

Outside Director Interview

We asked Mr. Arthur M. Mitchell, who became an outside director of SMFG in fiscal 2015, about corporate governance at SMFG and issues going forward. (Interview date: May 2016)



Bio

- 1976** New York State Bar (current position)
- 2003** General Counsel of the Asian Development Bank
- 2007** Joined White & Case LLP
- 2008** Foreign Attorney in Japan registration (current position)
White & Case LLP
Registered Foreign Attorney in Japan (current position)
- 2015** SMFG Outside Director (current position)

Arthur M. Mitchell

Director, Sumitomo Mitsui Financial Group, Inc.
Registered attorney admitted in New York State
Registered Foreign Attorney in Japan

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Q How do you feel about corporate governance at SMFG after a year as an outside director?

There have been significant changes in Japan's corporate governance framework; the Stewardship Code and the Corporate Governance Code have been introduced and the Companies Act has been amended. However, the new rules only provide principles. It is up to companies themselves to decide how to respond and how to increase their corporate value over the medium to long term.

I feel strongly that SMFG is making serious efforts to make corporate governance better on a company-wide basis. In addition to increasing the number of outside directors in fiscal 2015 and drawing up the SMFG Corporate Governance Guideline, SMFG has created opportunities for outside directors to have a dialogue with both external auditors and corporate auditors, so that outside directors can gather information without their independence being impacted. I feel that such dialogue is very meaningful.

Also, the Board of Directors' meeting has an atmosphere that encourages active discussion among directors. And when outside directors ask questions

or make suggestions, the director in charge and people from related departments are quick and diligent in responding. This is another factor that shows how much the company intends to utilize outsiders' perspectives in its management.

SMFG announced its intention to convert to a Company with Three Committees, subject to approval by the ordinary general meeting of shareholders scheduled in June 2017. I think the role of outside directors will become even more important when SMFG has legally sanctioned internal committees where outside directors hold majority.

**Q What do you think is needed to increase SMFG's corporate value?
And what role would you like to play in this?**

I think it comes down to realizing its vision for the next decade which says, "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."

SMFG is seeking to become a truly Asia-centric institution, expanding its network of offices in Asia, promoting ties with Asian banks, and strengthening its business in Asia to become a leading financial group in the region. Amid the general globalization of Japanese companies, I do not think the globalization trend at SMFG will change and I therefore think it is necessary to push ahead with further globalization in human resources and other areas of the corporate infrastructure.

On the other hand, I do not think the importance of SMFG's domestic business will change. When I talk with people from outside of Japan, they often tell me that they look to SMFG for contributions to the Japanese economy. Finance is an economy's lifeblood, and SMFG must fulfill its mission of keeping the Japanese economy's blood circulating to promote healthy growth. The recent amendments of the Japanese Banking Act have relaxed the conditions for financial groups investing in FinTech companies, and I think that the fusion of IT and finance will make further advances. I also think adaptation to such changes in business holds the key to SMFG's future growth.

Based on this awareness, in my position as an independent outside director I will draw on my experience as an attorney in Japan and overseas to point out risks and make suggestions regarding new business opportunities to SMFG's management and contribute to increasing SMFG's corporate value as a global financial group.

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