

Sumitomo Mitsui Financial Group, Inc.

Establishment of SMFG Corporate Governance Guideline

As part of our effort to strengthen and improve corporate governance with the aims of further increasing managerial transparency and fairness and increasing our corporate value over the mid to long term, Sumitomo Mitsui Financial Group, Inc. (“SMFG”; President: Koichi Miyata) announces that we have established the SMFG Corporate Governance Guideline (the “Guideline”) in due consideration of the content of the Final Proposal of Japan’s Corporate Governance Code, recently prepared by a Council of Experts under a joint Secretariat comprising the Financial Services Agency and the Tokyo Stock Exchange.

1. Purpose of the Establishment of the Guideline

The Guideline has been established with the purpose of SMFG seeking sustainable growth and improved corporate value over the mid to long term through the realization of effective corporate governance while also preventing the occurrence of any untoward events or situations as a corporation.

We consider corporate governance to be “a structure for transparent, fair, timely, and decisive decision making by SMFG, with due attention to the needs and perspectives of shareholders, customers, personnel (including directors, corporate auditors, and employees), and local communities”. We will pursue effective corporate governance with the Guideline as a plan of action for the directors, corporate auditors, and employees of SMFG, recognizing that strengthening and enhancing corporate governance is one of the principal tasks facing management.

2. Summary of the Guideline

(1) Shareholder relations

- SMFG will endeavor to enable shareholders to exercise their voting rights appropriately through such measures as sending and disclosing shareholder meeting convocation notices early enough to ensure that shareholders have sufficient time to examine the contents thereof.
- SMFG will establish policies concerning measures and organizational structures aimed at promoting constructive dialogue with shareholders.

(2) Strategic shareholdings

- SMFG will disclose its policy with respect to its strategic shareholdings in other listed companies.
- The Board of Directors will examine the economic rationale from the mid to long term perspective and future outlook of major shareholdings on an annual basis, taking into consideration both associated risks and returns, in order to confirm the objective and rationale behind such shareholdings.
- SMFG will establish and disclose standards to ensure the appropriate execution of voting rights in relation to shareholdings.

(3) Relations with stakeholders other than shareholders

- For increasing corporate value over the long term, SMFG will respect its stakeholders, including customers, directors, corporate auditors, employees, and local communities, and will endeavor to maintain favorable and smooth relations with them.
- SMFG will promote diversity, including the active participation of women, and endeavor to foster a corporate culture that makes diversity a strength.

(4) Information disclosure

- In order to ensure effective corporate governance, SMFG will disclose the following information:
  - Business plans;
  - Basic views and guidelines on corporate governance;
  - Policies and procedures in determining the compensation of directors;
  - Policies and procedures in the nomination of director candidates and corporate auditor candidates; and
  - Reasons for the nomination of each director candidate and corporate auditor candidate.

(5) Composition of Board of Directors

- One-third or more of the directors, and at least two of them, will be elected as independent outside directors.
- The Board of Directors will be constituted by directors with various backgrounds of expertise and experience, and the Board of Directors will maintain the appropriate number of directors to allow it to function most effectively and efficiently.

(6) Support system and training policy for directors and corporate auditors

- SMFG will develop an internal system necessary and sufficient for the directors and corporate auditors to effectively fulfill their roles and responsibilities.
- Upon assuming their positions and on a continuing basis thereafter, SMFG will provide directors and corporate auditors with information and knowledge related to business activities necessary in overseeing management, and will provide other such training opportunities necessary for the directors and corporate auditors to fulfill their expected roles.
- SMFG will establish a system to sufficiently share internal information with Outside Directors and Corporate Auditors. Additionally, SMFG will promote the understanding of our Mission and corporate culture and will continually provide information regarding its management environment and other such matters.

(7) Selection standards for director candidates and corporate auditor candidates

- SMFG will establish and disclose selection standards and procedures for director candidates and corporate auditor candidates. SMFG will appoint at least one person who has appropriate expertise in finance and accounting as a corporate auditor.
- SMFG will establish and disclose independence standards for Outside Directors and Corporate Auditors. In principle, Outside Directors and Corporate Auditors will be individuals that satisfy the independence standards set forth by SMFG in addition to the independence requirements set forth by each stock exchange on which SMFG is listed.

End.

[Translation]

**SMFG Corporate Governance Guideline****Chapter 1      General provisions****Article 1      Purpose**

The purpose of this SMFG Corporate Governance Guideline (this “*Guideline*”) is for Sumitomo Mitsui Financial Group, Inc. (“*SMFG*”) to seek sustainable growth and improved corporate value over the mid to long term through the realization of effective corporate governance while also preventing the occurrence of any untoward events or situations as a corporation.

**Article 2      Definition**

In this Guideline, “corporate governance” means a structure for transparent, fair, timely, and decisive decision making by SMFG, with due attention to the needs and perspectives of shareholders, customers, personnel (including directors, corporate auditors, and employees) and local communities.

**Article 3      Fundamental views relating to corporate governance**

SMFG has set forth our Mission as the universal guide for the management of SMFG and its group companies, and considers our Mission to be the foundation for its corporate activities. SMFG will pursue effective corporate governance, recognizing that strengthening and enhancing corporate governance is one of the top priorities in order to realize the views adopted in our Mission.

**Article 4      Role of this Guideline**

This Guideline set outs action guidelines for the directors, executive officers, corporate auditors and employees of SMFG to realize the corporate governance goals of SMFG.

**Article 5      Amendment or abolishment**

Any amendment or abolishment of this Guideline requires a resolution of the Board of Directors.

## **Chapter 2 Shareholder relations**

### **Article 6 Securing the rights of shareholders**

In addition to taking appropriate measures to fully secure the rights of shareholders, SMFG will endeavor to develop an environment in which shareholders can exercise their rights appropriately.

### **Article 7 Respecting the right to vote at shareholders meetings**

1. The exercise of voting rights at shareholders meetings is the right of shareholders, and SMFG will endeavor as follows to enable shareholders to exercise their voting rights appropriately:
  - (1) SMFG will send and disclose shareholder meeting convocation notices early enough to ensure that shareholders have sufficient time to examine the contents thereof;
  - (2) SMFG will appropriately determine the dates and times of shareholders meetings by considering perspectives such as the enhancement of dialogue with shareholders and the accurate provision of information necessary therefor;
  - (3) SMFG will provide accurate information that is necessary for shareholders to conduct appropriate decision making at shareholders meetings; and
  - (4) SMFG will develop an environment that enables all shareholders, not only the shareholders who attend shareholders meetings, to appropriately exercise their voting rights.
2. When a considerable number of votes are cast against a proposal by SMFG and the proposal is approved, SMFG will analyze the cause of the large number of opposing votes and examine necessary measures.

### **Article 8 Protecting the rights of shareholders**

1. With respect to a capital management policy that results in a change of control or significant dilution, SMFG will, in order to not unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale, ensure appropriate procedures and properly disclose the details of such actions to the shareholders.
2. With respect to the adoption and implementation of anti-takeover measures, SMFG will examine their necessity and rationale, ensure appropriate procedures, and provide sufficient explanation to shareholders.
3. In case of a tender offer, SMFG will properly disclose to shareholders the position of the Board of Directors towards such offer. Furthermore, SMFG will not frustrate the rights of shareholders to sell their shares in response to the tender offer.

## **Article 9            Ensuring equality among shareholders**

SMFG will treat all shareholders equally based on the features and number of shares they hold.

## **Article 10          Preventing transactions that conflict with shareholder interests**

1. In order to protect shareholder interests, SMFG will endeavor to prevent directors and corporate auditors of SMFG, and other parties related to SMFG, from abusing their position and engaging in transactions that conflict with the interests of shareholders or SMFG.
2. With regard to transactions with directors, corporate auditors and major shareholders, important transactions or non-standard transactions will require the approval of the Board of Directors.

## **Article 11          Dialogue with shareholders**

1. In order to contribute to sustainable growth and the increase of corporate value over the mid to long term, SMFG will engage in constructive dialogue with shareholders by the means and to the extent that it finds reasonable.
2. SMFG's policies concerning measures and organizational structures aimed at promoting constructive dialogue with shareholders are as follows:
  - (1) The directors and corporate auditors in charge of the Corporate Planning Department (including the Investor Relations Department) will oversee dialogue with shareholders; the Corporate Planning Department (including the Investor Relations Department) will take the central role in exchanging information appropriately and cooperating organically with the Financial Accounting Department, the General Affairs Department and the Public Relations Department in such dialogue;
  - (2) To the extent reasonable, the directors and executive officers will engage in dialogue with shareholders;
  - (3) In order to promote opportunities for dialogue with shareholders, SMFG will hold regular general investor meetings and conduct similar activities;
  - (4) Shareholder views and concerns learned through dialogue will be regularly reported to the directors and executive officers; and
  - (5) When engaging in dialogue with shareholders, SMFG will control insider information appropriately in accordance with the relevant company regulations.
3. Through dialogue with shareholders, SMFG will explain its basic strategy with respect to capital management policy.

4. In order to promote constructive dialogue with shareholders, SMFG will endeavor to identify its shareholder structure.
5. When establishing and disclosing business plans, SMFG will explain its earnings plans and capital management policy, present targets for profitability and capital efficiency, and explain the details of these and other such matters to its shareholders.

#### **Article 12 Strategic shareholdings**

1. SMFG will disclose its policy with respect to its strategic shareholdings in other listed companies.
2. The Board of Directors will examine the economic rationale from the mid to long term perspective and future outlook of major shareholdings on an annual basis, taking into consideration both associated risks and returns, in order to confirm the objective and rationale behind such shareholdings.
3. SMFG will establish and disclose standards to ensure the appropriate execution of voting rights in relation to shareholdings.

### **Chapter 3 Relations with stakeholders other than shareholders**

#### **Article 13 Favorable and smooth relations with stakeholders other than shareholders**

1. For increasing corporate value over the long term, SMFG will respect its stakeholders, including customers, directors, corporate auditors, employees, and local communities, and will endeavor to maintain favorable and smooth relations with them.
2. In order to respect the interests of and ensure smooth cooperation with stakeholders other than shareholders and share the views adopted in our Mission throughout the group, SMFG will set forth a code of conduct ("*Code of Conduct*") based on our Mission that will serve as action guidelines across all business activities, and will seek to make the Code of Conduct known by all directors, corporate auditors and employees of the group.
3. SMFG will endeavor to positively and proactively address sustainability issues, including social and environmental matters.
4. SMFG will promote diversity, including the active participation of women, and endeavor to foster a corporate culture that makes diversity a strength.
5. SMFG will establish and appropriately operate a whistleblowing system with the goal of detecting at an early stage and rectifying violations of law or ordinance by SMFG or its directors, corporate auditors and employees.

## **Chapter 4      Information disclosure**

### **Article 14      Information disclosure and transparency**

1. SMFG will voluntarily, fairly, lawfully, and appropriately disclose important information related to management in accordance with the disclosure policy (“*Disclosure Policy*”) established with the goal of maintaining and improving the confidence of stakeholders through full disclosure.
2. In order to ensure effective corporate governance, SMFG will disclose the following information:
  - (1) Business plans;
  - (2) Basic views and guidelines on corporate governance;
  - (3) Policies and procedures in determining the compensation of directors;
  - (4) Policies and procedures in the nomination of director candidates and corporate auditor candidates; and
  - (5) Reasons for the nomination of each director candidate and corporate auditor candidate.
3. SMFG will endeavor to disclose easy-to-understand information through a variety of methods that are easy for shareholders to access.
4. From the perspective of international information disclosure, SMFG will endeavor to provide and disclose information in English to the extent necessary.

### **Article 15      Accounting auditor**

1. SMFG will endeavor to secure the independence of the accounting auditor.
2. In order to secure the proper conduct of audits by the accounting auditor, the Board of Corporate Auditors will take the following measures:
  - (1) Establish standards for the appropriate selection and evaluation of the accounting auditor; and
  - (2) Verify whether the accounting auditor possesses sufficient independence and expertise to conduct accounting audits for SMFG.
3. In order to secure the proper conduct of audits by the accounting auditor, the Board of Directors and the Board of Corporate Auditors will take the following measures:
  - (1) Give adequate time to ensure high quality audits;
  - (2) Provide the necessary opportunities for the accounting auditor to obtain information from executive directors;
  - (3) Establish a system to allow adequate coordination between the accounting auditor and the corporate auditors, internal audit department and outside directors; and



- (4) Establish a system to respond to situations in which the accounting auditor discovers misconduct and seeks an appropriate response from SMFG, or in which the accounting auditor identifies inadequacies or concerns.

## **Chapter 5      Corporate governance system**

### **Article 16      Composition of Board of Directors and other bodies**

1. As a company with a Board of Corporate Auditors, in addition to the Board of Directors appropriately exercising its oversight functions, SMFG's corporate auditors, as single-person organs, will appropriately exercise their auditing functions as well. Additionally, the Board of Corporate Auditors will increase the relevance and efficiency of audits through such means as setting forth audit policies via resolution.
2. One-third or more of the directors, and at least two of them, will be elected as independent outside directors ("*Independent Outside Directors*").
3. The Board of Directors will be constituted by directors with various backgrounds of expertise and experience, and the Board of Directors will maintain the appropriate number of directors to allow it to function most effectively and efficiently.
4. In order to supplement the functions of the Board of Directors, SMFG will establish an Auditing Committee, Risk Management Committee, Compensation Committee, and Nominating Committee as internal committees of the Board of Directors.
5. Each internal committee will be formed by members appointed from among the directors by the Board of Directors, and must include at least one outside director.
6. The Auditing Committee will deliberate all important matters related to the internal audit of the group.
7. The Risk Management Committee will deliberate all important matters related to risk management and compliance for the group.
8. The Compensation Committee will deliberate the following matters related to the directors and executive officers of SMFG and Sumitomo Mitsui Banking Corporation:
  - (1) Matters related to compensation and bonuses; and
  - (2) Other important matters related to compensation.
9. The Nominating Committee will deliberate the following matters related to the directors of SMFG and Sumitomo Mitsui Banking Corporation:
  - (1) Matters related to the selection of director candidates;
  - (2) Matters related to the appointment of directors with specific titles and the appointment of representative directors; and
  - (3) Other important personnel matters related to directors.

## **Article 17           Duties of the Board of Directors**

1. The Board of Directors will, in accordance with the relevant provisions of the Companies Act, make major operational decisions of SMFG and supervise the execution of the duties of the executive directors and executive officers (together, “*Executive Officers*”).
2. In consideration of effective decision making and expertise required in resolution-related matters, the Board of Directors may propose at the shareholders meeting that certain powers of the shareholders meeting be delegated to the Board of Directors in accordance with the relevant provisions of law and ordinance.
3. In accordance with the relevant provisions of law and ordinance and company regulations, the Board of Directors will appropriately delegate decisions regarding business operations, other than those that should be decided by the Board, to the Executive Officers, and will oversee their management.
4. The Board of Directors will, after obtaining adequate information, make judgments in good faith and with due care, such that the corporate value increases over the mid to long term.
5. The Board of Directors will endeavor towards the realization of our Mission and the long term growth of the corporate value and common interests of the shareholders, and will fairly judge and deal with any action that may harm those objectives.
6. Along with fulfilling their respective responsibilities in the performance of their duties, the Board of Directors and Executive Officers will seek mutual understanding of each other.
7. Recognizing that the mid-term business plan is a commitment to shareholders, the Board of Directors will do their best to achieve the plan. Efforts made towards the plan and the achievement status thereof will be fully analyzed, an appropriate explanation will be given to shareholders, and the analyzed findings will be reflected in a plan for the ensuing years.
8. Based on our Mission and specific business strategies, the Board of Directors will engage in the appropriate oversight of succession planning for the positions of the President and other top executives.
9. The Board of Directors will establish an environment that supports appropriate risk-taking by the Executive Officers.
10. The Board of Directors will include healthy incentives in the compensation of the Executive Officers such that it reflects achievement of mid to long term business targets and potential risks.
11. The Board of Directors will view the effective oversight of the Executive Officers from an independent and objective standpoint as a major aspect of its roles and

responsibilities, and it will appropriately evaluate company performance and reflect the evaluation in its assessment of the Executive Officers.

12. The Board of Directors will ensure that the appointments and dismissals of Executive Officers are based on highly transparent and fair procedures and reflect the results of company performance.
13. The Board of Directors will establish effective internal control and risk management systems for compliance and financial reporting, and will properly oversee the appropriate establishment and effective operation of such systems.
14. Each year, the Board of Directors will analyze and evaluate whether its execution of duties is in line with this Guideline and disclose a summary of the results thereof.

#### **Article 18 Chairman of the Board of Directors**

1. The chairman of the Board of Directors will improve the quality of Board discussions and ensure that the Board operates effectively and efficiently.
2. As the convener of the Board, the chairman of the Board of Directors will ensure a constructive relationship between the Executive Officers and non-Executive Officers, and will develop and promote an environment in which open discussions can be held.

#### **Article 19 Operation of the Board of Directors**

1. The agenda, deliberation time, and frequency of Board of Directors meetings will be set so as to allow necessary and sufficient discussion in order to make major operational decisions and supervise the execution of duties.
2. To allow for meaningful views, comments, and questions at Board of Directors meetings, SMFG will endeavor to explain and distribute materials regarding resolution proposals and matters to be reported, taking into consideration the time necessary for Board meeting attendees to prepare for such meetings.
3. The yearly schedule and expected resolution proposals and matters to be reported of the Board of Directors meetings will be decided in advance.

#### **Article 20 Directors**

1. As members of the Board of Directors, directors will supervise the business operations carried out by the Executive Officers.
2. As well as gathering adequate information to perform their duties, directors will request explanations at Board of Directors meeting, proactively express and thoroughly discuss their opinions with each other, and exercise their voting rights. In addition to receiving reports from the internal audit department, directors will obtain advice from outside specialists as necessary.

3. Directors will seek to resolve known management issues facing SMFG through the timely and proper exercise of their right to propose agenda items for Board of Directors meetings and right to request the convocation of Board meetings.
4. In order to fulfill the confidence placed in them by the shareholders, directors will perform their duties as directors by demonstrating the capabilities expected of them and spending sufficient time performing such duties.
5. With due attention to their respective fiduciary responsibilities to shareholders, the directors and executive officers will secure the appropriate cooperation of stakeholders and act in the interest of SMFG and the common interests of the shareholders.

#### **Article 21 Corporate auditors**

1. Each corporate auditor will audit the directors' execution of their duties as a single-person organ with the authority to investigate business operations and assets. Additionally, corporate auditors will, while securing appropriate cooperation with stakeholders with due attention to their fiduciary responsibilities to shareholders, secure the sound and sustainable growth of SMFG and endeavor to establish quality corporate governance systems that fulfill society's confidence in SMFG.
2. Corporate auditors will, in accordance with the audit policies, division of audit duties, and similar matters prescribed by the Board of Corporate Auditors, attend important SMFG meetings, including Board of Directors meetings, and receive reports from directors and executive officers on the execution status of duties; they will also audit business operations conducted by SMFG directors through reviewing material documents for major business decisions, developing mutual understanding with the internal audit department and subsidiaries, hearing reports from accounting auditors, and other such methods. Additionally, corporate auditors will positively and proactively exercise their authority at Board of Directors meetings and other important meetings that they attend and will, when found necessary, appropriately express their views to the directors and executive officers.
3. Corporate auditors will investigate whether or not there is any misconduct or any material fact violating laws, ordinances, or these Articles of Incorporation related to the directors' execution of their duties.
4. Corporate auditors will audit the development and implementation status of a system for ensuring appropriate business operations ("***Internal Control System***"), including internal control relating to financial reporting.
5. Corporate auditors will gather the information necessary to execute their duties through mutual understanding with SMFG directors and accounting auditors and through coordinating with other corporate auditors and the relevant departments having purview over internal auditing and internal control.

## **Article 22      Outside Directors and Corporate Auditors**

1. Outside directors and outside corporate auditors (“*Outside Directors and Corporate Auditors*”) will provide advice based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid to long term.
2. Outside Directors and Corporate Auditors will appropriately represent the views of minority shareholders and other stakeholders in Board of Directors meetings from a standpoint independent of the Executive Officers and controlling shareholders.
3. Outside Directors and Corporate Auditors will provide advice from the perspective of further increasing the fairness of the judgments and actions of the Board of Directors and Board of Corporate Auditors and of achieving ideal corporate governance.
4. Outside Directors and Corporate Auditors will endeavor to exchange information and develop a shared awareness among themselves regarding matters related to SMFG’s corporate governance and business from an independent and objective standpoint.
5. If a situation of questionable legality arises based on the information that they obtain, not limited to matters brought before the Board of Directors, Outside Directors and Corporate Auditors will prevent unlawful or significantly improper business practices by conducting investigations in coordination with other non-Executive Officers, including corporate auditors, by expressing their views to the Board of Directors and similar means.
6. In regard to important business operation matters, Outside Directors and Corporate Auditors will utilize their knowledge and experience from both inside and outside SMFG, handle risks, including the various kinds of conflict of interest that inevitably arise in the process of business operations, and express their views from an external perspective without restraint in order to achieve sustainable growth and increase corporate value over the mid to long term.
7. Outside Directors and Corporate Auditors will devote sufficient time necessary to execute their duties, having sufficient understanding of their expected roles.

## **Article 23      Support system and training policy for directors and corporate auditors**

1. SMFG will develop an internal system necessary and sufficient for the directors and corporate auditors to effectively fulfill their roles and responsibilities.
2. Upon assuming their positions and on a continuing basis thereafter, SMFG will provide directors and corporate auditors with information and knowledge related to business activities necessary in overseeing management, and will provide other such opportunities necessary for the directors and corporate auditors to fulfill their expected roles.

3. SMFG will establish a system to sufficiently share internal information with Outside Directors and Corporate Auditors.
4. SMFG will promote the understanding of our Mission and corporate culture and will continually provide information regarding its management environment and other such matters to Outside Directors and Corporate Auditors.
5. SMFG will develop an environment to enhance the sharing of information and the exchange of views among officers through such means as the Outside Directors and Corporate Auditors holding regular meetings with Executive Officers or other non-Executive Officers.
6. SMFG will bear the expenses necessary for Outside Directors and Corporate Auditors to fulfill their duties.

**Article 24            Selection standards for director and corporate auditor candidates**

1. In order to ensure the balance of knowledge, experience, and skills, as well as the diversity of the Board of Directors as a whole, SMFG will establish and disclose the selection standards and procedures for director candidates.
2. SMFG will establish and disclose selection standards and procedures for corporate auditor candidates. SMFG will appoint at least one person who has appropriate expertise in finance and accounting as a corporate auditor.
3. SMFG will establish and disclose independence standards for Outside Directors and Corporate Auditors. In principle, Outside Directors and Corporate Auditors will be individuals that satisfy the independence standards set forth by SMFG in addition to the independence requirements set forth by each stock exchange on which SMFG is listed.

**Article 25            Compensation for directors and corporate auditors**

1. The Compensation Committee will conduct fair and transparent deliberations, and director compensation will be decided by the Board of Directors within the range resolved at the shareholders meeting.
2. Corporate auditor compensation will follow a separate system from director compensation and will be decided by agreement among the members of the Board of Corporate Auditors within the range resolved at the shareholders meeting.
3. Compensation for directors (excluding outside directors) will be suitable and appropriate for directors sufficiently able to exercise their management oversight functions, and a set portion of their compensation will be linked to mid to long term results.

## **Article 26 Internal control**

In order to maintain sound management, SMFG will develop an Internal Control System pursuant to the Companies Act, etc..

End.

Established May 13, 2015

### **Reference 1: Our Mission**

- We grow and prosper together with our customers, by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly-motivated employees.

### **Reference 2: 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 SMFG, 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 increase our productivity in all areas in order to provide superior financial services at competitive prices.
- To strive to understand each of our customers and to build a globally-recognized top brand by providing value to match our customers' changing 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 the growth of our business by setting challenging targets for our staff and employing results based evaluation and compensation systems.

**Reference 3: Five Values**

- Customer First
- Proactive and Innovative
- Speed
- Quality
- Team SMBC / SMFG

**Reference 4: Disclosure Policy****1. Disclosure of Material Corporate Information**

We will endeavor to disclose Material Corporate Information\* to our customers, shareholders and investors in a timely and proper manner, observing the Financial Instruments and Exchange Law, other related laws and ordinances, and rules of the stock exchanges on which our stock is listed.

**2. Voluntary Disclosure**

We will endeavor to voluntarily disclose our financial conditions, management policies, business strategies and other information, in addition to the Material Corporate Information, so that our customers, shareholders and investors may understand and assess our business status accurately.

**3. Fair Disclosure**

We will endeavor to disclose our corporate information in a fair manner, being careful not to selectively disclose material nonpublic information to specific persons.

**4. System for Disclosure**

We will endeavor to develop and enhance our internal system to achieve proper and fair disclosure.

\* Material corporate information is here defined as material decisions made by or material facts that occurred at SMFG or its subsidiaries that are required to be disclosed under the Financial Instruments and Exchange Law, the rules of stock exchanges on which our stock is listed, Securities Exchange Act of 1934 and other related laws and ordinances.

**Reference 5: Sumitomo Mitsui Financial Group, Inc. Director Candidate Selection Standards****Article 1 The Role of the Board of Directors**

The Board of Directors of Sumitomo Mitsui Financial Group, Inc. (“SMFG”) decides on the fundamental management policy of SMFG and its group companies and supervises the



performance of duties by the executive officers and directors in order to realize our Mission – “to grow and prosper together with our customers, by providing services of greater value to them,” “to aim to maximize our shareholders’ value through the continuous growth of our business,” and “to create a work environment that encourages and rewards diligent and highly-motivated employees.”

## **Article 2 Size and Composition of the Board of Directors**

1. SMFG shall select director candidates so as to maintain a number of directors that is suitable for effective discussion, while taking into account the high degree of specialist knowledge and diversity of the Board of Directors as a whole.
2. At least two of the directors, and at least one third of them, will be elected as independent outside directors.

## **Article 3 Basic Policy for the Selection of Director Candidates**

Based on our Mission laid out in Article 1, SMFG will select as a director candidate a person who embodies the values of that philosophy at a high level, who possesses rich practical experience, strong capabilities and in-depth knowledge, and who can be expected to contribute to the further growth and prosperity of SMFG and its group companies.

## **Article 4 Standards for the Selection of Outside Director Candidates**

Based on the basic policy provided for in the preceding Article, each outside director candidate must meet the following criteria:

- (1) Possesses rich experience and specialist knowledge in, and has served in a leadership role in, corporate management, law, accountancy, government, consulting, education, etc.; and
- (2) Holds a strong interest in the business of SMFG, and has the ability to grasp the essence of the issues faced by SMFG and swiftly and appropriately offer opinions, guidance and supervision to the management from the standpoint of overseeing management as a whole.

## **Article 5 Standards for the Selection of Inside Director Candidates**

Based on the basic policy provided for in Article 3, each inside director candidate must meet the separately prescribed internal selection standards.

## **Article 6 Grounds for Disqualification of Director Candidates**

Notwithstanding the provisions of the preceding three Articles, a director candidate must

not fall under any of the following grounds for disqualification:

- (1) Is found to have connections to antisocial forces; or
- (2) Is found to have violated a law, ordinance or internal company regulation in the course of his or her duties, or a law or ordinance in a personal matter, or where there are other similar circumstances.

#### **Article 7 Reelection and Resignation Standards for Directors**

In considering the reelection of a director, the candidate's performance, contribution to management, etc., during such candidate's term as a director at SMFG will be taken into account, in addition to the standards provided for in the relevant Articles above.

End.

#### **Reference 6: Sumitomo Mitsui Financial Group, Inc. Corporate Auditor Candidate Selection Standards**

##### **Article 1 The Role and Responsibilities of Corporate Auditors**

A corporate auditor audits the directors' performance of their duties. A corporate auditor upholds the shareholders' mandate and responds to the requirements of society by preventing any violation of law or ordinance or breach of the articles of incorporation from occurring in the course of business operations, and strives to maintain and increase the managerial soundness of, and society's trust in, SMFG and its group companies.

##### **Article 2 Composition of the Board of Corporate Auditors**

1. SMFG will have at least three corporate auditors.
2. SMFG will select at least one person who has appropriate expertise in finance and accounting as a corporate auditor.

##### **Article 3 Basic Policy & Standards for the Selection of Corporate Auditor Candidates**

SMFG will select as a corporate auditor candidate a person who embodies at a high level the role and responsibilities of a corporate auditor as provided for in Article 1, and who meets the following criteria:

- (1) Holds a strong interest in the work of SMFG, is able to audit the execution of the business from a neutral, objective standpoint and can contribute to ensuring managerial soundness;
- (2) In case of an inside corporate auditor candidate: possesses rich experience and in-depth knowledge in finance;

- (3) In case of an outside corporate auditor candidate: possesses rich experience and in-depth knowledge in, and has served in a leadership role in corporate management, law, government, accountancy, education, etc.; and
- (4) In case of an outside corporate auditor candidate: satisfies SMFG's independence criteria.

#### **Article 4 Grounds for Disqualification of Corporate Auditor Candidates**

Notwithstanding the provisions of the preceding Article, a corporate auditor candidate must not fall under any of the following grounds for disqualification:

- (1) Is found to have connections to antisocial forces; or
- (2) Is found to have violated a law, ordinance or internal company regulation in the course of his or her duties, or a law or ordinance in a personal matter, or where there are other similar circumstances.

#### **Article 5 Reelection Standards for Corporate Auditors**

When selecting a corporate auditor as a candidate for reelection, that candidate's performance of duties, etc., during that candidate's term as a corporate auditor at SMFG will be taken into account, in addition to the standards provided for in the relevant Articles above.

End.

#### **Reference 7: Outside Director and Corporate Auditor Independence Standards**

In order for an outside director or outside corporate auditor ("Outside Director or Corporate Auditor") of SMFG to be judged independent, they must not fall under, or have recently<sup>(i)</sup> fallen under, any of the following:

##### 1. Major Business Partner<sup>(ii)</sup>

- (1) A person who has SMFG/SMBC as a major business partner, or, if that person is a Juridical Person, Etc. (meaning a juridical person or other organization), an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..
- (2) A person who is a major business partner of SMFG/SMBC, or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

## 2. Specialist

- (1) A consultant, accounting expert or legal expert who has received money or other property from SMFG/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.
- (2) A member of an Juridical Person, Etc. that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property<sup>(iii)</sup> from SMFG/SMBC.

## 3. Donations

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 SMFG/SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient’s annual revenue.

## 4. Major Shareholder

A major shareholder of SMFG, or, if that shareholder is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc. (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. Close Relative<sup>(iv)</sup>

A close relative of any person (excluding non-material personnel<sup>(v)</sup>) 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 SMFG or a subsidiary thereof.

### [Footnotes:]

- (i) “Recently” means:

Where a time can be deemed to be substantively the same as the present; for example, a person is not independent if that person was a major business partner at the time when a resolution of the shareholders meeting was passed electing that person as an outside director or outside corporate auditor.

(ii) "Major business partner" means:

- (1) Where a person has SMFG/SMBC as a major business partner: said person's sales to SMFG/SMBC exceed 2% of the person's consolidated annual revenue; and
- (2) Where a person is a major business partner of SMFG/SMBC: said person receives loans from SMBC in excess of 1% of SMFG's consolidated total assets.

(iii) "Large amounts of money or other property" means:

Where a person receives from SMFG/SMBC money or other property in excess of 0.5% of SMFG's consolidated ordinary profit

(iv) "Close relative" means:

A spouse or family member within the second degree of kinship.

(v) Examples of "material personnel":

- A director, corporate auditor, or manager-level employee of a company; or
- In the case of an accounting or legal expert: a Certified Public Accountant, Attorney-at-Law, or holder of a similar professional qualification.

End.

[Translation]

**Strategic shareholdings Policy and Standards of execution of voting rights as to strategic shareholdings**

The strategic shareholdings policy and standards of execution of voting rights as to strategic shareholdings to be disclosed in SMFG corporate Governance Guideline Article 12 are summarized below.

1. Strategic shareholdings Policy

- SMFG will engage in strategic shareholdings in the case that it is authorized to be necessary for SMFG's mid to long term growth.
- SMFG will ensure the economic rationale of strategic shareholdings, with attention to the soundness, based on an appropriate consideration of risks, the pursuit of profits appropriate thereto, and other such means.
- SMFG will appropriately execute rights, including voting rights, as to strategic shareholdings.
- SMFG will comply with relevant laws and regulations with respect to the operation of strategic shareholdings.

2. Standards of execution of voting rights as to strategic shareholdings

- In order to appropriately execute rights as a shareholder, SMFG will, in principle, execute voting rights on all proposals as to strategic shareholdings.
- From the perspective of increasing the corporate value over the mid to long term of the corporations in which SMFG has strategic shareholdings, SMFG will appropriately judge whether to vote for or against each individual proposal, taking into account the issuer's management situation.
- If there is any concern about a conflict of interests occurring, SMFG will implement appropriate measures in accordance with the Management Policy Concerning Conflicts of Interest.