

# Corporate Governance

## Our Approach

We position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities. We are working toward effective corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our Mission.”

## Initiatives for Improving Corporate Governance

- 2002**
- Establishment of Sumitomo Mitsui Financial Group
  - Voluntary establishment of Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors

- 2005**
- Voluntary establishment of Audit Committee as internal committee of the Board of Directors

- 2006**
- Formulation of “Basic Policy on Internal Control Systems” through internal control resolution made based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuing appropriate operations

- 2010**
- Listing of shares on the New York Stock Exchange in order to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods

- 2014**
- Appointment of independent directors and independent auditors based on stipulations of the Tokyo Stock Exchange

- 2015**
- Establishment of the “SMFG Corporate Governance Guideline”
  - Increase in the number of outside directors to five and the number of outside corporate auditors to three

- 2016**
- Strengthening of Group governance by appointing the Chairman of SMBC Nikko Securities as a director of Sumitomo Mitsui Financial Group along with the President of SMBC
  - Commencement of evaluations of the effectiveness of the Board of Directors

- 2017**
- Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees
  - Institution of new Group governance system through introduction of group-wide business units and CxO system

- 2019**
- Transition to the Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities

## Sumitomo Mitsui Financial Group's Corporate Governance System

We have set forth a “Code of Conduct” to serve as action guidelines across all business activities with the aim of sharing the principles of “Our Mission” throughout the Group. In addition, the “SMFG Corporate Governance Guideline,” a guideline for corporate governance, has been formulated and disclosed. We are promoting awareness and understanding regarding these guidelines among all SMBC Group officers and employees.

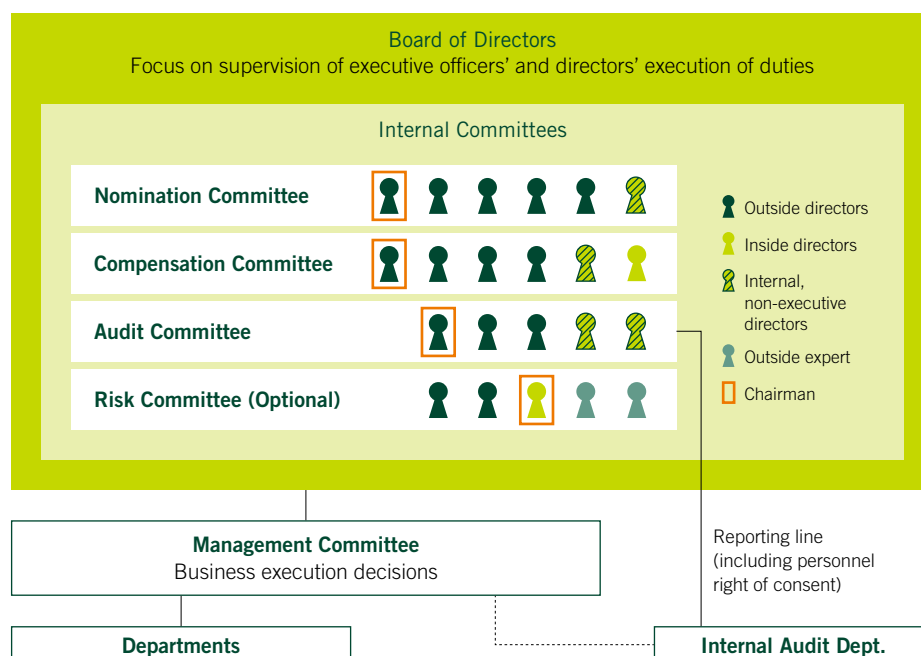
SMBC Group employs the Company with Nominating Committee, etc., structure described in the Companies Act. This structure was adopted in order to establish a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements and achieve enhanced oversight of the exercise of duties by the Board of Directors and expedite this exercise of duties. In addition, core subsidiaries SMBC and SMBC Nikko Securities transitioned to the Company with Audit and Supervisory Committee described in the Companies Act in June 2019.

We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

### Code of Conduct

- To strive to increase shareholder value whilst also maintaining healthy relationships with customers, employees, and other stakeholders. To give utmost consideration to the trust which people have in the firm, to abide by all laws and regulations, to maintain a high ethical standard, and to act fairly and sincerely;
- To continue improving our knowledge and capability and, at the same time, to raise our productivity in order to provide superior financial services at competitive prices;
- To establish a top brand global financial group by understanding the needs of each customer and by providing valuable services which meet those needs;
- To be selective and focused in the implementation of our business strategy, to define and develop the competitive advantages which we have over our competitors and, by allocating managerial resources strategically to those businesses, to become a top player in our selected markets;
- To be creative, proactive, and courageous in order to be in a leading position in all business areas and always a step ahead of our competitors;
- To build a strong organization based on market practice and sound principles whilst reflecting our diverse values. To delegate internal authority under an efficient and effective management system which facilitates speedy decision-making and execution;
- To support our business growth and the development of our employees by setting challenging targets within an evaluation and compensation framework which emphasizes their capabilities and achievements.

### Corporate Governance System



## Board of Directors

### ■ Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on the matters that are within its legally mandated scope of authority, such as basic management policies, as well as for overseeing the exercise of duties of executive officers and directors. Authority for execution decisions other than those legally required to be made by the Board of Directors will, in principle, be delegated to executive officers. The purpose for this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of “Our Mission” and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group’s business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is to exercise highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and reflect these evaluations in its assessment of executive officers.



### ■ Composition of the Board of Directors

The Board of Directors is comprised of directors with various backgrounds and diverse expertise and experience. The Company strives to maintain the appropriate number of directors in order to enable the Board of Directors to function with the greatest degree of effectiveness and efficiency. In addition, the Board of Directors is to be comprised of at least two directors, and more than one-third of all directors should be outside directors designated as independent directors based on the stipulations of the Tokyo Stock Exchange.

As of June 27, 2019, the Board of Directors was comprised of 15 directors. Ten of the 15 directors did not have business execution responsibilities at the Company or its subsidiaries, with seven of these 10 directors being outside directors. The chairman of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, served as the chairman of the Board of Directors. This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company’s legally mandated and voluntarily established committees when necessary, outside directors will request reports on compliance, risk management, or other matters from the relevant divisions in order to promote appropriate coordination and supervision.

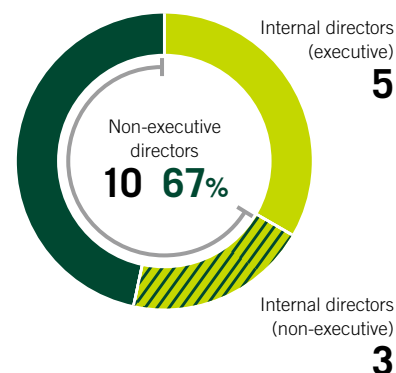
### Composition of the Board of Directors

Change in Number of Directors (Year on Year)

**17 → 15**

Outside directors **7**

Areas of Expertise	
Management	3
Finance / accounting	1
Law	2
Diplomacy	1



## Internal Committees

### ■ Nomination Committee

The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. This committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and the selection of successors to the presidents of the Company and of core subsidiaries. The Nomination Committee comprises one internal director and five outside directors. In order to ensure transparency in deliberations on officer personnel decisions, an outside director has been appointed to serve as the chairman of this committee.

### ■ Compensation Committee

The Compensation Committee is responsible for deciding policies for determining the compensation of executive officers and directors of the Company as well as compensation amounts of individual executive officers and directors of the Company based on those policies. In addition, this committee deliberates on the policies for determining the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company. The Compensation Committee is comprised of two internal directors and four outside directors. In order to ensure transparency in deliberations on officer compensation, an outside director has been appointed to serve as the chairman of this committee.

### ■ Audit Committee

The Audit Committee is responsible for the auditing of the execution of duties by the executive officers and directors of the Company, preparation of audit reports, and determination of the content of proposals for election, dismissal, or non-re-election of the accounting auditor to be submitted to the general meeting of shareholders. Committee members are appointed by this committee to perform audits of the operations and assets of the Company and its subsidiaries. The Audit Committee is comprised of two internal directors and three outside directors. An outside director has been appointed to serve as the chairman of this committee in order to guarantee the objectivity of audits and independence from business execution. In principle, at least one member of this committee is to possess specialized expertise in finance.

### ■ Risk Committee

The Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, the operation of the Risk Appetite Framework, and the implementation of risk management systems as well as other important matters pertaining to risk management and reporting to the Board of Directors on these matters. The Risk Committee is comprised of one internal director, two outside directors, and two outside experts.

## Internal Committee Composition

		◎ Chairman ○ Member			
		Nomination Committee (1 inside director, 5 outside directors)	Compensation Committee (2 inside directors, 4 outside directors)	Audit Committee (2 inside directors, 3 outside directors)	Risk Committee (1 inside director, 4 outside directors, and outside experts)
<b>Masayuki Matsumoto</b>	Outside director	○		◎	
<b>Arthur M. Mitchell</b>	Outside director	○	○		
<b>Shozo Yamazaki</b>	Outside director			○	○
<b>Masaharu Kohno</b>	Outside director	○			○
<b>Yoshinobu Tsutsui</b>	Outside director	◎	○		
<b>Katsuyoshi Shinbo</b>	Outside director		◎	○	
<b>Eriko Sakurai</b>	Outside director	○	○		
<b>Takeshi Kunibe</b>	Chairman of the Board	○	○		
<b>Jun Ohta</b>	Director President		○		
<b>Toru Nakashima</b>	Director Senior Managing Corporate Executive Officer				◎
<b>Atsuhiko Inoue</b>	Director			○	
<b>Toru Mikami</b>	Director			○	
<b>Hirohide Yamaguchi<sup>*1</sup></b>	Outside expert				○
<b>Tatsuo Yamasaki<sup>*2</sup></b>	Outside expert				○

<sup>\*1</sup> Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

<sup>\*2</sup> Specially appointed professor of International University of Health and Welfare

## Meetings Only Attended by Outside Directors

As described in the “SMFG Corporate Governance Guideline,” outside directors may hold meetings that only outside directors may attend to serve as forums for building consensus and exchanging information with regard to matters pertaining to corporate governance and businesses from an independent and objective standpoint. In FY2018, three such meetings were held. During these meetings, outside directors engaged in vigorous discussion regarding topics such as the ideal procedures for selecting agenda items based on the role of the Board of Directors and management issues for SMBC Group. The results of these discussions were communicated to management.



## Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group’s business operations and business activities. Accordingly, we endeavor to continually supply outside directors with the information and insight on business activities that is necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2018 included the following.

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Explanatory forums on Board of Directors’ meeting agenda items prior to Board meetings to assist in understanding of items
- Study sessions for outside directors led by external lecturers on topics such as corporate governance and financial regulations
- Small meetings with institutional investors to provide opportunities for understanding the perspectives of stakeholders
- Training through SMBC Academy training website for employees

## Outside Director and Corporate Auditor Independence Standards

In order for an outside director or outside corporate auditor (“Outside Director or Corporate Auditor”) of the Company to be classified as independent, they must not fall under, or have recently fallen under, any of the following categories:

1	<b>Major Business Partner</b>	<ul style="list-style-type: none"> <li>• An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> <li>• An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> </ul>
2	<b>Specialist</b>	<ul style="list-style-type: none"> <li>• A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging more than JPY 10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor.</li> <li>• A member of a Juridical Person, etc., or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC.</li> </ul>
3	<b>Donations</b>	A person who has received – or an executive director, officer, or other person engaged in the execution of business of an entity which has received – on average over the last three years, donations or other payments from the Company or SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient’s annual revenue.
4	<b>Major Shareholder</b>	A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years).
5	<b>Close Relative</b>	A close relative of any person (excluding non-material personnel) who falls under any of the following: (1) A person who falls under any of 1 through 4 above; or (2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.

▶ Please see Reference 7 of the “SMFG Corporate Governance Guideline” for more information.

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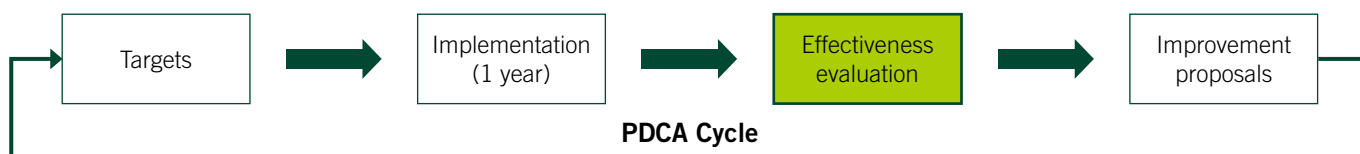


## Evaluation of the Board of Directors' Effectiveness

The "SMFG Corporate Governance Guideline" contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, annual analyses and evaluations are conducted by the Board of Directors to determine whether or not it is executing its duties in line with the guideline, and the results of these analyses and evaluations are disclosed.

In FY2018, the evaluation focused on the four areas described below, which are areas for which provisions exist in Japan's Corporate Governance Code and the "SMFG Corporate Governance Guideline." All seven outside directors were asked

for their opinions regarding these areas at meetings of the Board of Directors held in April and May 2019, and interviews of internal directors were conducted thereafter. The primary subject of interviews with internal directors was their expectations of outside directors. Discussions based on the findings took place at Board of Directors' meetings in June, after which analyses and evaluations were carried out to determine whether or not the Board of Directors was executing its duties in line with the "SMFG Corporate Governance Guideline." Moreover, reviews by external specialists with expertise from developed nations are received at each stage of the evaluation process.



### Overview of Evaluation Results

#### Role of the Board of Directors

- Steps are taken to invigorate discussions while taking advantage of the highly specialized expertise of the outside directors. These discussions were geared toward medium- to long-term improvements in corporate value based on the interests of various stakeholders while incorporating important matters related to business strategies to contribute to the fulfillment of "Our Mission."
- Based on the executive-side discussions of the Management Committee, matters related to business plans and other basic management policies as well as the status of the business execution were presented and reported on several occasions. As a result, effective deliberations on these matters were able to take place and oversight functions were exercised properly.
- Further evaluations and revisions are necessary for enabling outside directors to better exercise their functions based on the issues and future direction for SMBC Group, ongoing, in-depth discussions on the overarching management issues (big picture) pertaining to medium- to long-term targets, and the expectations of outside directors.

#### Proceedings of the Board of Directors

- The number and content of agenda items as well as the amount of time dedicated to discussion of agenda items were more or less around the appropriate level.
- Discussions were livelier than in the previous fiscal year due to the allocation of time to discuss topics not included in agenda and seating arrangement-related measures.
- The following measures were taken to encourage frank discussion at meetings of the Board of Directors.
  - Preparation of clearer explanations and materials on the points to be discussed
  - Measures related to the direction of proceedings

#### Composition of the Board of Directors

- As of March 31, 2019, the Board of Directors consisted of 17 directors, seven of which were outside directors. Accordingly, outside directors represented over 40% of all directors.
- It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors features an atmosphere conducive to outside directors voicing opinions regarding management.
- There is a need to continue evaluating and revising the number of members and the composition of the Board of Directors to ensure that the Board of Directors is suitable based on its role.

#### Support Systems for Outside Directors

- Information necessary for making flexible management decisions in a changing operating environment and for exercising effective oversight functions continued to be supplied to Board of Directors' members in an appropriate and timely manner.
- The Company continued to provide systems for effectively supporting the Board of Directors in making management decisions through venues such as study sessions for outside directors and forums for discussions between outside directors and internal directors, executive officers, and the accounting auditor.
- It is desirable for the Company to continue promoting initiatives for utilizing the insight of outside directors (such as by arranging forums for exchanges of valuable information between outside directors or between the executive and oversight functions and increasing the amount of information provided to outside directors).

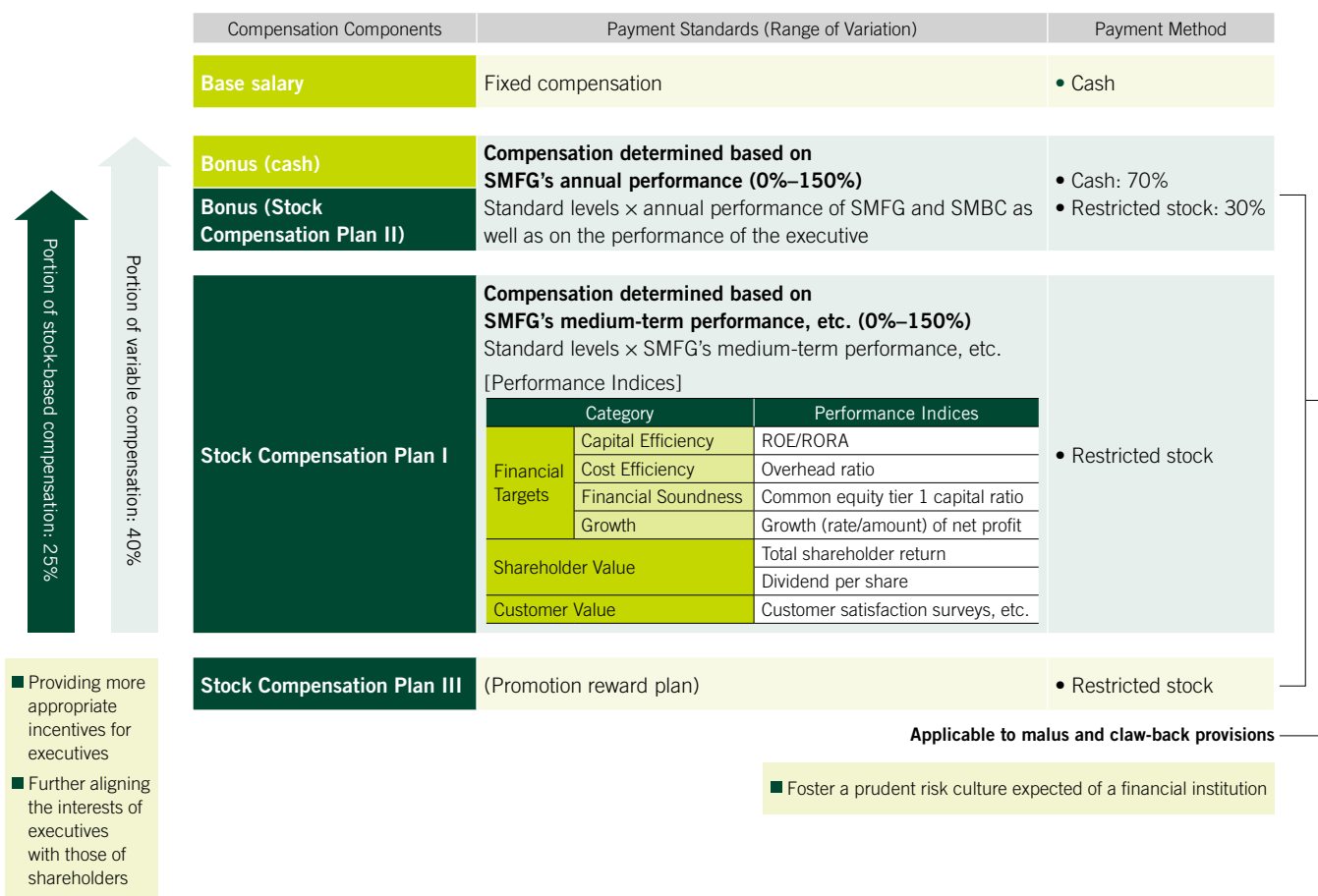
## Compensation Program

We revised the executive compensation program and introduced new Stock Compensation Plans as a part of the executive compensation program, for the purpose of:

1. Providing more appropriate incentives for executives, strengthening linkage with our short-, medium-, and long-term performance, and
2. Further aligning the interests of executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our executives.

We also introduced the malus (forfeiture) of restricted stock and the claw-back of vested stock allocated to the executives under the Plans to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

## Executive Compensation System



## Executive Management Systems

### ■ Management Committee

The Management Committee is set up under the Board to serve as the top decision-making body. The Management Committee is chaired by the President of Sumitomo Mitsui Financial Group with other members including executive officers and other officers designated by the President. The President of Sumitomo Mitsui Financial Group considers important matters relating to the execution of business in accordance with the basic policies set by the Board of Directors and based on discussions held by the committee members.

### ■ Group-Wide Business Units and CxO System

In April 2017, the Company introduced group-wide business units and the CxO system with the aim of enhancing Group management. The group-wide business unit structure entailed the creation of the Retail Business Unit, the Wholesale Business Unit, the International Business Unit, and the Global Markets Business Unit. The goal of this structure is to heighten our ability to address the various needs of customers on a group-wide basis by enabling the business units to formulate and implement business strategies based on their respective customer segments. The CxO system entails the appointment of nine Group chief officers in charge of specific areas in addition to the Group CEO (President of Sumitomo Mitsui Financial Group). This system is meant to improve Group management capabilities centered on the holding company. The heads of business units as well as the chief officer positions will, in principle, be filled with executive officers of the Company, with the one exception being the Group Chief Audit Executive (CAE). Individuals appointed to these positions are expected to exercise their duties as the person responsible for overseeing their business unit or head office division and report on the execution of their duties to the Board of Directors.



## SMBC Group Global Advisors

**SMBC Group Global Advisors (“Global Advisors”) act in an advisory capacity to the SMBC Group Management Committee by attending SMBC Group Global Advisory Meetings, which we hold on a regular basis.**

SMBC Group appointed Global Advisors to provide advice to it on global business and on political and economic issues in Americas, EMEA and Asia.

At SMBC Group Global Advisory Meetings, advisors inform the Management Committee of trends and developments in the financial sector and the political and economic environments of the respective regions. The Global Advisors also provide regular insight in respect of political and economic issues relating to the formulation of strategy by SMBC Group and key risks faced by SMBC Group.

### The Third SMBC Group Global Advisory Meeting

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The Third SMBC Group Global Advisory Meeting was held in Tokyo in May 2019. Five SMBC Group Global Advisors and members of the Management Committee took part in the meeting, and actively discussed the business environment, the business trends, and the global affairs which we need to take into consideration when formulating the next Medium-Term Management Plan.

Especially in regards to the business trends in the financial services sector, various opinions were raised concerning how SMBC Group plays roles in the market and what kind of strategy it should focus on, as the digitalization has been rapidly progressing and the threats of new entrants has been increasing.

In addition to that, the business environment was also well discussed from the viewpoints of risks which SMBC Group needs to take into consideration in its global business operations, such as the prolonged US-China tensions.

SMBC Group states in its Vision: “We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region” and will actively leverage the expertise of the Global Advisors in achieving the realization of that Vision.



## SMBC Group Global Advisors



**Dr. Andreas Dombret**

### Career summary

**2010–2018**

A member of the Executive Board,  
Deutsche Bundesbank

**2005–2009**

Vice Chairman Europe,  
Bank of America



**Dr. Robert D. Hormats**

### Career summary

**2013–Present**

Vice Chairman, Kissinger Associates

**2009–2013**

United States Under Secretary  
of State



**Mr. Andrew N. Liveris**

### Career summary

**2017–2018**

Executive Chairman,  
DowDuPont Inc.

**2006–2017**

Chairman and CEO,  
The Dow Chemical Company



**Mr. Cesar V. Purisima**

### Career summary

**2010–2016**

Secretary of Finance of the Republic  
of the Philippines

**2004–2005**

Secretary of Trade and Industry of the  
Republic of the Philippines



**Sir David Wright**

### Career summary

**2003–2017**

Vice Chairman, Barclays

**1996–1999**

British Ambassador to Japan



**Mr. Joseph Yam**

### Career summary

**2017–Present**

A member of the Executive Council,  
Hong Kong SAR

**1993–2009**

Chief Executive of the Hong Kong  
Monetary Authority

## Outside Director Interview: Selection Process for the New Group CEO



Sumitomo Mitsui Financial Group  
Director  
Chairman of the Nomination Committee  
**Yoshinobu Tsutsui**

**Q**

**FY2019 marked the first time our Group CEO changed since Sumitomo Mitsui Financial Group transferred to a Company with Three Committees. Could you please describe the selection process that was taken?**

I was appointed as an outside director of Sumitomo Mitsui Financial Group in 2017, the same year in which the company transferred to a Company with Three Committees. In terms of internal committees, I am a member of the Compensation Committee and I am the Chairman of the Nomination Committee. The Nomination Committee has been constructed in a manner which stresses objectivity and transparency, with five of its six members being outside directors. Of course, the quality of discussions takes precedence over the committee's format. Repeated discussions took place at the Nomination Committee meetings for more than one year regarding the selection of the new Group CEO, and I am confident that the deliberations were conducted in an objective and transparent manner.

The Nomination Committee established a number of specific points which needed to be considered when selecting the new Group CEO after carefully studying the business environment and business operations of SMBC Group and the qualities we believed the Group's leader needed to possess. For example, in order to realize SMBC Group's medium- to long- term vision of becoming a global financial group, we believe that the successful candidate would need to possess a broad global-based perspective, deep insights, and a creative imagination. As such, these qualities were included in the selection criteria. The selection criteria were by no means limited to abilities and skills, they also included character and behavioral traits, for example the tenacity and persistence to assemble timely decisions and to implement those decisions, the ability to form and deploy outstanding teams, leadership and optimism which demonstrate courage, and grit/tolerance. Based on such qualities, the Nomination Committee came to its final decision in December 2018 following a deliberate selection process, which included candidate interviews.

Q

**Could you please share with us some points to which you paid particular attention during the Nomination Committee's selection process?**

I did not focus on any single point during the selection process. The reason being that the criteria required of the individual selected to lead SMBC Group are multi-faceted and diverse. My focus was on whether the candidates satisfied all of the required criteria to a very high standard, and I believe that the other members of the Nomination Committee shared this mindset, which allowed us to engage in deliberations based on a common understanding.

The purpose of involving outside directors in this type of process is to ensure the presence of opinions that are based on impartiality, fairness, and neutrality. I believe this is precisely what shareholders and other stakeholders expect. As such, I paid very careful attention to ensure that such values were reflected in the discussions I guided as the Chairman of the Nomination Committee. Mr. Ohta was selected as the new Group CEO, and I have no doubt whatsoever that SMBC Group's stakeholders understand why Mr. Ohta was selected once they refer to the required abilities and skills, experience, and character and behavioral traits that I mentioned earlier.

If we take the aforementioned "possess a broad global-based perspective, deep insights, and a creative imagination" as an example, Mr. Ohta has been a leader in SMBC's project finance business since its infancy more than 20 years ago. Project finance has grown into a business in which SMBC Group is a top-tier global player. Mr. Ohta also has abundant experience conducting business on the global stage, including from his experience residing in Singapore. In addition, Mr. Ohta accumulated considerable experience and knowledge concerning digital technology, which is rapidly growing in importance in the financial sector, during his tenure as CDIO where he was responsible for a number of SMBC Group's new business strategies, for example cashless payments.

Having said this, if I was asked what quality I consider to be most important to a business leader, and I was to disregard my role as Chairman of the Nomination Committee, I would reply: "leadership." While similar words exist, for example captaincy, they give the image of individuals forcibly imposing their will on others. The leadership I refer to is the ability to attract people and instill a strong sense of loyalty in them. An individual making the most of his character and insights, in other words his personal capabilities, to guide SMBC Group. This is the leadership which I am referring to.

With the goal of ensuring impartiality, fairness, and neutrality the Nomination Committee engaged in deliberations focusing on the qualities I discussed earlier, but I want to stress the fact that Mr. Ohta certainly possesses, in ample amounts, the type of leadership which I just shared with you.

Q

**SMBC Group has stated that becoming a global financial group is its medium- to long-term vision. What do you think is the most important factor to realizing this vision?**

I believe the most important factor is to strengthen SMBC Group's corporate governance on a global basis. While it is also necessary to devote resources to create the framework itself, as SMBC Group has been making steady progress in this regard I believe that the focus should now be on further enhancing the framework's effectiveness.

In order for this to happen, SMBC Group employees must address and resolve existing differences in perception by communicating with each other, and this needs to be done on a global basis. People will always have different perceptions. For example, employees will feel different levels of urgency regarding a particular risk. If we look at SMBC Group, differences in perception exist between Group companies, business units, administrative departments and front office departments, domestic and overseas offices, even between customers and markets. Creating a system which can promptly detect and resolve such differences will increase the effectiveness of SMBC Group's corporate governance framework. The key to achieving this is to develop personnel who are highly sensitive to such differences. I believe that developing as many such personnel as possible is a critical part of enhancing SMBC Group's global corporate governance capabilities.

I was President of the Nippon Life Insurance Company for seven years starting in 2011. During this time I failed to sense a critical difference in the perception of the company's employees which led to the deterioration of a particular issue. As such, I have consistently focused on the effectiveness of SMBC Group's corporate governance in my role as an outside director. I will continue to devote my utmost efforts to support the realization of SMBC Group's Medium-Term Management Plan and the sustained improvement of SMBC Group's corporate value by proactively voicing my views, which reflect my experiences as a business leader, at Board of Director, Nomination Committee, and Compensation Committee meetings.

# Sumitomo Mitsui Financial Group Directors (As of June 27, 2019)



**Takeshi Kunibe**

Chairman of the Board

## Career summary

- 1976 Joined Sumitomo Bank
- 2003 Executive Officer of Sumitomo Mitsui Banking Corporation ("SMBC")
- 2006 Managing Executive Officer of SMBC
- 2007 Managing Executive Officer of the Company  
Director of the Company
- 2009 Director and Senior Managing Executive Officer of SMBC
- 2011 President and Chief Executive Officer of SMBC
- 2017 President of the Company  
Resigned as Director of SMBC  
Director President of the Company
- 2019 Chairman of the Board of the Company (to present)



**Jun Ohta**

Director  
President (Representative Corporate Executive Officer)  
Group CEO

## Career summary

- 1982 Joined Sumitomo Bank
- 2009 Executive Officer of SMBC
- 2012 Managing Executive Officer of SMBC
- 2013 Managing Executive Officer of the Company
- 2014 Senior Managing Executive Officer of the Company  
Senior Managing Executive Officer of SMBC  
Director of the Company
- 2015 Director and Senior Managing Executive Officer of SMBC
- 2017 Director and Deputy President of the Company  
Resigned as Director of SMBC  
Director Deputy President and Corporate Executive Officer of the Company
- 2018 Director and Deputy President of SMBC
- 2019 Director President of the Company (to present)  
Resigned as Director of SMBC



**Makoto Takashima**

Director  
President of SMBC

## Career summary

- 1982 Joined Sumitomo Bank
- 2009 Executive Officer of SMBC
- 2012 Managing Executive Officer of SMBC
- 2014 Senior Managing Executive Officer of SMBC
- 2016 Director and Senior Managing Executive Officer of SMBC
- 2017 President of SMBC (to present)  
Director of the Company (to present)



**Haruyuki Nagata**

Director Senior Managing Corporate Executive Officer  
Group CRO  
Director and Senior Managing Executive Officer of SMBC

## Career summary

- 1985 Joined Mitsui Bank
- 2011 General Manager of Financial Accounting Department of the Company
- 2013 Executive Officer of SMBC
- 2015 Managing Executive Officer of SMBC
- 2016 Managing Executive Officer of the Company
- 2018 Director and Managing Executive Officer of SMBC  
Director and Senior Managing Executive Officer of SMBC (to present)
- 2019 Senior Managing Corporate Executive Officer of the Company  
Director Senior Managing Corporate Executive Officer of the Company (to present)





## Toru Nakashima

Director Senior Managing  
Corporate Executive Officer  
Group CFO, Group CSO  
Director and Senior Managing  
Executive Officer of SMBC

### Career summary

- 1986 Joined Sumitomo Bank
- 2013 General Manager of Consumer Business Planning Department of the Company
- 2014 Executive Officer of SMBC
- 2015 General Manager of Corporate Planning Department of the Company
- 2016 Managing Executive Officer of SMBC
- 2017 Managing Executive Officer of the Company
- 2019 Director and Managing Executive Officer of SMBC  
Senior Managing Corporate Executive Officer of the Company  
Director and Senior Managing Executive Officer of SMBC (to present)  
Director Senior Managing Corporate Executive Officer of the Company (to present)



## Atsuhiko Inoue

Director  
Director of SMBC

### Career summary

- 1981 Joined Sumitomo Bank
- 2008 Executive Officer of SMBC
- 2011 Managing Executive Officer of SMBC
- 2014 Senior Managing Executive Officer of the Company  
Director and Senior Managing Executive Officer of SMBC  
Director of the Company
- 2015 Resigned as Director of the Company  
Senior Managing Executive Officer of SMBC
- 2019 Director of the Company (to present)  
Director of SMBC (to present)



## Toru Mikami

Director

### Career summary

- 1984 Joined Sumitomo Bank
- 2006 General Manager of Legal Department of SMBC
- 2013 Co-General Manager of General Affairs Department of the Company
- 2015 Senior Manager of Head Office of SMBC  
Standing Corporate Auditor of the Company
- 2017 Director of the Company (to present)



## Tetsuya Kubo

Director  
Representative Director,  
Chairman of SMBC Nikko

### Career summary

- 1976 Joined Sumitomo Bank
- 2003 Executive Officer of SMBC
- 2006 Managing Executive Officer of SMBC
- 2008 Managing Executive Officer of the Company
- 2009 Senior Managing Executive Officer of the Company  
Director and Senior Managing Executive Officer of SMBC
- 2011 Deputy President and Executive Officer of the Company  
Director and Deputy President of SMBC  
Director of SMBC Nikko Securities Inc. ("SMBC Nikko")  
Director of the Company
- 2013 Resigned as Director of the Company  
Resigned as Director of SMBC  
Representative Director, President & CEO of SMBC Nikko
- 2016 Representative Director, Chairman of SMBC Nikko (to present)  
Director of the Company (to present)



## Sumitomo Mitsui Financial Group Directors (As of June 27, 2019)



### Masayuki Matsumoto

Director  
Special Advisor of Central Japan Railway Company

#### Career summary

- 1967 Joined the Japanese National Railways
- 1987 Joined Central Japan Railway Company
- 2004 President and Representative Director of Central Japan Railway Company
- 2010 Vice Chairman and Representative Director of Central Japan Railway Company
- 2011 Resigned as Director of Central Japan Railway Company  
President of Japan Broadcasting Corporation
- 2014 Retired from Japan Broadcasting Corporation  
Special Advisor of Central Japan Railway Company (to present)
- 2015 Director of SMBC
- 2017 Director of the Company (to present)  
Retired as Director of SMBC



### Arthur M. Mitchell

Director  
Attorney at law, admitted in New York, the U.S.A. and Foreign Attorney in Japan

#### Career summary

- 1976 Registered as an attorney at law, admitted in New York, the U.S.A. (to present)
- 2003 General Counsel of the Asian Development Bank
- 2007 Joined White & Case LLP
- 2008 Registered as Foreign Attorney in Japan (to present)  
Registered Foreign Attorney in Japan at White & Case LLP (to present)
- 2015 Director of the Company (to present)



### Shozo Yamazaki

Director  
Certified public accountant

#### Career summary

- 1970 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
- 1974 Registered as a certified public accountant (to present)
- 1991 Representative Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- 2010 Retired from Deloitte Touche Tohmatsu LLC  
Chairman and President of The Japanese Institute of Certified Public Accountants
- 2013 Advisor of The Japanese Institute of Certified Public Accountants (to present)
- 2014 Professor of Tohoku University Accounting School
- 2017 Director of the Company (to present)



### Masaharu Kohno

Director  
Former diplomat

#### Career summary

- 1973 Joined Ministry of Foreign Affairs of Japan
- 2005 Director-General of Foreign Policy Bureau in Ministry of Foreign Affairs of Japan
- 2007 Deputy Minister for Foreign Affairs (in charge of economy) of Ministry of Foreign Affairs of Japan
- 2009 Ambassador of Japan to Russia, Armenia, Turkmenistan and Belarus
- 2011 Ambassador of Japan to Italy, Albania, San Marino and Malta
- 2014 Retired from office
- 2015 Director of the Company (to present)



### Yoshinobu Tsutsui

Director  
Chairman of Nippon Life  
Insurance Company

#### Career summary

- 1977** Joined Nippon Life Insurance Company
- 2004** Director of Nippon Life Insurance Company
- 2007** Director and Executive Officer of Nippon Life Insurance Company  
Director and Managing Executive Officer of Nippon Life Insurance Company
- 2009** Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2010** Representative Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2011** President of Nippon Life Insurance Company
- 2017** Director of the Company (to present)
- 2018** Chairman of Nippon Life Insurance Company (to present)



### Katsuyoshi Shinbo

Director  
Attorney at law

#### Career summary

- 1984** Registered as an attorney at law (to present)
- 1999** Attorney at law at Shinbo Law Office (currently Shinbo & Partners) (to present)
- 2015** Corporate Auditor of SMBC
- 2017** Director of the Company (to present)  
Resigned as Corporate Auditor of SMBC



### Eriko Sakurai

Director  
Chairman and CEO of  
Dow Toray Co., Ltd

#### Career summary

- 1987** Joined Dow Corning Corporation
- 2008** Director of Dow Corning Toray Co., Ltd.
- 2009** Chairman and CEO of Dow Corning Toray Co., Ltd.
- 2011** Regional President -Japan/Korea of Dow Corning Corporation
- 2015** President and Representative Director of Dow Corning Holding Japan Co., Ltd.  
Director of the Company (to present)
- 2018** Executor, Dow Switzerland Holding GmbH, which is a Representative Partner of Dow Silicones Holding Japan G.K. (to present)  
Chairman and CEO of Dow Toray Co., Ltd. (to present)

Note: Messrs. and Ms. Matsumoto, Mitchell, Yamazaki, Kohno, Tsutsui, Shinbo and Sakurai satisfy the requirements for an “outside director” under the Companies Act.

▶ Please see page 135 for SMBC directors, Audit and Supervisory Committee.