

# 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 action guidelines to be referred to for corporate governance by Group officers and employees.

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

[http://www.smfg.co.jp/english/aboutus/pdf/cg\\_guideline\\_e.pdf](http://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf)

## SMFG’s Corporate Governance System

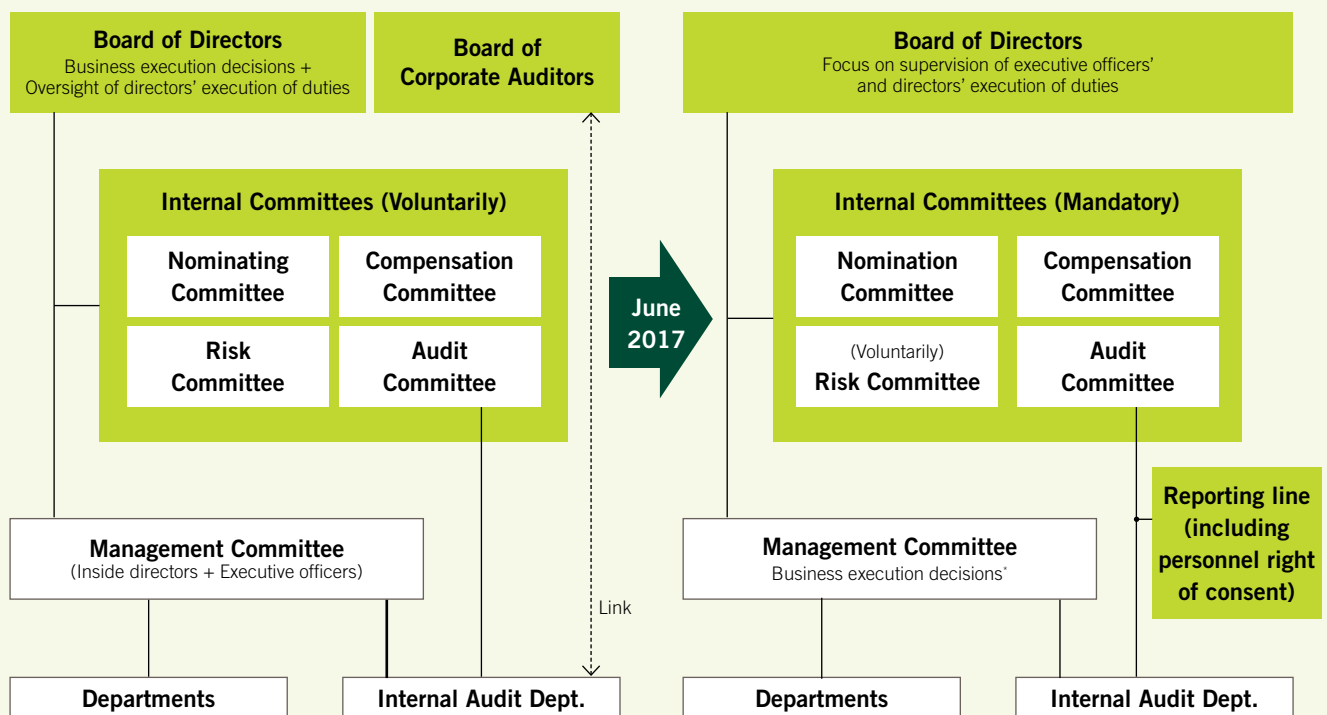
SMFG transitioned to a company with three statutory committees from a company with a board of corporate auditors, following approval at our ordinary general meeting of shareholders held on June 29, 2017. The following corporate governance system was adopted as a result.

### Board of Directors

The Board of Directors delegates a large portion of decisions on the execution of the operations to corporate executive officers, excluding those issues legally required to be decided by the Board of Directors, thereby enabling it to better focus on supervising the exercise of duties by executive officers and directors. The chairman of SMFG, who does

## Transition to a Company with Three Statutory Committees

SMFG had previously employed a board of corporate auditors governance system. In order to further enhance our solid corporate governance system, we transitioned to a company with three statutory committees, which is globally recognized and is aligned with international banking regulations and supervision, following approval at our ordinary general meeting of shareholders held on June 29, 2017.



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

not have business execution responsibilities, serves as the chairman of the Board of Directors, and ten of the 17 directors also do not have business execution responsibilities at SMFG or its subsidiaries, with seven of these 10 directors being outside directors (as of June 29, 2017). This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

### 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 with other members including executive officers and other officers designated by the president. The President of SMFG 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.

### Internal Committees

The Board of Directors has established four internal committees; the Nominating Committee, the Compensation Committee, and the Audit Committee are required by the Companies Act of Japan whereas the Risk Committee has been established voluntarily. All internal committees consist of a majority of outside directors, except the Risk Committee in which the majority comprises outside directors and outside experts, and are thus able to engage in objective discussions from a perspective that is divorced from business execution.

The Nominating Committee, the Compensation Committee, and the Audit Committee are also chaired by outside directors, adding an extra degree of transparency in discussions.

### Internal Committee Composition

◎ : Chairman ○ : Member

|                      |   | Nomination Committee<br>(1 inside director,<br>5 outside directors) | Compensation Committee<br>(2 inside director,<br>4 outside directors) | Audit Committee<br>(2 inside director,<br>3 outside directors) | Risk Committee<br>(1 inside director,<br>4 outside directors<br>and outside experts) |
|----------------------|---|---|---|--|--|
| Masayuki Matsumoto   | Outside director                                      | ○   |   | ◎  |  |
| Arthur M. Mitchell   | Outside director                                      | ○   | ○   |  |  |
| Shozo Yamazaki       | Outside director                                      |   |   | ○  | ○  |
| Masaharu Kohno       | Outside director                                      | ○   |   |  | ○  |
| Yoshinobu Tsutsui    | Outside director                                      | ◎   | ○   |  |  |
| Katsuyoshi Shinbo    | Outside director                                      |   | ◎   | ○  |  |
| Eriko Sakurai        | Outside director                                      | ○   | ○   |  |  |
| Koichi Miyata        | Chairman of the Board                                 | ○   | ○   |  |  |
| Takeshi Kunibe       | Director<br>President                                 |   | ○   |  |  |
| Jun Ohta             | Director<br>Deputy President and<br>Executive Officer |   |   |  | ◎  |
| Toshiyuki Teramoto   | Director  |   |   | ○  |  |
| Toru Mikami          | Director  |   |   | ○  |  |
| Hirohide Yamaguchi*1 | Outside expert  |   |   |  | ○  |
| Nobuyuki Kinoshita*2 | Outside expert  |   |   |  | ○  |

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

\*2 Senior Advisor, Aflac Japan