

We have positioned corporate governance as a mechanism for management decision-making, execution and supervision that is designed to ensure our sustainable corporate growth and development through highly efficient and transparent management. To this end, we are constantly striving to upgrade our corporate governance system.

Basic Stance

Since its foundation, Sumitomo Trust has adhered to two core principles: “confidence and integrity” (the essence of the trust business) and “placing prime importance on credibility and sound management” (basic Sumitomo Trust business principle). These principles are based on the belief that our business activities are in close association with the economy and society and require a strong sense of public service. Therefore, in fulfilling our social and community responsibilities, it is essential that we gain the unshakable trust of all stakeholders, including customers, shareholders, employees and society at large.

System for Decision Making and Business Execution

The Board of Directors (which meets at least once a month) makes decisions on important business matters, including basic management policies, and also supervises business execution by directors and executive officers. Under the Board of Directors, we have established the Executive Committee, which meets every week to make decisions on matters related to management policies and other matters of importance concerning business strategies and risk management. We also have a host of committees, including the ALM Committee, the Credit Risk Committee, the Pension Fund Investment Committee and the Trust Fund Investment Committee, to discuss and decide on important matters related to business strategies and risk management. In order to speed up business execution, we have adopted the executive officer system as well as the business group management system.

Auditing System

We have adopted the corporate auditor system. The Board of Statutory Auditors consists of five auditors—three full-time auditors (of whom one is an outside auditor) and two part-time auditors (outside auditor)—and we also have the Statutory Auditors Office as the Board’s secretariat. In order to ensure the objectivity and impartiality of the management oversight function, we have a three-tier auditing system in place, combining the corporate auditor system with the business operations audit and the accounting audit, and are working to strengthen their cooperation. Auditors conduct audits according to auditing policies and auditing plans formulated by the Board of Statutory Auditors. Specifically, auditors audit the status of the performance of duties by directors, including development of the internal control system, by attending meetings of the Board of Directors and other important meetings, receiving reports from directors and executive officers on the status of execution of their job duties, examining important documents, and conducting on-site audits at head office as well as domestic and overseas branch offices. They are also striving to gain an accurate understanding of the conditions of subsidiaries with full-time auditors concurrently sharing posts as part-time auditors at domestic consolidated subsidiaries and by conducting on-site audits at overseas consolidated subsidiaries.

• Internal control system: Business execution, supervision, etc.

