

Outside Director Interview

Eriko Sakurai

Director

Sumitomo Mitsui Financial Group, Inc.

Bio

1987 Joined Dow Corning Corporation
2008 Director of Dow Corning Toray Co., Ltd.
2009 Chairman and Chief Executive Officer of Dow Corning Toray Co., Ltd. (to present)
2011 Regional President -Japan/Korea of Dow Corning Corporation
2015 President and Representative Director of Dow Corning Holding Japan Co., Ltd. (to present)
Director of Sumitomo Mitsui Financial Group, Inc. (to present)



Q What kinds of discussions were held for the new Medium-Term Management Plan? Also, what are your expectations for the plan?

In SMFG's history of roughly 15 years, the new Medium-Term Management Plan will come to represent an important turning point because it will be the first Medium-Term Management Plan for the "new SMFG" after introducing the group-wide business units.

When discussing about the group-wide business units, we started from very fundamental questions such as "why we need to establish the new system now?" and each director actively exchanged opinions. Even before SMFG implemented the system, companies within the Group had been actively cooperating with each other including the bank and securities companies. The introduction of group-wide business units will strengthen the ties between the Group companies and allow us to make proposals to our customers more quickly and broadly to meet their diverse needs. This means that SMFG can take advantage of more business opportunities, so I have expectations of growth for SMFG.

We also discussed in detail about the transformation of business portfolio by visualizing where our strengths lie and

in what areas we want to grow. As an executive of a U.S. based company, I feel that holding a diverse portfolio while carefully selecting the focus of initiatives is a powerful asset to meet very wide range of customers' needs.

A challenge SMFG faces under the new Medium-Term Management Plan is to generate group-wide synergies. I am convinced that these synergies are vital to the success of SMFG in the next stage and would like to support this development.

Q What do you keep in mind when you perform your duties as an outside director?

At first, I always voice my views at the board meetings from the perspectives of key stakeholders. Shareholder perspectives are the important ones to represent, and in addition, I try to bring the perspectives from the individual users of financial services, and also from the corporate customers. I also try to bring the global perspectives, as the global business situations and standards keep raising the bar for the financial services.

Being a CEO of the company, I know that internal discussions can easily lose the broader perspectives no matter

what we make efforts. That's why outside directors can bring the value to the discussion table, by asking the right questions – sometimes very simple and fundamental questions. Even though the end result could be the same, the important thing is that we have enough discussions from the broader perspectives, and confirm our visions and strategies make sense to our business and to our stakeholders. We never hesitated to ask, and we will never.

Second is to continue learning. When I first assumed the position of outside director, my image towards SMFG was very limited. I had a strong image of SMFG being a “Bank” and being “domestic”. And with this limited view, I would not have been able to fulfill my duties as an outside director. By given the opportunity to talk to the top management of the Group companies and the heads of business units, I was able to learn that SMFG is operating in an incredibly broad range of fields on a global basis. I am thus very grateful that everyone at SMFG has been very open and providing information to me. Furthermore, as an individual, I try to hold a customer's perspective, by trying out SMFG's services and smartphone applications.

In June 2017, SMFG transformed into a Company with Three Committees from a Company with a Board of Corporate Auditors. This move did not represent a significant change because SMFG was already managed under a governance framework with discretionary internal committees and independent outside directors. However, as the new framework separates functions of “business execution” and “supervision” more clearly, outside directors are now expected to discuss decisions related to business execution from a broader and more overarching perspective. Therefore, I feel a renewed commitment to my role, recognizing that I need to deepen my own insight.

Q What do you think will be most important to increase the corporate value of SMFG going forward?

I believe human resources are the origins of SMFG's corporate value. Of course, human resources are also important in the manufacturing industry. However, the more I learn about the financial industry, including the very strict regulations it faces and the difficulty in developing prominent innovation, the more it became apparent that “cultivating human resources” is the key to differentiation. I believe it is crucial that our customers feel that they

worked with highly competent people and would want to work with them again.

In my more than two years of experience as an outside director at SMFG, I have learned that the Group houses countless ambitious employees, who are sensible, intelligent and have the desire to contribute to society. At the same time, I have heard from global companies giving praise to SMFG for its speed and superior teamwork. Building upon these strengths to steadily create results from both financial and non-financial perspectives will, in the end, enable SMFG to grow profits and contribute to society. I believe this process will also improve SMFG's corporate value and encourage shareholders to become long-term fans of the Group.

Therefore, as an outside director, I would like to ensure SMFG provides a working environment that motivates its employees and an environment where they can fully exercise their talents and generate various ideas, by offering advice when necessary.

Support System for Outside Directors

SMFG views outside directors as representatives of various stakeholders including shareholders, and assign individuals that has a broad-ranging insight and plentiful experience from their endeavors in various fields.

SMFG expects outside directors to offer advice based on their insight that contributes to the sustainable growth and the increase of corporate value of SMFG. Outside directors are regularly provided with opportunities to learn from external lecturers and share views with officers to ensure that they are able to fulfill their role and carry out their duties in an effective manner.

In addition, study sessions are held for new outside directors on subjects such as company profile, business plans and medium-term management plan, corporate governance, and overview of major business units.