

## 1. Basic Philosophy

Compliance with laws, regulations and other rules, including social norms, is a core element of Sumitomo Trust’s management strategy, in terms of both offense and defense, as we exercise the asset management-type financial intermediary function, which combines the financial intermediary function and the asset management function. We thus regard the ensuring of compliance as one of the most important management tasks.

We have developed a compliance structure that encompasses Sumitomo Trust’s in-house rules, a compliance manual, check measures and promotion measures, so that all of our directors and employees including those of our domestic and overseas subsidiaries and affiliates would “strictly adhere to all laws, rules and social regulations,” “respect human rights and ethics and not trespass against moral law” and “behave with honesty and fairness,” as is stated in the Ethics Charter.

In order to establish an organization that tackles challenges and resolves problems through a self-cleansing process through the above measures, we are striving to ensure that the PDCA (Plan-Do-Check-Action) cycle regarding compliance works effectively.

## 2. Putting This Philosophy into Practice

### (1) Compliance Structure

The Legal and Compliance Department is in charge of and centrally manages compliance-related annual practice plans such as the development of the compliance system for Sumitomo Trust. The department handles promotional activities and measures such as the development of related regulations and training. Moreover, in order to develop the compliance structure and carry out thorough practice throughout the Sumitomo Trust Group, this department provides guidance on developing a structure at subsidiaries and affiliates (including organizations, regulations and systems) in cooperation with those subsidiaries and affiliates.

The Compliance Committee, which is chaired by the director in charge of the Legal and Compliance Department, investigates and resolves problems concerning compliance, and when necessary, makes reports and gives advice to the Board of Directors regarding

how to deal with these problems. The Board of Directors in turn reflects the contents of these reports in its management policies.

In order to promote the steady practice of compliance, we have established a system under which Compliance Officers are appointed at our head office and at all branches and departments in Japan and overseas. These Compliance Officers carry out monitoring on a daily basis as a primary check, while the Internal Audit Department conducts auditing as a secondary check.

In addition, we have constructed systems that allow appropriate action to be taken promptly when the need arises. For example, we have established a Compliance Hotline through which employees can make direct reports to management.

### • Compliance Structure



### (2) Enhancement of Compliance in Daily Work

Sumitomo Trust is enhancing its training courses in order to foster compliance awareness throughout the institution. The Legal and Compliance Department has the primary responsibility for providing training regarding institution-wide compliance themes. Meanwhile, Compliance Officers assigned to branches and business divisions are responsible for enhancing compliance awareness and ensuring thorough compliance there by holding branch-by-branch and division-by-division training courses and by providing guidance and instructions in daily work processes.

Also, the Legal and Compliance Department has established arrangements and procedures for legal checks and is enhancing the function of supporting branches and business divisions.