

Corporate Governance

Our basic position on corporate governance

We are working to improve the effectiveness of corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our mission.” Further, SMFG has established its “SMFG Corporate Governance Guideline” as its principles and guidelines to be referred to for corporate governance.

➔ **Please follow the link below for the SMFG Corporate Governance Guideline.**

http://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

SMFG's corporate governance system

As a holding company with a board of corporate auditors, SMFG has the following system in place.

Board of Directors

The Board of Directors makes key decisions on company business execution and oversees the executive officers responsible for execution as they carry out their duties. The chairman of SMFG serves as the chairman of the Board of Directors. The role of the chairman is clearly separated from that of the president, who oversees the overall business operations. The Board has 14 members, of whom five are outside directors (as of June 30, 2016).

The Board has established four discretionary internal committees: the Nominating Committee, the Compensation Committee, the Auditing Committee, and the Risk Committee. Outside directors are appointed to all the committees to promote objective deliberations outside the sphere of business execution. The Nominating Committee, the Compensation Committee, and the Auditing Committee are chaired by outside directors for the purpose of further strengthening the governance function.

Corporate auditors and Board of Corporate Auditors

SMFG has a corporate auditor system whereby independent auditors audit directors' performance in carrying out their duties in accordance with the policies established by the Board of Corporate Auditors, to which all the auditors belong. Three of the six corporate auditors are outside auditors.

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 SMFG and the directors are appointed by the president. The committee members consider important management issues based on policies set by the Board of Directors, and the president has the authority to make the final decision after considering the committee's recommendations.

► Internal committee composition (all committees discretionary)

◎ : Chairman ○ : Member

		Nominating Committee (1 inside director, 5 outside directors)	Compensation Committee (3 inside directors, 5 outside directors)	Auditing Committee (4 inside directors, 3 outside directors)	Risk Committee (3 inside directors, 4 outside directors)
Yoshinori Yokoyama	Outside director	◎	◎	○	○
Kuniaki Nomura	Outside director	○	○	◎	○
Arthur M. Mitchell	Outside director	○	○		
Masaharu Kono	Outside director	○	○	○	○
Eriko Sakurai	Outside director	○	○		
Masayuki Oku	Chairman of the Board	○	○	○	◎
Koichi Miyata	President		○	○	○
Takeshi Kunibe	Director		○	○	○
Kozo Ogino	Director			○	
Hirohide Yamaguchi*	Outside expert				○

* Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

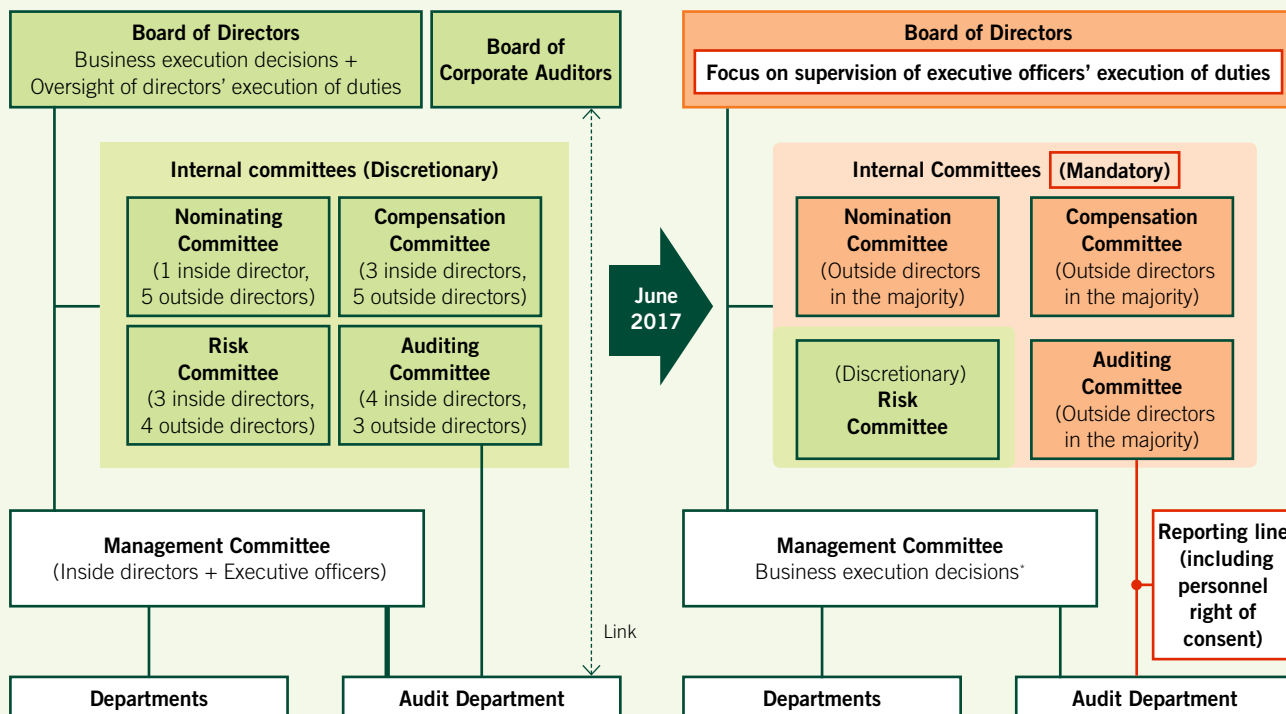
SMBC's corporate governance system

The corporate governance system of SMBC is almost the same as holding company SMFG's except that the Board of Directors has no internal committees. Three of SMBC's 17

directors are outside directors and three of SMBC's six corporate auditors are outside auditors. The oversight of business operations as a whole, which is the role of the president at SMFG, is the role of the SMBC president and CEO.

► Conversion to a Company with Three Committees

To date, SMFG has established a solid corporate governance system as a holding company with a board of corporate auditors. In order to further enhance this solid framework, SMFG decided to convert to a Company with Three Committees, subject to approval at the ordinary general meeting of shareholders scheduled for June 2017. This framework is globally recognized and is aligned with international banking regulations and supervision.



* Excludes areas designated by laws and ordinances as the jurisdiction of the Board of Directors