advancing our respective growth strategies. In strategic alignment with both shareholders, SMFL Group develops new businesses while taking advantage of the megabank's customer base, fundraising capability, and financial solutions expertise, as well as the integrated trading company's network, business development capability, and risk management expertise. This strategic partnership also contributes as a key element supporting our governance structure.

Please elaborate on the operations of the Board of Directors and the roles fulfilled by corporate auditors.

The Board of Directors consists of six internal directors, including the Chairman and the President, and two outside directors nominated by each of the two shareholders, for a total of eight members. The Board of Directors makes decisions on important matters as they pertain to management, including business plans, large-scale investment projects, and key internal systems. When referring agenda items to the Board of Directors, an internal review process is applied and management-level deliberations are undertaken as needed. In similar fashion to the Shareholders' Meeting, the outside directors appointed by both shareholders conduct preliminary reviews under their respective governance structures before discussions and decision-making. This ensures that sophisticated risk management systems are functioning properly through the multifaceted perspectives from within and outside SMFL.

SMFL Group has six corporate auditors that include both internal and external auditors. Our corporate

auditors formulate the audit policies based on the audit policies of both shareholders, the surrounding business environment, and the SMFL Group's business plan. Given the rapid pace of growth and evolution of the SMFL Group's businesses, the corporate auditors attend not only Board of Directors meetings but also Management Committee, Semi-Annual Conference of Department Head, Monthly Information Liaison Meetings, and various other committees. They also engage in direct dialogue with employees during visits to domestic and overseas locations, thus obtain information straight from the front lines. Furthermore, monthly meetings are held with the Chairman and the President to ensure a robust framework for direct communication between the corporate auditors and the top executive. As the SMFL Group's scope of activity expands across financial and non-financial sectors, domestic and international markets, and to Group management, corporate auditors play a crucial role in SMFL's governance structure.

Can you tell us about SMFL's decision-making process within the Group's executive structure and the selection of participants in that process.

The Management Committee is the highest decision-making body. Its members include the Chairman, President, and heads of each business unit and administrative departments, who are selected for their acknowledged expertise and ability to effectively deliberate on the overall management of the Group. Based on the discussions in this committee, final decisions on business execution are made by the President, who is in charge of overall business execution.

Various committees have also been established under the Management Committee. In particular, in its capacity as an advisory body, the Investment & Financing

Committee reviews important investment projects in advance and submits its findings to the Management Committee. The Investment & Financing Committee is composed primarily of members from administrative organizations responsible for risk management and screening with additional members selected for their specialized expertise depending on the requirements of each project. Consistent with SMFL's business domain expansion, the Investment & Financing Committee is demonstrating its high level of expertise as the importance of its role increases.

Can you explain how each business unit is autonomously managed?

SMFL operates under a business unit system, currently consisting of eight business units. Each business unit manages its operations autonomously, based on the unit's business plans deliberated on and approved by the Board of Directors and the Management Committee. At the same time, each business unit actively collaborates with other units and Group companies working as a unified "Team SMFL" to promote initiatives across the entire Group. Each business unit has a planning department that is responsible for important operating functions, such as

planning and formulating unit business plans, putting in place operating frameworks, and evaluating activities. These business plans consist of a three-year medium-term management plan and a plan for each fiscal year. FY2025 marks the final fiscal year of the current Medium-Term Management Plan as well as the fiscal year for formulating the next medium-term management plan. Looking ahead, SMFL will work diligently to create social value and expand economic value in a bid to realize its vision for 2030 while leveraging the strengths of each business unit.

Under the governance structure you have just described, what kind of challenges will the SMFL Group face in the future?

Since its inception in 2007, the SMFL Group has consistently taken on new challenges while achieving remarkable growth. Moving forward, we will continue our efforts to bring the "SMFL Way" to fruition in 2030 and undertake measures aimed at securing sustainable growth as we look further ahead. Put simply, these challenges precisely embody SMFL's efforts to realize the four visions of its ideal future, namely to: 1) be the best

business partner, 2) be chosen for its commitment to SDGs, 3) encourage employee development, and 4) be an advanced digital company. In addition, we recognize the need to consistently refine the governance structure that supports these endeavors. Based on this understanding, we will solve social and customers' issues through our unique measures and contribute to their sustainable development.

Risk Management

General principles for risk management

SMFL recognizes the importance of risk management and identifies the locations and types of risks to be managed according to our strategic objectives and business activities. In accordance with the following general principles, SMFL conducts appropriate management according to the characteristics of each risk.

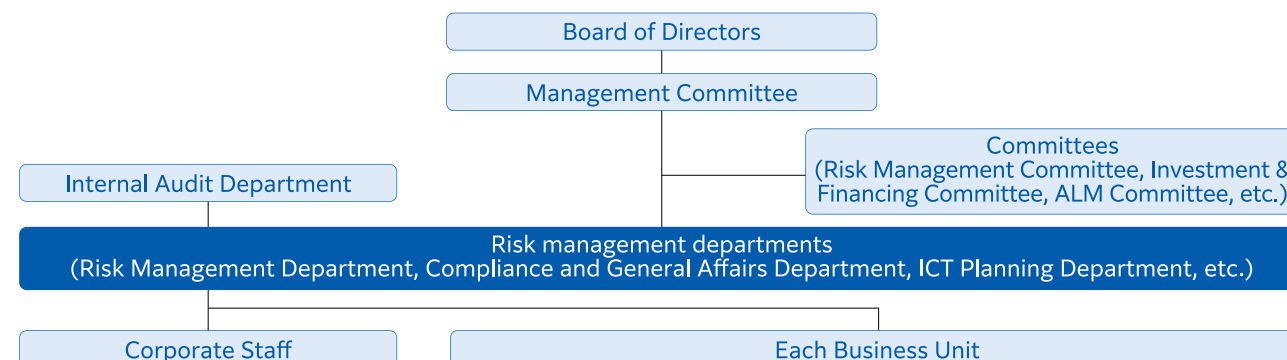
- 1 Group-level management**
Various risks are managed at the SMFL Group level to avoid infringement of laws, regulations and other rules in accordance with the nature and importance of the business.
- 2 Management based on quantification**
SMFL identifies the range of risks to be managed and quantitatively manages them according to the characteristics of the risks.
- 3 Ensuring consistency with business strategy**
Risk management shall be consistent with business strategy.
- 4 System of checks**
The risk management system shall be designed to check operations.
- 5 Response in case of emergency or serious situation**
If risk materializes, SMFL takes necessary measures based on the assumption of situations and scenarios that have a significant impact on management and financial conditions.
- 6 Verification of the risk management system**
The internal audit division examines our risk management system.

Three Lines Model

We are working to strengthen our risk management based on the three lines model concept, which is a framework for risk governance.

Main Departments	Roles and Responsibilities
First Line Business departments, etc.	As the risk owner for the business under his/her jurisdiction, he/she will assume the following roles and responsibilities in accordance with the basic policies established by the risk management departments (second line). 1. Identify risk, conduct assessments 2. Implement measures to reduce/manage risks 3. Monitor risk conditions and report to the first and second lines 4. Cultivate/instill a healthy risk culture
Second Line Risk management departments	To improve the risk management system within SMFL, the following roles and responsibilities will be assumed: 1. Drafting/formulation of risk management-related basic principles, frameworks, policies, etc. 2. Monitoring, checks and balances, and training for the first line are conducted to ensure that the first line identifies and assesses risks and takes appropriate measures to mitigate and manage risks.
Third Line Internal Audit Department	From a position independent of the first and second lines, this department evaluates and verifies whether first and second line activities are being carried out effectively and appropriately. The results of these investigations will be reported to the Board of Directors and Management Committee, etc., and recommendations for improvements made for any issues or problems uncovered, as well as advice given to relevant departments as necessary.

Risk Management System

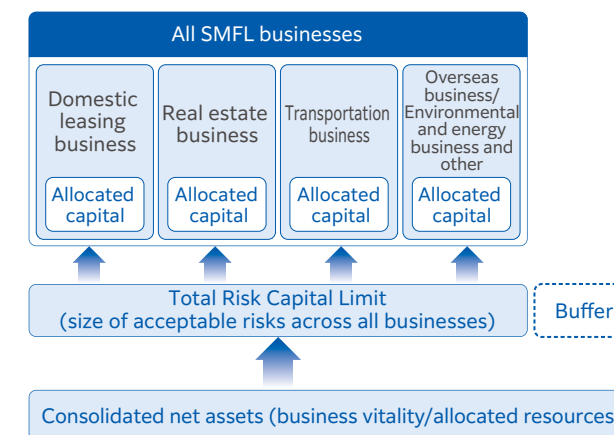


Risk Management Methods

Risk capital management

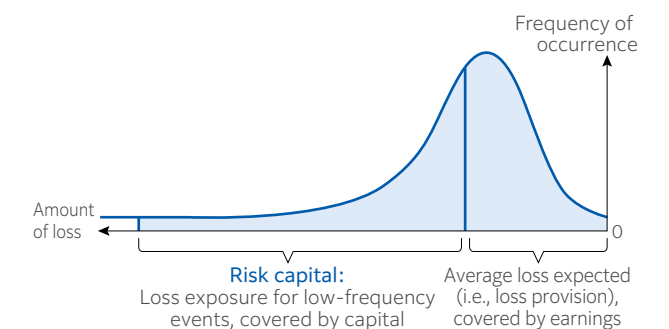
In order to balance risks and returns while controlling risks within the limit of business vitality without placing undue emphasis on specific risks, we ascertain the amount of risk as much as possible, and set an upper limit on the size of acceptable risks as the "Total Risk Capital Limit."

SMFL's risk capital management



Risk capital

We define "risk capital" as the approximate maximum loss exposure on owned assets, which is covered by capital.



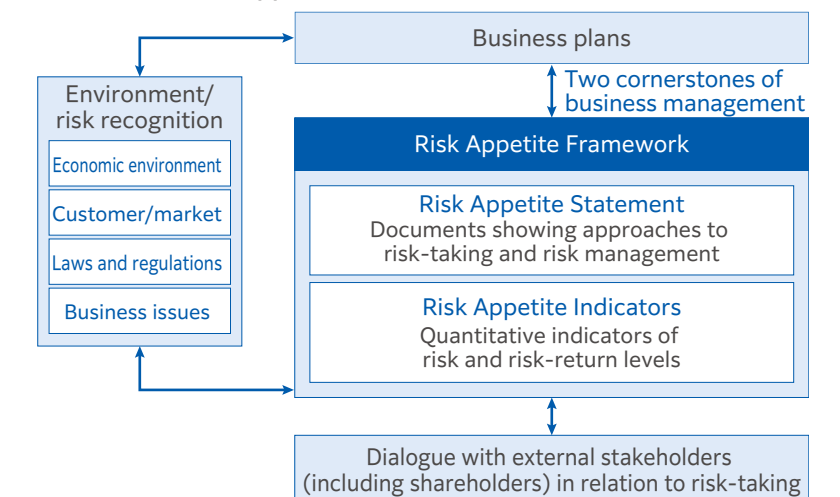
Risk Appetite Framework

SMFL has adopted the Risk Appetite Framework as our management structure in order to clarify the types and amounts of risk associated with earnings growth and to disseminate them throughout SMFL.

The Risk Appetite Framework is broadly divided into two components: Risk Appetite Statement and Risk Appetite Indicators (see the diagram on the right).

Using these documents and indicators, SMFL conducts Company-wide reviews of the risks and reflects them in our management strategy to promote appropriate risk-taking and to aim for business operations that balance soundness, profitability, and growth potential.

Structure of Risk Appetite Framework



Stress tests

SMFL is developing and enhancing stress testing methods to proactively verify the impact of unforeseen events such as a large-scale deterioration in economic conditions or a worsening of the market conditions in a specific industrial sector on our credit portfolio and financial position including shareholders' equity, as well as cash flows. Stress tests enable us to maintain the soundness of our business even under stressed conditions, thereby allowing us to establish a system that ensures appropriate risk control under normal circumstances.

Risk Register

In anticipation of venturing into new business fields and coping with rapid shifts in the business environment, we conduct risk identification by means of a Risk Register designed to enhance risk governance and risk ownership. Business units communicate with risk management departments to identify potential business risks. SMFL has established a system whereby each business department identifies the risks inherent in its operations through communication with the risk management department, fully evaluates them and verifies the appropriateness of control measures before promoting operations that reflect them in its business strategy.

Business Risks, Etc.: Main Risk Description and Measures

Listed below are the main risks associated with the SMFL Group's business, etc., that may significantly influence the decisions of investors. In addition to taking measures to deal with each of these risks, we are developing and reinforcing the risk management system to ensure a prompt and appropriate response when a risk materializes.

Risk category		Main measures for risk
1	Risk relating to business environment	<ul style="list-style-type: none"> We conduct Company-wide reviews of risks from the perspective of the economic environment, regulatory, market trends, etc., and reflect them in our management strategy to promote appropriate risk-taking and aim for business operations that balance soundness, profitability, and growth potential. (See the Risk Appetite Framework section on page 79 for details)
2	Risks relating to sustainability	<ul style="list-style-type: none"> Based on the TCFD recommendations, we identify and assess risks as part of our efforts toward information disclosure. For details of those risks, please refer to our TCFD Report. (https://www.smfl.co.jp/english/sustainability/environment/tcfd/) In response to climate change, we have been working on a raft of measures under Our Vision "Chosen for its commitment to SDGs" in the SMFL Way since April 2020. In April 2022, we set medium- to long-term environmental targets and are promoting efforts toward decarbonization. As far as the risk of human rights violations is concerned, there is a risk of becoming involved in human rights violations (forced labor, child labor, and occupational health and safety issues) in the supply chain through our transactions with customers and suppliers. In response to these risks, we established the SMFL Group Human Rights Policy in May 2023 and are promoting a variety of measures, including disclosing a Modern Slavery Statement in accordance with the U.K.'s Modern Slavery Act, the holding of internal workshops on human rights, and the putting in place of a human rights due diligence system.
3	Credit risk	<ul style="list-style-type: none"> When we evaluate potential transactions, we carefully screen them individually and consider, among other things, the future value of used equipment of the leased property in determining whether to approve the transaction. As for overseas credit, the decision on whether to approve entails considering country risk in view of the foreign currency situation and the political and economic situation in the customers' country. Once a transaction is executed, we conduct regular self-assessments and monitor the status of customers, while booking allowance for doubtful accounts according to the degree of credit risk in view of the expected amount of recovery (from disposition of security, property, etc.) and the loan loss ratio, etc. We regularly verify the credit status of each existing customer and market trends in each industry, and manage our portfolio so that credit balances are not concentrated in any particular company or industry.
4	Asset risk	<ul style="list-style-type: none"> We measure the amount of risk by regularly monitoring the market value of used equipment while working to reduce the risk as much as possible by diversifying lease equipment and models, locations, lease maturity, etc.
5	Market risk	(1) Interest rate fluctuation risk
		(2) Foreign exchange risk
		(3) Stock price fluctuation risk
6	Funding and liquidity risk	<ul style="list-style-type: none"> In order to properly manage interest rate fluctuation risk, we set a maximum risk tolerance limit and measure and monitor the amount of change in the present value of interest rate-related positions (increase/decrease in unrealized gains/losses) when interest rates fluctuate by one basis point (0.01%). In order to properly manage foreign exchange risk, we set a maximum risk tolerance limit and monitor. In order to properly manage stock price fluctuation risk, we set a maximum risk tolerance limit and monitor the risk capital of the shares held in the breakdown of the total risk capital.
7	Institutional change risk	<ul style="list-style-type: none"> In order to properly manage funding and liquidity risk, we set a maximum risk tolerance limit for the funding gap (the amount of funding that will be required due to the mismatch between the investment and funding periods), conduct monitoring, and establish contingency plans. We continuously monitor the status of amendments and changes to various laws, tax systems, and accounting systems. Through cooperation with the Japan Leasing Association and external experts, we collect information about amendments and changes and implement countermeasures.

For details of business risks, etc., please refer to pages 20-22 of SMFL's Securities Report for the fiscal year ended March 31, 2025 (Japanese only).

<https://www.smfl.co.jp/corporate/assets/yuho63.pdf>

Risk category		Main measures for risk
8	Operational risk	(1) Measures for processing risk
		(2) Measures for information system risk
9	Compliance risk	<ul style="list-style-type: none"> We have specified departments responsible for overall operational risk and processing risk, respectively, and have built an administration system to appropriately manage risks. We have established an incident reporting system for promptly reporting and responding when an incident occurs, and we take appropriate actions such as recurrence prevention measures based on analysis of the cause of the accident. Based on the content of the report, we identify and assess risks, and implement measures such as establishing rules on operations and administration, managing personnel, and establishing system checks. Through supervision, we maintain the stable operation of various information systems, and conduct system risk assessments and internal audits. In preparation for emergencies such as cyberattacks, and after establishing the Security Planning Department as a dedicated organization responsible for security responses, we have built a system and are conducting drills periodically. In addition to anti-virus measures, behavior detection, and patch application in the OA environment, we implement various security measures, such as email and Web filtering, Web sanitization and measures to prevent information leaks. We conduct measures to improve security literacy, such as security lectures for Board members, as well as targeted email attack drills and security workshops for all employees.
10	Risk relating to our investment, strategic alliances, etc.	<ul style="list-style-type: none"> When conducting business, we are subject to Japanese laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, the Antimonopoly Act, the Personal Information Protection Act, the Money Lending Business Act, and the Banking Act, and to the supervision of regulatory authorities. As for overseas, we are subject to the laws and regulations and the supervision of regulatory authorities in each country and region. The SMFL Group is working to strengthen its compliance system and internal control system in order to comply with laws, regulations and other rules, has established a system to provide proper instructions, guidance, and monitoring to officers and employees, and has taken preventive measures to prevent and detect misconduct.
11	Risk relating to occurrence of disasters	<ul style="list-style-type: none"> For strategic alliances and investment projects, there is a deliberation system in which the Investment & Financing Committee, Management Committee, and other meeting bodies identify the risks associated with investment from a broad perspective, as well as risks related to the operations of the investee, determine countermeasures to be taken, and decide carefully on whether to execute after analyzing multiple scenarios. For all projects after investment, we regularly review the status of achieving investment objectives including returns and measures to be taken to improve the corporate value of investees, and have developed a monitoring system that includes overall management of our portfolio. Having established an Emergency Countermeasures Promotion Committee, we are developing and reviewing emergency response plans to improve our systems on an ongoing basis. To prepare for a disaster, we have established a system to set up an emergency response headquarters and implement measures to resolve the emergency. Even during normal times, we regularly prepare for disasters by (1) holding various training drills and workshops, (2) reviewing response manuals, and (3) maintaining communication infrastructure and disaster supplies.
12	Risk relating to securing human resources	<ul style="list-style-type: none"> To secure and develop diverse human resources, we are focusing not only on traditional recruitment channels but also recruiting a wide range of talent through a variety of recruitment routes. These include the recruitment of new graduates from overseas universities and the hiring of mid-career professionals through direct recruiting and referrals. In order to enhance our training system, we have established SMFL Academy, and we support employees to improve their expertise and become reskilled through training that caters to the characteristics of each business and department, and provide proactive self-development support, including an incentive system for acquiring qualifications.

Internal Controls/Status of Audits

Internal Controls

Basic approach

SMFL has set out its structure for ensuring appropriate corporate operations (internal control system) in the Internal Controls Regulations. We are working to maintain a sound management structure by putting in place systems for the execution of duties by directors, internal controls over financial reporting, systems to ensure appropriate operation of the Group, systems for audit duties by corporate auditors, systems for internal audit, and systems for risk management and compliance.

Systems for the execution of duties by directors

Information related to the execution of duties by directors is retained and managed appropriately in accordance with the Information Management Regulations, the Information and Document Management Rules, and other rules. Execution of duties by directors consists of the formulation of operating plans, the efficient operation of the business and management of performance. In addition to appropriately allocating the role of each director, SMFL has formulated Organizational and Authority Regulations and delegates authority appropriately and in accordance with these regulations.

Internal controls over financial reporting

In order to ensure the appropriateness of accounting and the reliability of financial reporting for the SMFL Group as a whole, SMFL has formulated internal control evaluation regulations and others related to financial reporting, enabling it to put in place and operate the necessary systems for internal controls over financial reporting, and

to assess their effectiveness.

Determining or amending basic policy for the overall evaluation of internal controls over financial reporting and relevant important matters are decided by the Management Committee and approved by the Board of Directors. The plans and policies for each fiscal year, the resulting evaluations and relevant important matters are approved by the Management Committee.

Management/Operation of Group companies

In order to understand the status of execution of duties by directors at SMFL Group companies, and to ensure that those duties are executed efficiently, basic matters for the management of Group companies are set out in the Group Company Regulations and other rules. Group companies are managed and operated in accordance with these rules and regulations. Group Company Regulations for Compliance have also been set out, and management of the SMFL Group is conducted in complete adherence to these regulations.

In addition, SMFL ensures the fairness and appropriateness of transactions within the SMFL Group in cases where transactions and the like are conducted within the SMFL Group, with either of our shareholders or with any of said shareholders' group companies. SMFL and its Group companies conduct multifaceted verifications in accordance with the procedures set out in the Legal Risk Management Regulations to establish whether the conditions of the trade, such as the consideration received for a product or service, are appropriate and reasonable in comparison to the usual conditions.

exchange information with directors and auditors of subsidiaries and receive business reports from such subsidiaries as necessary.

Audit policy by SMFL's corporate auditors

The audit policy by SMFL's corporate auditors mandates strict and fair audits of the execution of duties by directors, in accordance with laws, regulations, and SMFL's Articles of Incorporation. In light of intensifying geopolitical risks, changes in the financial and economic environment, and the status of Medium-Term Management Plan implementation, and with reference to SMFL's management philosophy and policies, "SMFL Way," as well as the corporate audit policies of both shareholders, SMFL's corporate auditors carried out their audit activities while keeping in mind that internal control systems had been properly established and were functioning on a global basis, in terms of policies for such matters as ensuring efficiency, managing risk of loss, and complying with laws and regulations in FY2024.

Activities of standing corporate auditors and part-time corporate auditors

The standing corporate auditors perform their duties smoothly and efficiently. This is ensured over the course of day-to-day audits carried out by all or some of the standing corporate auditors, and sufficient sharing of information and exchange of opinions with the other corporate auditors through the Standing Corporate Auditors' Meeting.

The part-time corporate auditors cooperate in the audit duties of the standing corporate auditors as necessary through performing their duties, such as attending key meetings, including meetings of the Board of Directors, and exchanging opinions and receiving reports from the standing corporate auditors at the Council of Corporate Auditors.

Reporting structure to corporate auditors

If any officer or employee of SMFL or its Group companies discover any fact that may cause significant damage to SMFL or any Group company, any fraudulent act, or any material fact in violation of laws, regulations, or the Articles of Incorporation, the officer or employee written above is required to report their discovery to the corporate auditors. Furthermore, if explanation regarding the execution of duties is requested by a corporate auditor, the officers and employees written above are required to report the requested matters promptly.

On discovery of any violation of laws or regulations, the violation can be reported to the corporate auditors of the company to which the officer or employee belongs, the internal reporting systems and hotline established at the company to which the officer or employee belongs, or the internal reporting systems and hotline set up by Sumitomo Mitsui Financial Group.

In order to ensure that any officers and employees of SMFL and its Group companies who reported to the internal reporting systems and hotline established at their company or a corporate auditor at their company are not subject to unfair treatment for such report, the internal

reporting regulations for each company stipulate the prohibition of any unfair treatment.

In addition, the departments in charge of compliance at SMFL and its Group companies regularly report to the corporate auditors of each company on the status of receipt and handling of internal reports, and, when it is deemed necessary, given impact on management or requested by corporate auditors, issue prompt ad-hoc reports.

Collaboration with the Internal Audit Department

The Internal Audit Department works closely with the corporate auditors. When corporate auditors request assistance in their audit duties, the Internal Audit Department cooperates by providing information so that the corporate auditors can conduct effective audits.

Exchange of opinions with the representative directors

The representative directors strive to improve the effectiveness of the corporate auditors' audit function by ensuring opportunities for regular exchange of opinions with the corporate auditors.

Status of internal audits

With the aim of ensuring the sound and appropriate management of SMFL's operations, our Internal Audit Department, which is independent of other units, conducts internal audits of each department of the corporate staff and each business department. The Internal Audit Department verifies the efficiency and effectiveness of operations, the reliability of financial reporting, and the appropriateness and effectiveness of internal control systems and the like, creates evaluations based on the results, and presents recommendations for improvement. In order to ensure the effectiveness of internal audits, the Board of Directors approves the Internal Audit Regulations and Audit Plan, and the Internal Audit Department conducts internal audits based on these regulations and plans. In addition, internal audit results are regularly reported directly to the executive officer in charge of the Internal Audit Department, the President, the Management Committee, and the Board of Directors.

The Internal Audit Department, corporate auditors, and accounting auditors communicate and coordinate with each other as required, and work to implement appropriate and effective audits.

In addition, we encourage and support the member of the Internal Audit Department to obtain international internal audit qualifications such as Certified Internal Auditor (CIA) certification.



Compliance

Toward strengthening the compliance structure to adapt to expanding and diversifying business models

SMFL is promoting measures to ensure the compliance first culture and to establish a compliance structure suited to the characteristics of each business so that we can establish business foundation.

1. Formulation of Compliance Policy

This represents our fundamental approach toward practicing “Our Principle” as the highest-level policy regarding compliance at SMFL.

Our Principle

SMFL bases all of its business activities on “Our Principle.”

As a trusted and responsible corporate citizen committed to meeting and exceeding its customers expectations, SMFL is committed to—at all times—acting in good faith and complying with all applicable law.

2. Definition of “Compliance”

SMFL defines “Compliance” as follows: We comply with laws, regulations and internal rules, and meet social norms and expectations from society and customers.

3. Five Compliance Policies

To put “Our Principle” into practice on a daily basis, we have established the following five policies:

- Do The Right Thing
- Risk Ownership
- Comply with Laws and Rules
- Speak Up
- Respect for Human Rights

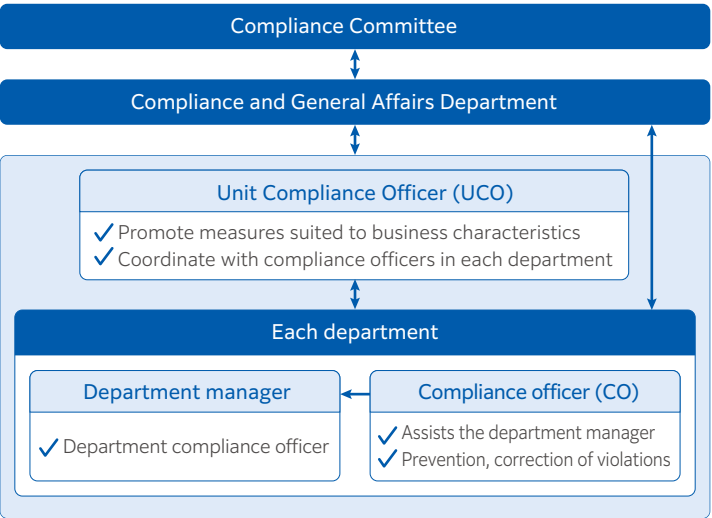
Structure for promoting compliance

SMFL established the Compliance Committee. Chaired by Managing Executive Officer in charge of the Compliance and General Affairs Department, this Committee in principle meets twice a year and discuss various compliance-related measures.

On an organizational unit basis, each department manager is responsible for compliance. A Compliance Officer is assigned to each department to assist the general manager in ensuring that all employees are fully aware of the laws, regulations, and internal rules related to business operations.

Unit Compliance Officers are assigned to each business unit to collect and collate information on laws, regulations, and industry trends suited to the characteristics of each business unit, and to provide guidance and support to general managers and compliance officers under relevant business unit.

Structure for promoting compliance



Promote Compliance Initiatives

As part of our annual plan, we are formulating a compliance program while working to foster a compliance culture, establish a risk management system, and share information among departments.

Key Compliance Programs

Items	Description
Fostering a compliance culture	Information dissemination, including messages from the President, and compliance sessions for all officers and employees (approximately 90% of domestic employees participated)
Instill a Compliance-first Culture	Fixed-point measurement of the degree of awareness toward a compliance-first culture using compliance questionnaires <div>In your department, when actions required to achieve earnings and performance targets conflict with “doing the right thing,” do you think there is an atmosphere or culture that prioritizes “doing the right thing”?</div> <div>“I believe so” or “To a certain extent” 91.6% 94.7% 96.4% 2022 2023 2024 (FY)</div>
Enhance the Risk Management System	In addition to strengthening the risk management analysis of new businesses, we will work to entrench management systems through training and monitoring
Support the development of risk management systems at overseas locations and each department	We are developing overseas locations and Group company systems suited to business characteristics while implementing compliance measures for new business ventures
Compliance personnel exchanges in each department	Regular information sharing and the promotion of communication between organizations

Information Management

We have established our policy regarding the appropriate protection and use of customer information in our Privacy Policy.

Details regarding management systems are specified in “Handling of Customer’s Personal Information.”

Whistleblowing system

In order to self-cleanse where violations of laws or regulations are discovered and corrected at an early stage, and to protect whistleblowers, we have put in place an internal whistleblowing system.

Hotline	Description
SMFL Alarm Line (internal hotline)	Reportable matters: <ul style="list-style-type: none">Acts or facts that violate or are suspected of violating laws and regulationsActs or facts that, if left unchecked, may damage the property interests or credibility of SMFL or its subsidiaries, the life, health, or property interests or credibility of customers or employees, or market orderActs or facts that violate or are suspected of violating internal rules
SMFL Hotline (external hotline)	
SMBC Group Alarm Line	Description of the system: <ul style="list-style-type: none">Same reportable matters as with the SMFL Alarm Line. Whistleblowing hotline that employees, etc. of Group companies can use if they hesitate to report to their own company’s whistleblowing system upon becoming aware of misconduct, etc. by officers or employees of their company
SMFG Accounting and Audit Hotline	Reportable matters: <ul style="list-style-type: none">Improper or suspected improper accounting or auditing by SMFG or SMFG consolidated subsidiaries

Prevention of Bribery

We thoroughly disseminate information regarding regulations for preventing bribery to all officers and employees, as well as regularly monitor compliance with various regulations.

Cutting Off Relations with Antisocial Forces, and Anti-Money Laundering/Combating the Financing of Terrorism

We have established basic Group-wide policies on cutting off ties with antisocial forces and preventing money laundering and terrorist financing. Working in unison as the SMFL Group, we are taking steps to establish systems and respond appropriately.

List of Officers

(as of October 1, 2025)

Members of the Board of Directors



Norihiko Nonaka
Representative
Director, Chairman of
the Board

Apr. 1985 Joined Sumitomo Corporation (SC)
Apr. 2017 Executive Officer of SC
Apr. 2021 Managing Executive Officer of SC
Jun. 2022 Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Apr. 2024 Senior Managing Executive Officer of SC
Jun. 2024 Representative Director, Senior Managing Executive Officer of SC
Apr. 2025 Director of SC
Jun. 2025 Advisor of SMFL
Representative Director, Chairman of the Board of SMFL (current position)



Tetsuro Imaeda
President

Apr. 1986 Joined Sumitomo Bank
Apr. 2014 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Sep. 2016 Managing Executive Officer of SMBC
Apr. 2017 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
Apr. 2020 Senior Managing Executive Officer of SMBC
Senior Managing Executive Officer of SMFG
May 2020 Director and Senior Managing Executive Officer of SMBC
Senior Managing Executive Officer of SMFG
Apr. 2022 Senior Managing Executive Officer of SMBC
Mar. 2023 Director and Senior Managing Executive Officer of SMBC
Apr. 2023 Representative Director and Deputy President of SMBC
Deputy President and Representative Executive Officer of SMFG
Apr. 2024 Deputy President of SMBC
Jun. 2024 Representative Director and Deputy President of Sumitomo Mitsui Finance and Leasing Co., Ltd.
Jun. 2025 President of SMFL (current position)



Takao Kusaka
Outside Director

Apr. 1989 Joined Sumitomo Corporation (SC)
Apr. 2022 Executive Officer of SC
Apr. 2024 Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (current position)
Apr. 2025 Managing Executive Officer of SC (current position)



Kazuyuki Anchi
Outside Director

Apr. 1993 Joined Sumitomo Bank
Apr. 2021 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
Apr. 2023 Managing Executive Officer of SMBC
Managing Executive Officer of SMFG
Apr. 2025 Director and Senior Managing Executive Officer of SMBC (current position)
Senior Managing Executive Officer of SMFG
Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (current position)
Jun. 2025 Director Senior Managing Executive Officer, of SMFG (current position)

Corporate Auditors

Standing Corporate Auditor (Outside)
Keiichiro Kameyama

Standing Corporate Auditor
Fumiko Kobayashi

Standing Corporate Auditor
Toyofumi Sakai

Corporate Auditor (Outside)
Atsushi Tanaka

Standing Corporate Auditor
Kazutaka Tsubota

Corporate Auditor
Takanori Yagi



Masaru Shiomi
Representative
Director, Senior
Managing Executive
Officer

Apr. 1985 Joined Sumitomo Corporation (SC)
Apr. 2017 Executive Officer of SC
Apr. 2020 Managing Executive Officer of SC
Jun. 2020 Representative Director, Managing Executive Officer of SC
Apr. 2022 Senior Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Director, Managing Executive Officer of SC
Jun. 2022 Managing Executive Officer of SC
Representative Director, Senior Managing Executive Officer of SMFL (current position)



Eiichi Sekiguchi
Representative
Director, Senior
Managing Executive
Officer

Apr. 1986 Joined Sumitomo Bank
Apr. 2015 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Apr. 2017 Managing Executive Officer of SMBC
Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
May 2020 Senior Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Managing Executive Officer of SMFG
Jun. 2021 Director, Senior Managing Executive Officer of SMFL
Jun. 2023 Representative Director, Senior Managing Executive Officer of SMFL
Jun. 2024 Director, Senior Managing Executive Officer of SMFL (current position)
Jun. 2025 Representative Director, Senior Managing Executive Officer of SMFL (current position)



Eiji Ishida
Director, Senior Managing
Executive Officer

Apr. 1986 Joined Sumitomo Corporation (SC)
Apr. 2019 Executive Officer of SC
Apr. 2022 Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Jun. 2022 Director, Managing Executive Officer of SMFL
Apr. 2024 Director, Senior Managing Executive Officer of SMFL (current position)



Noriyuki Watanabe
Director, Managing
Executive Officer

Apr. 1989 Joined Sumitomo Bank
Apr. 2019 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
May 2022 Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Apr. 2025 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG) (current position)
Jun. 2025 Director, Managing Executive Officer of SMFL (current position)

Management Committee member (excludes corporate auditors)

Norihiko Nonaka	Representative Director, Chairman of the Board of SMFL	
Tetsuro Imaeda	President	
Masaru Shiomi	Representative Director, Senior Managing Executive Officer	Officer in charge of Corporate Planning Department, Corporate Communications Department, Sustainability Promotion Department, Group Company Management Department
Eiichi Sekiguchi	Representative Director, Senior Managing Executive Officer	Head of Global Environment Business Unit
Eiji Ishida	Director, Senior Managing Executive Officer	Head of Global Business Unit
Noriyuki Watanabe	Director, Managing Executive Officer	Officer in charge of Accounting Department, Treasury Department, Risk Management Department
Etsuji Honda	Senior Managing Executive Officers	Managing Executive Officer Head of Supplier Business Unit
Takashi Arima	Senior Managing Executive Officers	Head of Corporate Business Unit, Business Advisory Unit
Shinichiro Watanabe	Senior Managing Executive Officers	Head of Transportation Business Unit
Akira Ueda	Senior Managing Executive Officers	Representative director, President of SMFL MIRAI Partners
Hirotsugu Harada	Senior Managing Executive Officers	Head of Product Promotion Unit
Yoichi Namiki	Senior Managing Executive Officers	Officer in charge of Data Management Department, ICT Planning Department, Security Planning Department, ICT Development Department, ICT Infrastructure Operations Department, Business Support Planning Department, Business Support Department I/Business Support Department II, Business Affairs Department, digital technologies
Hiroo Sugai	Managing Executive Officers	Officer in charge of Strategic Business Planning Department, Asia Strategic Planning Department
Satoshi Matsumura	Managing Executive Officers	Officer in charge of Secretariat, Human Resources Department, Human Capital Development Department, Compliance and General Affairs Department, Administrative Services Department, Legal Department
Toru Okamoto	Managing Executive Officers	Officer in charge of Credit Administration Department, Credit Department I/Credit Department II, Business Investment & Finance Advisory Department, Overseas Credit Department
Hideyuki Yamazaki	Managing Executive Officers	Head of Real Estate Business Unit
Tetsuro Yoshino	Managing Executive Officers	Officer in charge of Internal Audit Department
Yoshiyuki Ogata	Managing Executive Officers	West Japan Representative