

Internal Auditing

1. Initiatives in FY2024

SuMi TRUST Group and its major group company, SuMi TRUST Bank, have shifted to a continuous monitoring system that adds significant value to the organizations by strengthening efforts in thematic audits and off-site monitor-

ing. Furthermore, we have proactively applied technology, utilizing generative AI for interview analysis and enhancing the use of data in our audit processes.

2. Basic Philosophy

SuMi TRUST Group considers it essential to implement an efficient and effective internal audit system to meet its management objectives, ensure compliance with laws and regulations, client protection, and manage risks. To ensure sound management practices, we have established independent

internal auditing units to verify the appropriateness and effectiveness of the business execution and internal management systems, correct problems, and follow up on the status of improvement measures.

3. Internal Auditing System

(i) SuMi TRUST Group

In addition to establishing the Internal Audit Department independent of departments involved in business execution under the Board of Directors, SuMi TRUST Group has strengthened governance, by positioning the Internal Audit Department in a direct instruction and reporting relationship with the Audit Committee.

The Internal Audit Department formulates an internal audit plan that considers the basic policy for SuMi TRUST Group's internal audits and the significant group-wide risks. This plan is then discussed with the Audit Committee for their consent before being approved by the Board of Directors. Internal audit results are reported to the President, as

well as the Audit Committee and the Board of Directors, in a timely and appropriate manner.

In addition, the Internal Audit Department receives consultation from each group company regarding their internal audit plans and confirms that they are formulated in accordance with the basic policy on internal audits. The Internal Audit Department carries out internal audits in collaboration with the internal auditing unit of each group company, receives reports of internal audit results, monitors the internal auditing system and its audit implementation status at each group company, and provides guidance and supervision.

(ii) Group companies

Internal auditing units that are independent of departments involved in business execution have also been established at the main group companies, including SuMi TRUST Bank, and conduct internal audits. The internal auditing plan of each group company has been formulated

in accordance with the basic policy on internal audits and is approved by the Board of Directors in consultation with SuMi TRUST Group. The results of internal audits are reported to the Board of Directors and the president of each company, as well as to SuMi TRUST Group.

■ Internal auditing structure of SuMi TRUST Group

