

Resona Holdings Directors

Inside Directors (4 Members)

Director, President and Representative Executive Officer

Kazuhiro Higashi



Assumed the office of Executive Officer and General Manager of Financial Accounting Division of the Company in 2003, and then Director, Deputy President and Executive Officer in 2009, before assuming the current position of Director, President and Representative Executive Officer in 2013. (Concurrently serves as Chairman of the Board, President and Representative Director of Resona Bank, Limited)

Director and Representative Executive Officer

Tetsuya Kan



Assumed the office of Executive Officer, in charge of Osaka area (out-of-city north block) of Resona Bank, Limited in 2008, and then assumed the current position of Director and Representative Executive Officer of the Company in 2013. (Concurrently serves as Deputy President and Representative Director, Executive Officer of Resona Bank, Limited)

Director and Representative Executive Officer

Toshiki Hara



Assumed the office of Executive Officer, in charge of Osaka area (out-of-city south block) of Resona Bank, Limited in 2008, and then assumed current position of Director and Representative Executive Officer of the Company in 2017. (Concurrently serves as Director and Executive Officer of Resona Bank, Limited)

Director and Member of Audit Committee

Kaoru Isono



Joined Long-Term Credit Bank of Japan in 1978. Assumed the office of Executive Officer in charge of Risk Management Division and Compliance Division of the Company in 2004, and then assumed the current position of Director of the Company in 2009.

Outside Director, Member of Nominating Committee and Member of Compensation Committee

Toshio Arima



Joined Fuji Xerox Co., Ltd. in 1967. Assumed the office of President and Representative Director of Fuji Xerox Co., Ltd. in 2002, and then Outside Director of the Company in 2011 (incumbent). In the same year, assumed the office of Chairman of the Board of Global Compact Network Japan (incumbent), up to the present.

Outside Director, Member of Nominating Committee and Member of Audit Committee

Hidehiko Sato



Joined National Police Agency in 1968. Assumed the office of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011, and currently belongs to Hibiki Law Office (incumbent). Joined the Company as Outside Director in 2015, up to the present.

Outside Directors (6 Members)

Outside Director and Chairperson of Audit Committee

Yoko Sanuki



Registered as attorney-at-law in 1981. Assumed the office of Representative of NS Law Office (incumbent) in 2001, and then assumed the current position of Outside Director in 2012.

Outside Director and Chairperson of Compensation Committee

Mitsudo Urano



Joined Nichirei Corporation in 1971. Assumed the office of Representative Director and President in 2001, and then Senior Advisor (incumbent) of Nichirei Corporation in 2013. In the same year, joined the Company as Outside Director, up to the present.

Outside Director, Chairperson of Nominating Committee and Member of Compensation Committee

Tadamitsu Matsui



Joined THE SEIYU Co., Ltd. in 1973. Assumed the office of Director of Ryohin Keikaku Co., Ltd. in 1993, and then President and Representative Director in 2001. Assumed the office of President and Representative Director of MATSUI office corporation in 2010 (incumbent), and then assumed the current position of Outside Director in 2014.

Outside Director and Member of Audit Committee

Chiharu Baba



Joined The Industrial Bank of Japan, Limited in 1973. Assumed office of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed the office of Outside Audit & Supervisory Board Member of Tohoku Electric Power Co., Inc. in 2015 (incumbent), and then assumed current position of Outside Director in 2017.

Executive Transparency

Resona Group has a majority of outside directors on its Board, and is the first Japanese banking group with a nominating committee and other committees. Resona Group has thus structured a sophisticated corporate governance system that ensures transparency and impartiality.



## Messages from Outside Directors

### Yoko Sanuki

Outside Director and  
Chairperson of Audit  
Committee



As Chairperson of the Audit Committee, I will create the environment for achieving the vision of becoming “Retail No.1.”

The exceptionally challenging operating environment of financial institutions calls for a new approach that can effectively anticipate change and create new business models.

The Resona Group’s new medium-term management plan embraces the goal of becoming “Retail No.1” and revolves around marketing reform and digitalization. It has the objective of making the Resona Group an Omni bank through consulting based on the integration of face-to-face and non-face-to-face approaches. The new medium-term management plan adequately identifies changes in the operating environment, and we absolutely believe that management and employees must truly understand and commit themselves to the plan.

Customer reactions to the plan vary regardless of age. Some may respond quickly to the ideals and changes expressed in the plan, while others who are basically only interested in traditional banking services may have little interest. Customers may require a considerable amount of time to understand and buy into the new management plan, which in turn may mean that the plan takes longer than expected to contribute to earnings.

During the implementation of this plan, the Audit Committee will pay particular attention to whether employees are under too much pressure to produce earnings, whether employees are fulfilling their fiduciary duty to customers, and whether the Group is preventing cyberattacks in the promotion of digitalization.

I am committed to developing people who can lead the Resona Group and optimizing their deployment.



### Tadamitsu Matsui

Outside Director,  
Chairperson of  
Nominating Committee  
and Member of  
Compensation Committee

My name is Tadamitsu Matsui and I have been appointed Chairperson of the Nominating Committee. I am resolute in my responsibility for developing and deploying the human resources that are directly related to our growth.

Achieving the goals of the new medium-term management plan is important to becoming “Retail No.1.” Developing 26,000 Omni-advisors is a particularly important factor of the plan, an initiative that will be the first in the industry. Customer needs become more personalized and sophisticated every year. The Resona Group needs to identify these needs, breakdown the needs into targets, and empower all employees to meet these targets through their day-to-day work. The steady accomplishment of that result will help the Resona Group achieve its targeted out-

comes. I intend to put my experience in corporate management and as an outside director at other companies to work in the Resona Group initiatives. I want the Resona Group to stay abreast of social change while nurturing talented people who can execute without being constrained by changes in the operating environment. This will require perspectives from outside the banking industry, which I will be aggressive and focused in nurturing.

I am committed to achievement with the cooperation of everyone in the Resona Group.

I would also be delighted if shareholders and investors look forward to growth for the Resona Group.

### Mitsudo Urano

Outside Director and  
Chairperson of  
Compensation Committee



I will work to enable returns for shareholders and other stakeholders with a medium-to-long-term perspective.

My name is Mitsudo Urano, and I am Chairperson of the Compensation Committee. The process of creating the new medium-term management plan involved incorporating a variety of opinions and was created with a sense of urgency. I find this to be remarkable. It involved open discussion of ideas, which was particularly laudable for the first management plan following the full repayment of public funds. I participated in the discussion to help us break with the traditional banking business framework to create new fundamental value for the Resona Group. The key ideal of the plan is the goal of becoming “Retail No.1.” The Resona Group needs to be even more perceptive in understanding the lives of individual customers, and to commit itself to helping corporate customers grow their business,

both in Japan and overseas. I will leverage my experience as an outside director at other companies to help executive officers take appropriate risks. I will also collaborate on alliances and M&A with fintech companies.

As the Chairperson of the Compensation Committee, I will structure a compensation system that is linked to medium- and long-term business goals, and work to enable shareholder returns.

## Corporate Governance

### Basic Approach to Corporate Governance

Resona Holdings, Inc. (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long term.

- The Company, as the holding company of the financial services group, including Resona Bank, Limited, Saitama Resona Bank, Limited and The Kinki Osaka Bank, Ltd. (hereinafter the “Group Banks”), shall maximize the corporate value of the Group.
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.
- The Company shall establish the “Corporate Mission (Resona Group Management Philosophy),” a general philosophy of management of the Group, and the “Resona Way (Resona Group Corporate Promises),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

### The Company’s Corporate Governance System

- Based on the above-mentioned basic approach to corporate governance, the Company shall clearly separate the management supervision function from the business execution function, and adopt the form of a “company with a nominating committee, etc.” as a corporate governance system because the Company determines that this system can enhance the supervision and decision-making functions of the Board of Directors.
- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by making the Board of Directors, on which highly independent outside directors constitute a majority, and the three committees (the Nominating Committee, the Compensation Committee and the Audit Committee) fulfill their functions.

The Company shall ensure the autonomy of its subsidiaries and instruct the subsidiaries to manage their business activities based on the above-mentioned basic approach to corporate governance so that the Group will grow together with regional communities.

### Other Matters Related to Corporate Governance

#### Self-Evaluation of the Board of Directors

The Company’s Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings. The Board of Directors utilizes the results of the evaluation to make improvements in its operations and to enhance its supervisory and decision-making functions.

The evaluation of fiscal 2016 concluded that the operations of the Board were appropriate on the whole and the overall effectiveness of the Board of Directors was confirmed.

The selection of meeting agendas and the preparation of meeting materials were identified as issues requiring improvement in the self-evaluation. The self-evaluation identified year-on-year improvement in both areas, but concluded that preparation of meeting materials requires further improvement. In addition, the Board identified that it needs to focus on initiatives to improve the selection of meeting agendas for enhancing discussion of strategy implementation and to make even better use of the knowledge of outside directors. The Board of Directors will enhance the content of discussions by improving its operations based on input such as the opinions of each director.

serves as a mechanism to ensure the successions of the top management roles and responsibilities at the Company and each Group bank and secure the transparency of the process of selecting and nurturing directors.

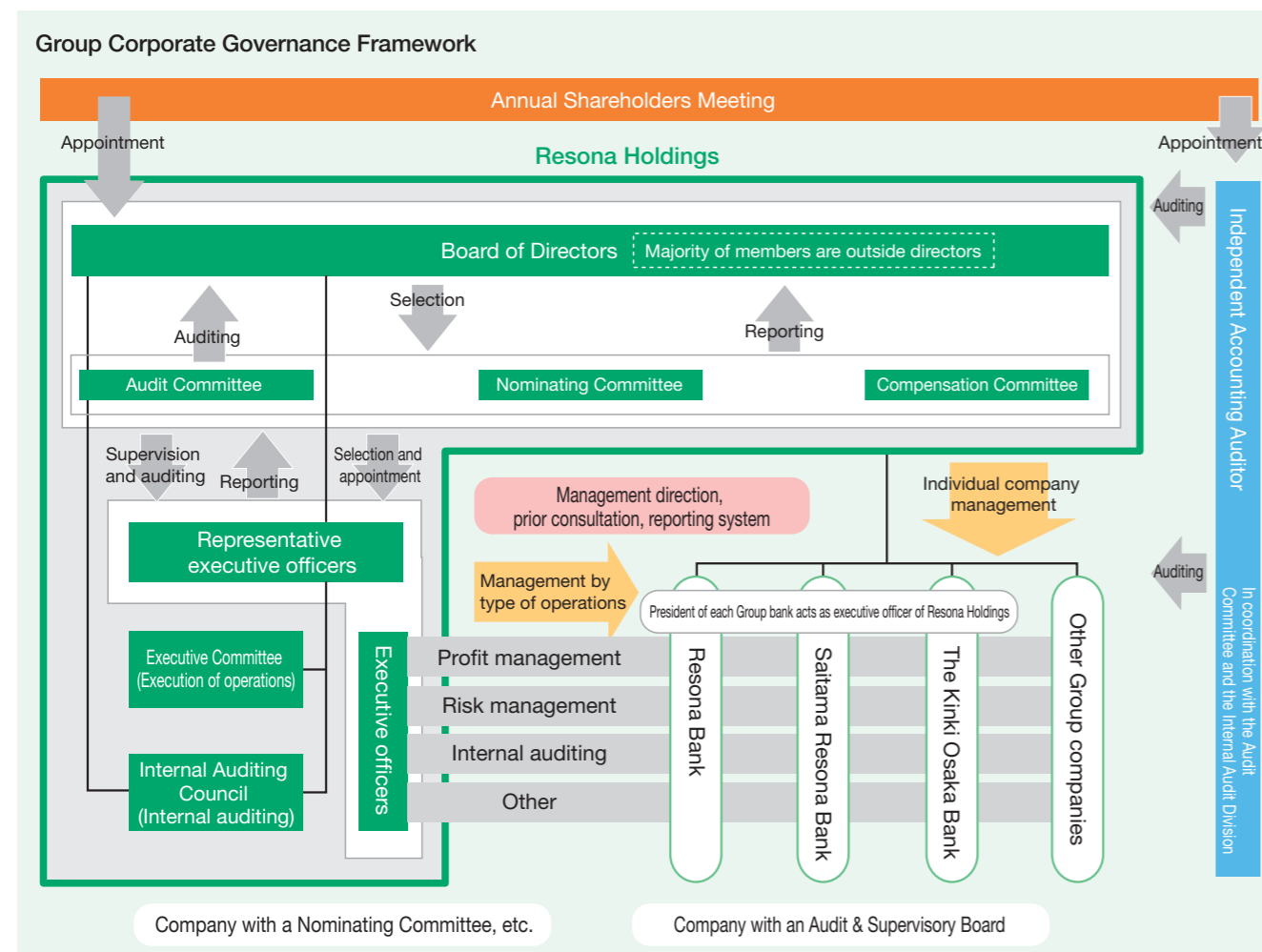
The scope of the succession plan covers various candidates, from those who are candidates for the next generation of top leadership to those who are new candidates for directorships. The process of selection and nurturing successors is carried out steadily according to a schedule, matching qualified candidates to the appropriate rank. The Group retains the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates’ characters from various aspects.

The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director’s capabilities and competencies are closely studied and enhanced where appropriate.

In addition, Resona Holdings has set forth seven competencies that define the ideal candidate for the position of director. By ensuring that the directors in the Nominating Committee as well as the other directors share common ideals regarding candidates, the Company clarifies standards for the evaluation and nurturing of successors and thereby aims to realize impartiality during the entire process.

#### Resona Succession Plan

Aiming for sustained improvements in corporate value, the Group introduced a succession plan in June 2007 that



### Activities at Resona Holdings

Management body	Overview	Composition	Number of meetings held in the year ended March 2017
Board of Directors	The Board of Directors fully ensures that management engages in substantial discussion in fulfilling its responsibilities for decision-making on important Group management issues and supervises the execution of business activities by executive officers and directors.	10 Directors (including 6 Outside Directors) Male: 9 Female: 1	18
Nominating Committee	The Nominating Committee makes decisions regarding proposals for the selection and dismissal of directors that are submitted to the annual general meeting of shareholders, based on the specific qualities that the Group should seek in its directors as well as the “Standards for Electing Director Candidates,” both of which have been discussed and decided at the committee’s meetings.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	8
Audit Committee	The Audit Committee makes decisions regarding proposals for the selection and dismissal of independent accounting auditors that are submitted to the annual general meeting of shareholders in addition to auditing the execution of operations by executive officers and directors.	4 Directors (3 members are Outside Directors) The committee chairman is an Outside Director	13
Compensation Committee	The Compensation Committee makes decisions regarding policies for compensation and other benefits for individual directors and executive officers as well as the compensation and other benefits for specific individuals.	3 Directors (All of the members are Outside Directors) The committee chairman is an Outside Director	10
Executive Committee	Resona Holdings has set up the Executive Committee as a body to deliberate and report on generally important management items and important matters in the execution of operations to support the decision-making process in the execution of operations.	Representative executive officers and executive officers	40
Internal Audit Council	As a body to deliberate and report on important matters related to internal audits, the Company has established the Internal Audit Council. This council is independent from the Executive Committee, which serves as a body for the execution of operations.	All representative executive officers, full-time Audit Committee member, executive officer in charge of the Internal Audit Division and general manager of the Internal Audit Division	15

**Overview of Compensation Policy for Directors and Executive Officers**

The Company's compensation policy is as follows.

**Basic Approach**

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers
- Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium-to-long-term basis to enhance its corporate value, the Company has adopted Performance Share Units.

**1. Compensation System for Directors**

Compensation for directors consists of position-based compensation and a duty-based additional portion in cash. In order to further ensure sound supervision of executive officers, performance-based compensation was abolished as of June 2017.

**2. Compensation System for Executive Officers**

Compensation for executive officers consists of position-based compensation and performance-based compensation. Performance-based compensation comprises cash compensation determined on the basis of the Company's annual operating results as well as Performance Share Units, which reflect medium-to-long-term results. In order to maintain and increase motivation to fully carry out business, a significant percentage of compensation is accounted for by performance-based compensation (details follow). Furthermore, the composition of compensation paid to executive officers who take senior positions places a greater emphasis on the performance-based variable portion. Any executive officer holding a concurrent position as director is paid only the amount of compensation due an executive officer.

Position-based compensation (fixed compensation)	Performance-based (Standard amount) (variable compensation)		Total
	Cash (Annual incentive)	Performance share units (Medium-to-long-term incentives)	
Cash	Cash (Annual incentive)	Performance share units (Medium-to-long-term incentives)	Total
50~60%	20~25%	20~25%	100%

**Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors**

The Resona Group has established the Basic Policy for Promoting Constructive Dialogue with Shareholders and Investors to proactively promote constructive dialogue with shareholders and investors from the perspectives of generating sustainable growth and increasing corporate value over the medium-to-long term. The key points of the policy are as follows.

**(Purposes)**

The Basic Policy for Promoting Constructive Dialogue with Shareholders, Investors, etc. (hereinafter "Shareholders, etc.") (hereinafter the "Basic Policy") determines the policy concerning systems and initiatives of the Company for the following purposes:

- (1) Obtain the accurate understanding, confidence and fair evaluation of the Group's management strategy and financial condition, etc. from Shareholders, etc.; and
- (2) Facilitate the Group's sustained growth and improve the corporate value over the medium and long term through constructive dialogue with Shareholders, etc.

**(Personnel Having Dialogue with Shareholders, etc.)**

The President and Representative Executive Officer and the executive officer in charge of the Finance and Accounting Division shall supervise overall dialogue with Shareholders, etc., and make every effort to realize constructive dialogue. In addition to the foregoing persons, persons appointed by the foregoing persons in consideration of the requests, main interests, etc. of Shareholders, etc. shall conduct dialogue with Shareholders, etc.

**(Internal Arrangements for Supporting Dialogue)**

To make dialogue with Shareholders, etc. constructive, the Finance and Accounting Division shall support the persons having dialogue with Shareholders, etc. in coordination with various departments of each Group company so that such persons can provide Shareholders, etc. with accurate information based on their interests, etc. over the medium and long term.

**(Efforts to Diversify Forms of Dialogue)**

Constructive dialogue with Shareholders, etc. shall be conducted in various forms, including general shareholders' meetings, individual interviews, financial results briefings, phone conferences concerning financial results briefings, shareholders seminars, etc. Dialogue shall be conducted from diversified viewpoints to make it substantial in consideration of Shareholders, etc.'s interests, etc. over the medium and long term.

**(Feedback to the Company)**

The executive officer in charge of the Finance and Accounting Division shall regularly and timely submit a report on Shareholders, etc.'s opinions, interests, concerns, etc. to the Board of Directors in an appropriate manner. The Board of Directors may, at any time, ask the executive officer in charge of the Finance and Accounting Division to explain the details of dialogue with Shareholders, etc.

**(Management of Insider Information)**

On the occasion of dialogue with Shareholders, etc., undisclosed important information shall not be disclosed to any specific persons in accordance with the "Information Disclosure Regulations" to be separately established.

**Risk Appetite Framework**

**Framework for Formulating and Executing Strategies to Support Sustainable Growth**

To realize the strategy of becoming the "Retail No.1," the Resona Group organically correlates earnings, risk, capital and other components; maintains an organization and systems that are capable of formulating consistent plans; and structures PDCA frameworks to support the formulation and execution of strategies.

**Formulation of Management Strategies and Plans**

In formulating management strategies, the Company clarifies the business areas that actively take risks based on the analysis of internal and external environments.

Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, Inc., the majority of which consists of outside directors. The divisions in charge of business execution then formulate the detailed plans based on such resolution.

More specifically, based on the characteristics and strengths of the Group's businesses and taking into consideration the short-term and medium-to-long-term issues, and ensuring that the operational policies formulated by the

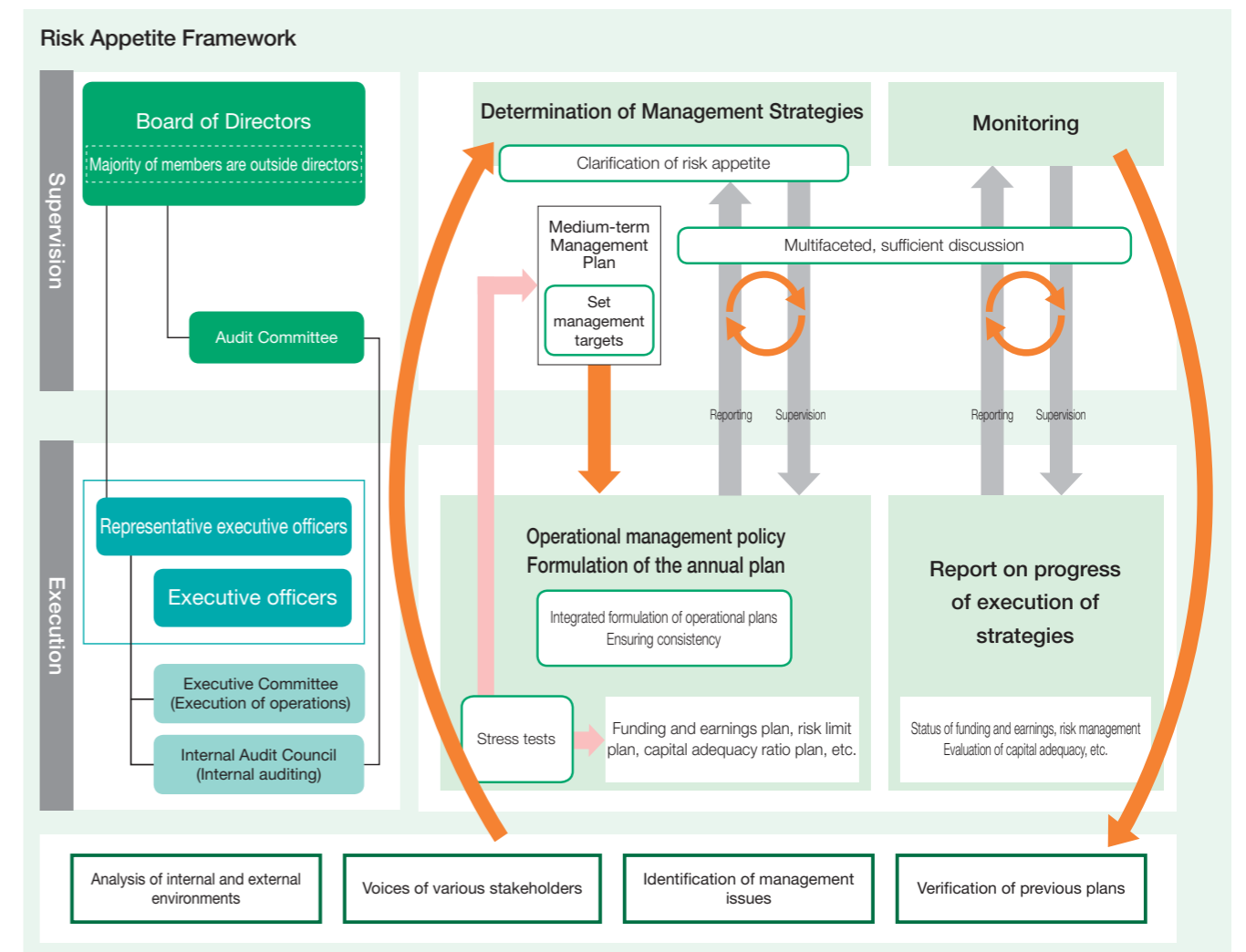
Group companies and business divisions are consistent within the Group, the "funding and earnings plan," "risk limit plan," and "capital adequacy ratio plan," etc. are defined.

Through the risk management division's stress tests, these plans undergo potential sustainability verification to confirm that risk-taking and risk-control during the plan period are possible.

**Operation and Management of Plans**

During the plan period, progress and verification results of these plans are regularly reported to the Board of Directors. At the Board of Directors meeting, in-depth and vigorous discussions are held in an effort to realize the strategies.

To ensure the feasibility of the strategies, the results of the discussion are reflected in the strategies, flexible reviews of operational management during the period and reviews of organizational structures.



# Risk Management

## Risk Management System

### Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 2003 caused the people of Japan, our customers, and other stakeholders. Consequently, we have established the risk management principles below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts its risk management activities with an eye to securing the soundness of operations and enhancing profitability.

1. We will not assume levels of risk in excess of our economic capital.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

### Risk Management Policies and Systems

The Company has established the Group Risk Management Policy that serves as the Group's basic risk management policy.

Based on the Group Risk Management Policy, each Group bank has established its own risk management policy that is tailored to its operations, unique characteristics, and the risks it must address.

The risk management policies of the Company and the Group banks create a basic framework for managing risk by defining the types of risk that must be managed and establishing organizations or systems that manage risk.

The Company and the Group banks have established risk management departments for managing different types of risk, along with a Risk Management Division, to integrate the management and control of all types of risk. Principal risk categories are outlined below, and each risk is managed

using a method that is tailored to its characteristics.

Principal Group companies, other than the banks, have also established risk management policies that are tailored to their own operations, special characteristics, and risks. In addition to establishing risk management systems and frameworks, these policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

### Comprehensive Risk Management

Comprehensive risk management divisions have been formed within the Company and the Group banks, and each of these divisions is responsible for comprehensive risk management of the Group and the banks, respectively.

Each Group bank measures the volume of credit risk, market risk, and operational risk using the risk management indicator value at risk (VaR\*) and establishes risk limits (makes risk capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

When the Group banks set their risk limits, the Company holds prior consultation with each bank and verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, the Company receives periodic reports from the Group banks regarding the status of risk management and confirms the status of comprehensive risk management of the Group.

In addition, although the Company is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. Based on this fact, the Company and Group banks strive to study and understand the incompleteness and specific weak points of the VaR method, thereby

assessing and recognizing the impact of such limitations of their risk measurement. For risks that cannot be identified or quantified by the VaR method, the Company and the Group banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group aims to enhance the quality of its comprehensive risk management.

\* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur with a specified confidence interval (probability) and over a specified period.

### Group Management by Resona Holdings

The Company provides common guidance and direction to all Group companies regarding risk management policies, standards, and systems.

The Group management framework requires that Group companies confer with the Company in advance of making decisions on important matters related to risk management and base their decisions on those consultations.

In addition to providing direction to Group companies regarding risk management policies as well as rules, standards, and systems, the Company verifies risk management

policies, rules, standards, and systems at all Group companies through prior consultation, thus controlling the Group risk management framework.

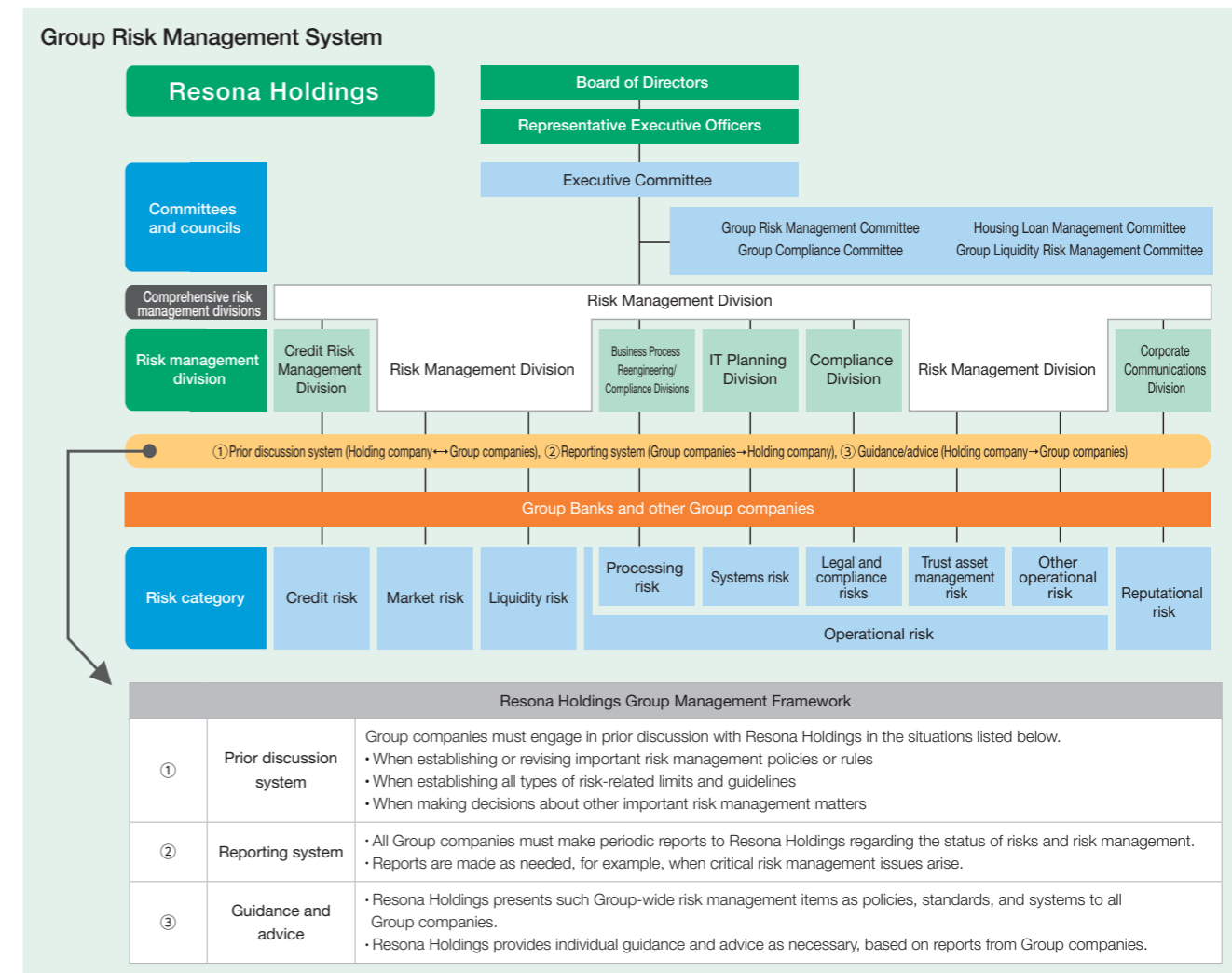
Furthermore, the Company controls risk taking by Group companies by requiring prior discussion of their limits and guidelines.

Group companies must make reports to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and direction as necessary.

As shown by the chart below, we have formed risk management divisions within the Company for managing each type of risk on a Group-wide basis.

### Risk Category, Definition and Management Methods

Risk Category	Definition	Risk Management Methods
		Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, etc.)
<b>Credit risk</b>	Risk of losses that arises when the value of assets (including off balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors	Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
<b>Market risk</b>	Risk of losses that may occur when the prices of assets and liabilities (including off balance sheet assets and liabilities) change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates, and stock prices	Setting risk limits, setting loss limits, setting position limits, etc.
<b>Liquidity risk</b>	Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
<b>Operational risk</b>	Risk of losses that may occur when internal processes, personnel, and/or systems function improperly or fail to function and when external factors result in such losses	Control self-assessments (CSAs), analysis of loss data, risk indicators, etc.
<b>Reputational risk</b>	Risk of losses that may occur when reports in the media, rumors, false information, and unfounded reports have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems



## Compliance

### Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also social norms and has positioned compliance as a key management issue.

As the basic activities to put compliance into practice, the Resona Group has established its Corporate Mission, which forms the basis for the judgments of directors and employees; the Resona Way (the Resona Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (the Resona Group's Behavior Guidelines), specific guidelines about behavior expected from directors and employees under the Corporate Mission and the Resona Way. The Corporate Mission, the Resona Way, and the Resona Standards are applied uniformly across Group companies, and the related handbook is distributed to all directors and employees, and trainings is regularly arranged at all workplaces.

### Group Management System

#### Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems groupwide. In addition, the Group has formed a Group Compliance Committee composed of the Company and Group companies as members, which discusses and evaluates all issues related to Group compliance.

#### System for Protecting Group Customers

The Company and Group banks are proactively working to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information, the management of conflicting interests in banking transactions, and other areas so that we can provide better responses and more conve-

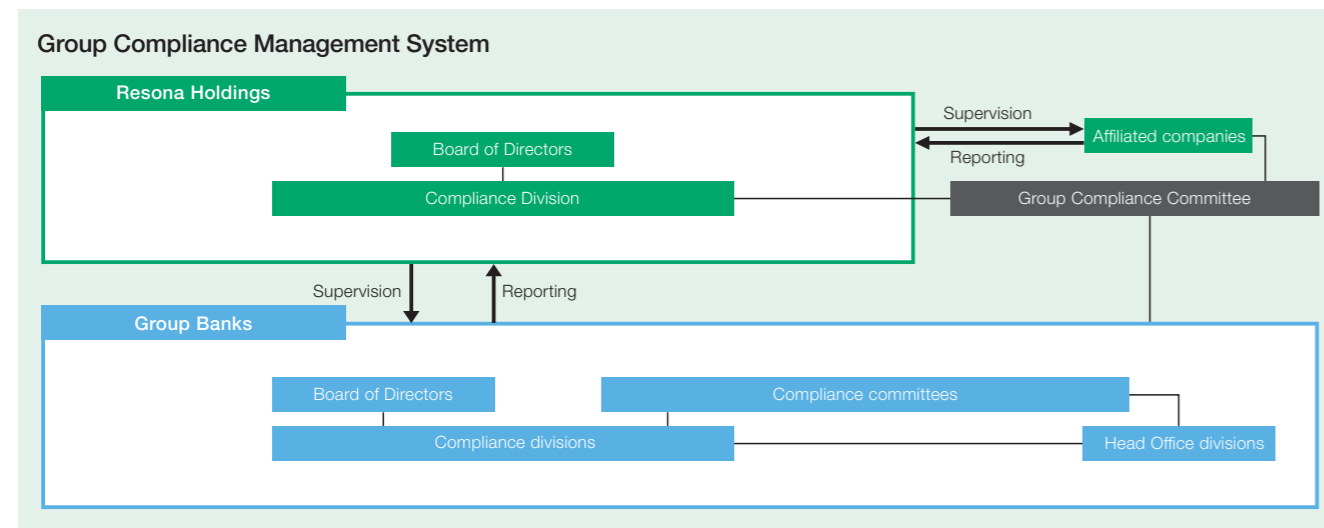
nience for customers. Specifically, we discuss and deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee, etc.

### Management of Customer Information

The protection of customer information is one of the most important factors in enabling customers to use the Group with peace of mind. We strive to properly manage customer information by publicizing the Promise to Protect Personal Information of All Group Companies, establishing a framework for protecting against leakage or loss of personal information, and conducting ongoing and thorough employee education.

### Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is not to engage in transactions with anti-social forces and to prevent them from intervening in transactions with customers through the corporate activities of Group companies. The Group has set specific internal rules and regulations, as well as providing ongoing training and education on these compliance issues for directors and employees. In addition, we have formed cooperative relationships with law-enforcement agencies such as the police to prevent and nullify transactions with anti-social forces.



## Internal Auditing

### Group Internal Auditing

We believe that the role of internal auditing is extremely important to “live up to customers’ expectations” and “implement transparent management” as set forth in the Resona Group’s Corporate Mission. Accordingly, we have established internal audit divisions at Resona Holdings and Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

### Organization

The Company and Group companies have established independent internal audit divisions under each board of directors.

Moreover, we have formed an “Internal Audit Council” in the Company and Group companies, separate from the “Executive Committee,” to discuss important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its function and to the Representative Executive Officers for its administration. In addition, by ensuring a direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen

the monitoring and check and balance functions performed over the Representative Executive Officers and Representative Directors of the Group companies.

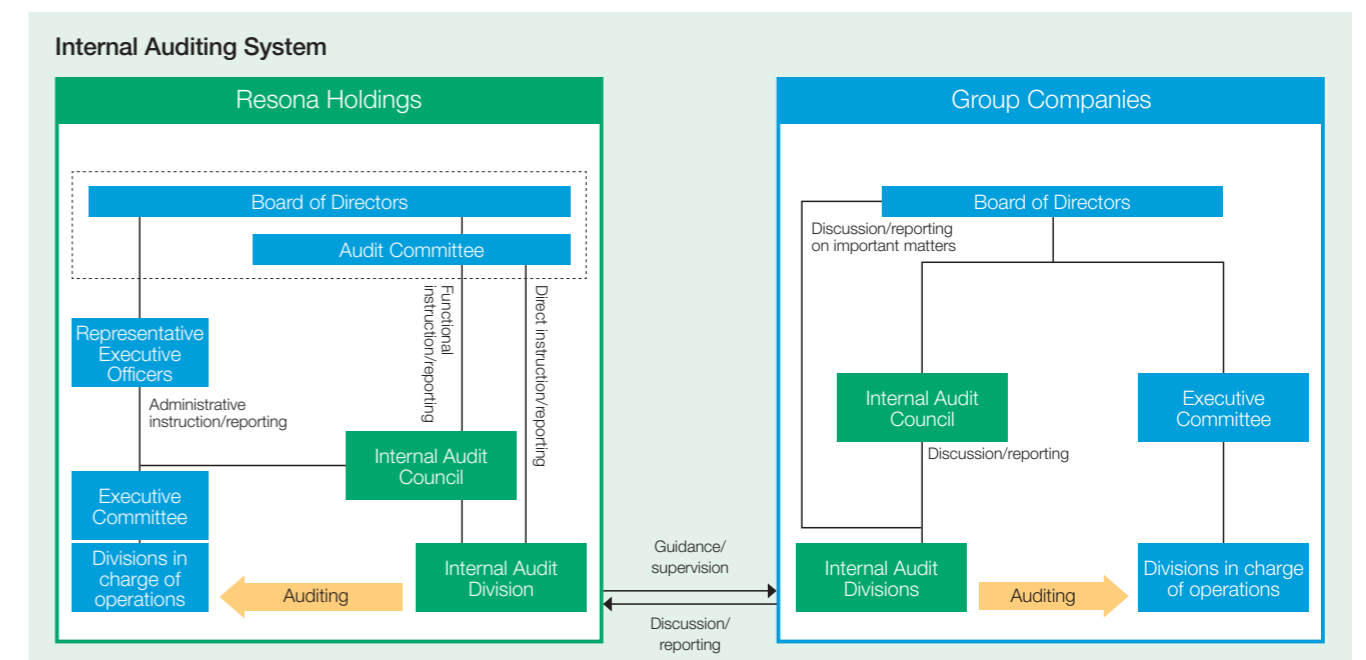
### Functions and Roles

To guide the formulation of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan of the Company and the Group, including the Group’s annual policies, the targets of auditing, and key items and secures approval of the Board of Directors after discussion with the Audit Committee.

The internal audit division of each Group company formulates its Annual Internal Audit Basic Plan based on prior discussion with the Internal Audit Division of the Company and secures approval of respective board of directors.

The internal audit divisions at the Company and its Group companies conduct audits based on the Annual Internal Audit Basic Plan.

The results of internal audits of the Company are reported to its Board of Directors, the Audit Committee, and Representative Executive Officers, etc. The results of internal audits of the Group companies are reported to their respective boards of directors and auditors as well as the Company.



## Human Resource Management

### Basic Approach

The Resona Group has taken the initiative in diversity management and work-style reform. We will manage human resources based on new concepts that represent a revolution in working style rather than simply continuing our existing approaches. Our business model is at a major turning point because of technological innovations such as IT and AI. We are also focusing on nurturing 26,000 Omni-advisors as part of our medium-term management plan, and intend to shift personnel from administration to sales.

Motivated employees drive corporate activity. We will therefore provide more flexible ways of working and more career path options than in the past. Our goal is to be a company with diverse human resources that creates new value through diversity and inclusion.

### Human Resource Development

The Resona Group develops human resources using a system that provides opportunities for training regardless of factors such as job category. Employees can access business training, self-development training (business school) and home learning systems.

Digitalization will enable us to both expand points of contact with customers and improve operating efficiency. We need to build a system to support customers, including those customers we could not previously reach. This system will involve all employees, including those in administrative positions.

Throughout the Resona Group, in addition to developing

human resources with the sophisticated expertise that empowers them to offer optimal solutions to customers, we will enable our Omni-advisors to understand the true latent needs of customers by truly taking the perspective of customers through high-quality communication.

### Human Resource System

The management crisis of 2003, which is called the “Resona Shock,” led us to make the concept of diversity management that enables employees to work actively regardless of factors such as gender, age or job category the center of human resource management.

Our human resource system has evolved to naturally reward people who excel and make a strong contribution. We therefore believe in consistent and equal evaluation and treatment regardless of job category under a system that provides the same compensation to everyone doing the same work.

A feature of our human resource system is the adoption of a job classification and personnel evaluation system that is shared by regular employees, smart employees (permanent employees with limits on working hours and scope of work) and partner employees (part-time workers). Assuming full-time work, the same job grade will receive the same compensation (basic compensation) on an hourly basis. We adjust for factors such as relative intensity of responsibilities with mechanisms including bonuses, retirement allowances and welfare programs. We have also introduced a promotion system, a transfer system and other mechanisms that allow employees to change jobs.

### Work-Style Reform

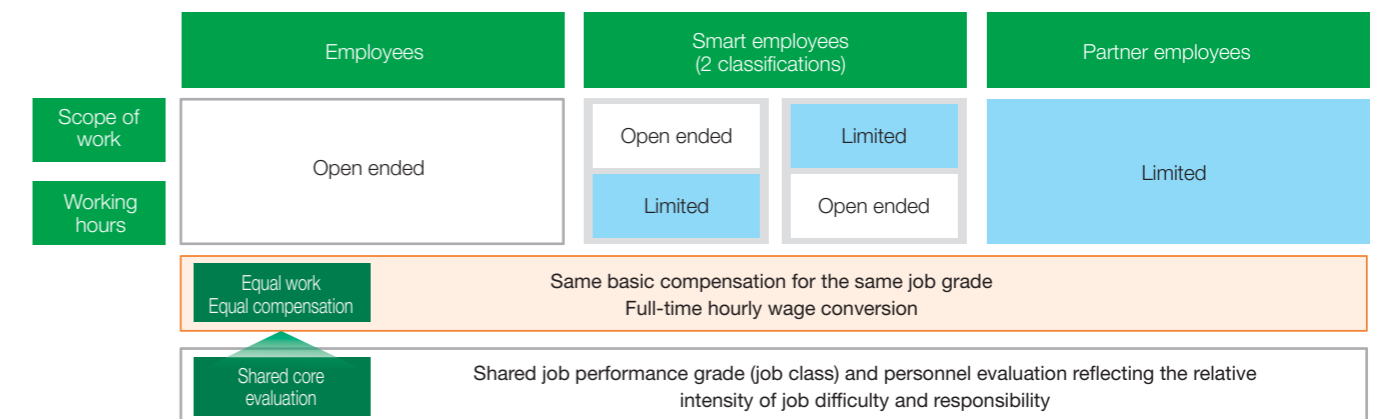
Employees are at the center of our work-style reform. Ideally, each employee should be able to choose how to work according to work-life balance and career development choices. We therefore need to broaden our work-style and career path options to enable career growth and development.

We partially revised our human resource system in October 2015 to introduce the smart employee system in which a permanent employee can limit working hours or scope of work. The number of smart employees increased to 275 people (as of April 1, 2017) because some employees have

chosen to handle childcare and nursing care while others have been promoted from the position of partner employee.

Society is increasingly focusing on working style. Employees who are conscious of working style support the productivity improvement that raises operating efficiency. We launched a telecommuting system in April 2017, and will continue to examine various work styles.

### Human Resource System



## Strategy for Developing 26,000 Omni-Advisors

**Q** Developing 26,000 Omni-advisors is one of the basic strategies of the medium-term management plan. What is an Omni-advisor?

Figure 1 shows the five requirements that define an Omni-advisor. Omni-advisors think seriously about customers, providing proposals that benefit customers and deliberately avoid anything that does not benefit customers. This is key to our fiduciary duty.

Together, the five requirements define Omni-advisors as people who can understand the true latent needs of customers.

**Q** What does “understanding the true latent needs of customers” mean?

Many customers have potential issues that they themselves do not yet realize. The ability of our Omni-advisors to understand the true latent needs of customers is the ability to give concrete expression to vague issues; that is, to draw out, correctly understand and clearly enunciate customer concerns and needs. This process requires Omni-advisors to think of the customers’ concerns as their own.

Figure 2 highlights the three elements of the ability of our Omni-advisors to understand the true latent needs of customers. The commitment to resolving customer concerns is a particularly important element for all employees.



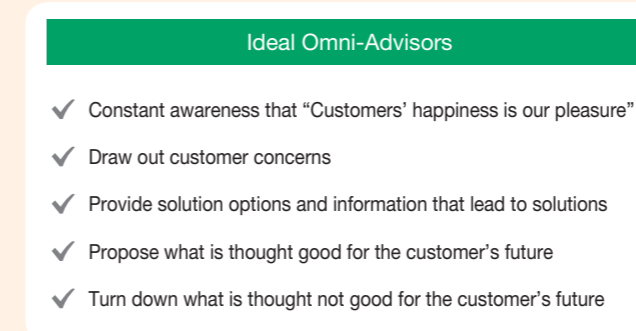
**Kazuyo Shinya**  
Executive Officer, Head of Human Resource Services, Member of the Council for the Realization of Work Style Reform\*

\* Established in September 2016 as a venue to discuss ways to achieve equal pay for equal work, the council is chaired by Prime Minister Shinzo Abe. The council comprises relevant cabinet members and 15 experts.

**Q** How will Resona Group develop Omni-advisors?

We have repeatedly emphasized to our employees Resona’s fundamental stance of “Customers’ happiness is our pleasure,” which provides a solid foundation for Omni-advisors. Distance between Omni-advisors and customers may vary depending on the type of work they are involved in, but we will inculcate in all employees the practice of consistently thinking about customers and their needs to heighten their commitment to resolving customer concerns.

Figure 1.



In addition, we will try to review our human resource development programs. Conventionally, we emphasized the business knowledge and skills necessary for solving customer issues. We are now energetically complementing that with rich experience that many people can sympathize with and sophisticated communication skills. These are necessary in all types of work, and will also support the personal growth of each employee.

We need to complement growth from all types of work and training with personal growth from their fruitful private life. We therefore need to reform work styles to support the work-life balance of employees.

Figure 2.

